專業旅運(亞洲)企業有限公司

Travel Expert (Asia) Enterprises Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1235

專業旅運

Travel Expert Ltd.

Sole Sponsor

OSK Capital Hong Kong Limited

僑豐融資有限公司

Sole Bookrunner

OSK Securities Hong Kong Limited

僑豐證券有限公司

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

Travel Expert (Asia) Enterprises Limited
專業旅運（亞洲）企業有限公司

(Incorporated in the Cayman Islands with limited liability)

PLACING AND PUBLIC OFFER

Number of Offer Shares	:	**100,000,000 Shares**
Number of Placing Shares	:	**90,000,000 Shares (subject to re-allocation)**
Number of Public Offer Shares	:	**10,000,000 Shares (subject to re-allocation)**
Maximum Offer Price	:	**HK$0.69 per Offer Share (payable in full on application, subject to refund, plus brokerage of 1%, Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.003%)**
Nominal value	:	**HK$0.01 per Share**
Stock code	:	**1235**

Sole Sponsor

Sole Bookrunner

Joint Lead Managers

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in appendix VI "Documents delivered to the Registrar of Companies and available for inspection" to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price (as defined in this prospectus) which is currently expected to be not less than HK$0.56 per Offer Share and will not be more than HK$0.69 per Offer Share, is expected to be fixed by an agreement between the Sole Bookrunner (for itself and on behalf of the Underwriters) and the Company on or before the Price Determination Date (as defined in this prospectus) which is currently expected to be on or before Thursday, 22 September 2011 and, in any event, not later than Friday, 23 September 2011. The Sole Bookrunner (acting for itself and on behalf of the Underwriters) may with the consent of the Company reduce the number of Offer Shares and/or the indicative Offer Price range stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such a case, a notice of the reduction of the number of Offer Shares and/or the indicative Offer Price range will be published in the South China Morning Post (in English), the Hong Kong Economic Times (in Chinese) and the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.travelexpert.com.hk) not later than the morning of the last day for lodging applications under the Public Offer. If, for any reason, the Offer Price is not agreed between the Company and the Sole Bookrunner (for itself and on behalf of the Underwriters), the Share Offer will not proceed and will lapse.

Pursuant to the force majeure provisions contained in the Public Offer Underwriting Agreement in respect of the Share Offer, the Sole Bookrunner (for itself and on behalf of the Underwriters) have the right, in certain circumstances, subject to its sole and absolute opinion, to terminate the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (which is expected to be on Thursday, 29 September 2011). Further details of the terms of the force majeure provisions are set out in the section headed "Underwriting" of this prospectus.

Prior to making any investment decision, prospective investors should carefully consider all of the information contained in this prospectus including the risk factors set out in the section headed "Risk factors".

Prospective investors of the Share Offer should note that the Underwriters are entitled to terminate their obligations under the Underwriting Agreements by notice in writing by the Sole Bookrunner (for itself and on behalf of the Underwriters) upon the occurrence of any events set forth under the paragraph headed "Grounds for termination" under the section headed "Underwriting" in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date.

16 September 2011

EXPECTED TIMETABLE (Note 1)

An announcement will be issued in Hong Kong to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on our website at www.travelexpert.com.hk and the website of the Stock Exchange at www.hkexnews.hk, if there is any change to the following expected timetable.

Latest time to lodge **PINK** Application Forms . . . . . 4:00 p.m. on Tuesday, 20 September 2011

Latest time to complete electronic applications under **HK eIPO White Form** service through the designated website at **www.hkeipo.hk** (Notes 2 & 3) . . . . . 11:30 a.m. on Wednesday, 21 September 2011

Application lists of the Public Offer open (Note 3) . . . . . 11:45 a.m. on Wednesday, 21 September 2011

Latest time to lodge **WHITE** and **YELLOW** Application Forms . . . . . 12:00 noon on Wednesday, 21 September 2011

Latest time for giving electronic application instructions to HKSCC via CCASS (Note 4) . . . . . 12:00 noon on Wednesday, 21 September 2011

Latest time to complete payment of **HK eIPO White Form** applications by effecting Internet banking transfer(s) or PPS payment transfer(s) (Note 3) . . . . . 12:00 noon on Wednesday, 21 September 2011

Application lists of the Public Offer close (Note 3) . . . . . 12:00 noon on Wednesday, 21 September 2011

Expected Price Determination Date (Note 5) . . . . . at or before 5:00 p.m. on Thursday, 22 September 2011

Announcement of the final Offer Price, indication of the levels of interest in the Placing, the basis of allocation and the results of applications of the Public Offer Shares to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on or before . . . . . Wednesday, 28 September 2011

Results of allocations in the Public Offer (including the successful applicants' identification document numbers, where appropriate) to be available through a variety of channels (www.travelexpert.com.hk and www.hkexnews.hk) for further details — please refer to "How to Apply for the Public Offer Shares — Publication of Results" in this prospectus from . . . . . Wednesday, 28 September 2011

Results of allocations in the Public Offer will be available at www.tricor.com.hk/ipo/result with a "search by ID" function . . . . . Wednesday, 28 September 2011

e-Auto Refund payment instructions in respect of wholly or partially unsuccessful applications to be despatched on or before (Notes 11 & 12) . . . . . Wednesday, 28 September 2011

Refund cheques in respect of wholly or partially unsuccessful applications to be posted on or before (Notes 6, 9 to 11) . . . . . Wednesday, 28 September 2011

Share certificates to be posted or deposited into CCASS on or before (Notes 6 to 10) . . . . . Wednesday, 28 September 2011

Dealings in the Shares on the Main Board of the Stock Exchange to commence at 9:00 a.m. on . . . . . Thursday, 29 September 2011

Notes:

1. All times and dates refer to Hong Kong local times and dates. Details of the structure of the Share Offer, including its conditions, are set out in the section headed "Structure and conditions of the Share Offer" of this prospectus.

2. You will not be permitted to submit your application through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications under the Public Offer. If you have already submitted your application and obtained an application reference number from the designated website at or before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications under the Public Offer, at which time the application lists will close.

3. If a "black" rainstorm warning signal or a tropical cyclone warning signal number 8 or above is in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 21 September 2011, the application lists will not open on that day. Further information is set out in the paragraph headed "Effect of bad weather on the opening of the application lists" in the section headed "How to apply for the Public Offer Shares" of this prospectus.

4. Applicants who apply for Public Offer Shares by giving electronic application instructions to HKSCC should refer to the section headed "How to Apply for the Public Offer Shares — How to apply by giving electronic application instructions to HKSCC" in this prospectus.

5. The Price Determination Date is expected to be on or about Thursday, 22 September 2011, and in any event, not later than Friday, 23 September 2011. If, for any reason, the Offer Price is not agreed on or before Friday, 23 September 2011, the Share Offer will not proceed and will lapse.

6. Applicants who apply with **WHITE** Application Forms for 1,000,000 or more Public Offer Shares and have indicated in their Application Forms that they wish to collect their refund cheques and/or share certificates in person from the Hong Kong Branch Share Registrar may collect their refund cheques (where applicable) and/or share certificates in person from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, 28 September 2011. Identification and authorisation documents (where applicable) acceptable to the Hong Kong Branch Share Registrar must be produced at the time of collection.

Applicants who apply with **YELLOW** Application Forms for 1,000,000 or more Public Offer Shares and have indicated in their Application Forms that they wish to collect their refund cheques in person may collect their refund cheques (where applicable) but may not elect to collect their share certificates, which will be deposited into CCASS for credit to their designated CCASS Participant's stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedure for collection of refund cheques by the **YELLOW** Application Form applicants is the same as that for the **WHITE** Application Form applicants.

7. Share certificates for the Placing Shares to be distributed via CCASS are expected to be deposited into CCASS on Wednesday, 28 September 2011 for credit to the respective CCASS Participant's stock accounts designated by the Placing Underwriters, the placees or their agents, as the case may be.

8. Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. (Hong Kong time) on Thursday, 29 September 2011 provided that (i) the Share Offer becomes unconditional in all respects and (ii) the right of termination as described in the paragraph headed "Grounds for termination" in the section headed "Underwriting" of this prospectus has not been exercised and has lapsed.

9. If you have applied on a **WHITE** Application Form or through the **HK eIPO White Form** service for 1,000,000 or more Public Offer Shares and you have indicated in your Application Form that you wish to collect your refund cheque (where relevant) and share certificate (where relevant) personally, you may collect your refund cheque (where relevant) and your share certificate (where relevant) from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, from 9:00 a.m. to 1:00 p.m. on Wednesday, 28 September 2011 or any other day that the Company publishes in the newspapers as the date of despatch of share certificates/e-Auto Refund payment instructions/refund cheques. If you are an individual who opts for personal collection, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant which opts for personal collection, you must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar. If you have applied on a **YELLOW** Application Form for 1,000,000 or more Public Offer Shares, you may collect your refund cheque, if any, in person but may not elect to collect your share certificate personally, which will be deposited into CCASS for the credit of your designated CCASS participant's stock account or CCASS Investor Participant stock account, as appropriate. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

10. Uncollected share certificates and refund cheques (if any) will be despatched by ordinary post at the applicant's own risk to the address specified in the relevant Application Form. For further information, you should refer to the paragraph headed "Despatch/collection of share certificates, e-Auto Refund payment instructions and refund cheques" under the section headed "How to apply for the Public Offer Shares" in this prospectus.

11. Applicants who apply through the **HK eIPO White Form** service by paying the application monies through a single bank account may have e-Auto Refund payment instructions (if any) despatched to their application payment bank account on or around Wednesday, 28 September 2011. Applicants who apply through the **HK eIPO White Form** service by paying the application monies through multiple bank accounts may have refund cheque(s) sent to the address specified in their application instructions to the designated **HK eIPO White Form** Service Provider on or around Wednesday, 28 September 2011 by ordinary post and at their own risk.

12. e-Auto Refund payment instructions/refund cheques will be despatched in respect of wholly or partially unsuccessful applications and in respect of successful applications if the final Offer Price is less than the maximum Offer Price of HK$0.69 per Offer Share.

Pursuant to the force majeure provisions contained in the Public Offer Underwriting Agreement in respect of the Public Offer, the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) have the right in certain circumstances, subject to its sole and absolute opinion, to terminate the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (which is expected to be on Thursday, 29 September 2011). Further details of the terms of the force majeure provisions are set out in the section headed "Underwriting" of this prospectus.

Share certificates for the Offer Shares will only become valid certificates of title provided that the Share Offer has become unconditional in all respects and the Underwriting Agreements have not been terminated in accordance with its terms prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Investors who trade the Shares on the basis of publicly available allocation details prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title will do so entirely at their own risk.

CONTENTS

You should rely only on the information contained in this prospectus and the related Application Forms to make your investment decision.

Our Company has not authorised anyone to provide you with information that is different from what is contained in this prospectus and the related Application Forms.

Any information or representation not made in this prospectus and the related Application Forms must not be relied on by you as having been authorised by our Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, any of their respective directors or affiliates of any of them or any other person or parties involved in the Share Offer.

The contents on our website at www.travelexpert.com.hk, which is the website of our Group, do not form part of this prospectus.

	Page
Expected timetable	i
Contents	v
Summary	1
Definitions	20
Glossary	33
Forward-looking statements	35
Risk factors	37
Waiver from strict compliance with the Listing Rules and the Companies Ordinance	54
Information about this prospectus and the Share Offer	57
Directors and parties involved in the Share Offer	63
Corporate information	67
Industry overview	69
Government regulations, licences and permits	104
History and development	120
Corporate structure	130
Business	132
Description of business	132
Products and services	135
Competitive advantages	137
Sales channels	142
Marketing and promotion	143
Seasonal factors	145
Impact of changes in economic conditions	145
Impact of catastrophic events	146
Customers	148
Suppliers	148

Page

GDS 156
Information technology 158
Intellectual property rights 159
Business process flow 160
Complaints handling 165
Staff purchase policy 168
Compliance and litigation 168
Credit control 172
Cash Control Policy 173
Competition 174
Licences 174
IATA Accreditation 175
Achievements and awards 178
Insurance 179
Properties 179
Labour and safety matters 179

Connected transactions 181

Relationship with our controlling shareholders 190

Directors, senior management and staff 195

Persons having notifiable interests under the SFO 208

Share capital 211

Financial information 214

Future plans and use of proceeds 255

Underwriting 261

Structure and conditions of the Share Offer 268

How to apply for the Public Offer Shares 272

Appendix I — Accountants' report I-1

Appendix II — Unaudited pro forma financial information II-1

Appendix III — Property valuation III-1

Appendix IV — Summary of the constitution of the Company and Cayman Islands Companies Law IV-1

Appendix V — Statutory and general information V-1

Appendix VI — Documents delivered to the Registrar of Companies and available for inspection VI-1

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

There are risks associated with any investment. Some of the particular risks of investing in the Offer Shares are set out in the section headed "Risk factors" of this prospectus. You should read that section carefully before you decide to invest in the Offer Shares. Various expressions used in this summary are defined in the section headed "Definitions" in this prospectus.

BUSINESS OF OUR GROUP

We are one of the long-established travel agents and travel consulting companies in Hong Kong. It is our corporate mission to provide our customers with personalised advice and professional services to meet their holiday and travelling requirements. We are committed to the provision of high quality services to our customers and our mission statement is "Exceeding Customer Expectation Sets Us Apart".

We consider ourselves as a one-stop travel management and services group offering a wide range of travel packages, products and services. Our services principally include the provision of FIT packages which include any one or more of airline ticketing, outbound air-plus-hotel holiday packages, cruise holidays, other transportation arrangements in respect of outbound travelling including car rentals and bookings for ferries, buses, trains, and airport express, hotel and accommodation bookings, and escorted tours bookings. Our services in respect of local travelling include theme parks ticketing and other entertainment, leisure and incidental activities bookings. We also provide other travel related services such as visa processing and travel insurance processing. We focus on the FIT market and position ourselves as a FIT specialty travel agent. FIT refers to "frequent individual traveller", which generally means an individual or a small group of travellers who plan their own travel itinerary instead of purchasing packaged holidays or tour packages through tour operators or tour agents. The components of the itinerary may resemble a package, but the itinerary is custom-built for the traveller. FIT packages, comprising air-plus-hotel booking, flights only booking and hotel only booking, are non-tour travel solutions, in contrast with traditional packaged holidays which include a travel itinerary, tour guides, pre-arranged group meals, designated travel dates, transportation and accommodation.

Our outbound air-plus-hotel holiday packages can be categorised into tailor-made packages and preset packages including airline packages and wholesale packages. We develop our own packages by incorporating into a holiday package, travel arrangements such as air tickets and ferry tickets, hotel accommodation, featured activities such as golfing and spa treatments and related services such as airport pick-up and transfer. We also customise packages according to the specifications prescribed by our customers.

Airline packages are in-house travel products of airlines which combine a choice of selected hotels for particular destinations with the airlines' own flights. Examples of airline packages suppliers include Cathay Holidays Limited and Dragonair Holidays. Wholesale packages are designed and sold

by wholesale agents to retail agents. We act as a retail distributor for airline and wholesale packages. We have been appointed as one of the preferred sales agents of Cathay Holidays Limited, Charming Holidays, Jetour, Club Med and Satellite Travel, all of which are major tour operators in Hong Kong.

Our marketing slogan in Chinese is "自由自在去旅行，專業旅運自由行", which expresses our commitment in helping our customers to enjoy independence and freedom when travelling on our FIT packages.

TEL and TEBSL are IATA accredited agents. Only IATA accredited agents are allowed to represent the member airlines of IATA to sell international air passenger ticketing. IATA is the administrator of the IATA Passenger Agency Programme which is a global programme designed to facilitate the secure distribution and sale of air tickets through a network of reliable accredited sales channels. To maintain our IATA accreditation, we have to satisfy certain criteria and qualifications including maintaining the facilities to issue travel tickets through the use of an approved electronic ticketing system and meeting IATA training and qualification standards.

Usually, we do not keep a stock of travel related products on hand. Apart from Airport Express tickets, Ocean Park tickets and Hong Kong Disneyland Park tickets, we do not purchase package holidays, air tickets, hotel accommodation or other travel related products from our suppliers unless an order has been placed by a customer with us. Our Group uses a cost-plus model in the pricing of our packages. In cases where we provide travel related services other than the sale of travel packages, for example visa processing and certain ticketing services, we may charge our customers service fees. The amount of these service fees are based on the directives issued by TIC from time to time, as detailed in the "Government regulations, licences and permits" section of this prospectus.

PRODUCTS AND SERVICES

Leisure travel (retail)

Retail sales are the primary focus of our Group. As at the Latest Practicable Date, we operate more than 50 retail shops across Hong Kong, including our flagship stores in Central, Mongkok and Shatin, and our cruise centre in Central. Approximately 92.8%, 93.0% and 94.5% of our gross sales proceeds were generated from retail sales for the years ended 31 March 2009, 2010 and 2011 respectively.

In addition to our retail shops, our official website also serves as a selling platform and provides information to our customers. We have recently made available an instant ordering function electronically via the Internet to suit the needs of contemporary technology-savvy users. This online reservation platform is supported by our travel consultants who call potential customers in response to their electronic enquiries for follow up service and feedback. We believe that such inclusion of a customer focused and "human interaction" component enhances our service quality and helps differentiate us from our competitors. In addition, there is a live chat feature on the website, where customers can communicate with our travel consultants real-time electronically. Additionally, we also utilise electronic social media (such as Facebook) as a publicity and communication platform.

Contemplating the potential growth in the fledgling cruise market, our new cruise centre commenced operations in December 2009, providing an additional product for our retail customers to choose from. As at the Latest Practicable Date, our Group was the preferred sales agent of MSC Cruises, Norwegian Cruise Line, Star Cruises, Royal Caribbean International, Celebrity Cruises, Azamara Club Cruises, Cunard Line and Princess Cruises; the selected partner of Cruise Sensations for Uniworld River Cruises and Disney Cruise Line; and the sales agent of Holland America Line and Carnival Cruise Lines. We understand that travel agents who have strong sales network and reputation may be invited by the cruise line operators to become their respective preferred sales agent. We are of the view that being a preferred sales agent is relatively important as a preferred sales agent would normally be offered higher incentive reward by the cruise line operators as compared to that of a normal agent.

We can arrange pre-cruise and post-cruise air-plus-hotel packages to enable our customers to enjoy a short trip before they board the cruise and/or after docking. We can also arrange land tours for our customers when the cruise docks at the designated ports.

Corporate travel

During the Reporting Period, business travel has been the secondary focus of our Group. We had about 221, 217 and 196 corporate customers as at 31 March 2009, 2010 and 2011 respectively. Our corporate sales accounted for approximately 7.2%, 7.0% and 5.5% of our Group's gross sales proceeds for the years ended 31 March 2009, 2010 and 2011 respectively.

Our Directors consider that the development of the corporate sales segment would strengthen our Group's revenue base. Accordingly, we have set up a business services team. The members of this team are well experienced and skilled in their area of expertise. They are provided with on-going training and regular travel information updates. We expect our business services team to be capable of providing fully integrated travel services to our corporate clients.

COMPETITIVE ADVANTAGES

- We have an established market presence and brand name in Hong Kong
- We have an extensive distribution network in Hong Kong
- Our management and staff provide quality services and understand the market and customers' needs
- We have established excellent business relationships with airlines
- We have established excellent long-term business relationships with hotels and land agents
- We have established good strategic relationships with tourism boards

- We offer diversified products
- We have established a stringent quality control system
- We have managed our cashflow carefully
- We have established competitive prices
- We are committed to staff training and development
- Our employees are our most valuable asset
- We are committed to continuous improvement in our information system

SALES CHANNELS

Our travel packages and related products are currently offered on-site through more than 50 retail shops as supported by an electronic platform. The number of retail shops is based on the number of TAR branch office certificates issued to our Group. As set out in the paragraph headed "Travel Industry Council of Hong Kong" under the "Government regulations, licences and permits" section of this prospectus, each branch office requires an additional paid-up capital of HK$250,000. As at the Latest Practicable Date, our network of more than 50 retail shops had approximately 360 sales staff including district managers, counter managers, account managers, travel consultants and travel service consultants providing travel consultancy, booking services, and related services to our customers. Amongst the above sales staff, we have a team of designated account executives who specialise in servicing our corporate clients and a team of cruise experts who specialise in servicing our cruise customers. Our retail shops are strategically located in or near residential areas, shopping arcades, core commercial districts and selected MTR stations.

SUPPLIERS

Airlines, hotels, cruise operators and consolidators are our major suppliers. We have established direct business relationship with airlines, hotels and cruise operators to purchase our travel related products (namely air tickets, hotel rooms and cruise tickets) after a customer has placed an order for our travel packages which encompass various combinations of any one or more of the travel related products. Sometimes we source our travel related products, in particular air tickets and hotels, from consolidators, who act as wholesale agents for airlines and hotels. Over the years, we have been able to establish satisfactory business relationships with major airlines thereby enabling us to source air tickets at competitive prices. This upstream penetration enables us to better control our costs of sales and our sales margin without sacrificing our competitiveness in pricing and service quality. Other than the purchase of air tickets and hotel accommodation, which will be purchased only when we receive orders from customers, we keep some inventory of transportation tickets and theme park tickets which are purchased from suppliers such as MTR, Hong Kong International Theme Parks Limited and Ocean Park Corporation.

In addition to airlines, hotels and cruise operators, we also maintain business relationships with a number of overseas land agents in various locations whom we consider to be credible and competitive in the travel industry. These land agents are holders of relevant licences according to their local jurisdictions and are capable of handling inbound tourism services. We arrange escorted tours only at the request of our customers. We may be liable for the misconduct of service providers, so we only engage licensed travel agents as service providers for escorted tours. Before engaging any of these agents, we would obtain verbal reference from relevant tourism boards. In addition, our staff accompanying the escorted tours would monitor the quality of arranged transportation, hotel, restaurant, food and service of the local tour guide during the trip, and make sure that the route and the standard of services and products provided comply with the itinerary and the terms agreed with our customers. If there is any problem, our staff will communicate this to the service provider to work out a solution immediately.

In case the customers have any complaints about quality of product and services provided by the service providers and things purchased by customers during the trip, we will help customers to claim for compensation according to the applicable local regulations.

During the Reporting Period, escorted tours only contributed an immaterial part of the business of our Group, no claim has been made by our customers against any service providers of escorted tours and we have not been held liable for the misconduct of service providers.

RMB Settlement Arrangements

During the Reporting Period, our Group was involved in certain payments and receipts of money in RMB with parties in the PRC. TEL previously settled the Accounts Payable and amounts due to the Service Provider/ PRC IT Consultants via the HK Company, Mrs. Ko's PRC Bank Account and/or staff bringing RMB into the PRC in cash. These methods of settlement have ceased as at the Latest Practicable Date. TEL previously received payments from the SZ Client via Mrs. Ko's PRC Bank Account but no longer does so as at the Latest Practicable Date.

Our PRC Legal Counsel is of the view that:

- TEL did not violate the Chinese laws and regulations in settlement of the Accounts Payable and the Service Fee Payable, and in receipt of payment from the SZ Client;

- Mrs. Ko did not violate the Chinese laws and regulations to receive payment from the SZ Client;

- Mrs. Ko breached the Foreign Exchange Regulations in settlement of the Accounts Payable and the Service Fee Payable which will not result in any criminal liability on Mrs. Ko but may result in administrative penalty on her; and

- the use of the RMB settlement arrangements utilised by TEL in the past will not have any legal impact on the WFOE, and the potential administration penalty on Mrs. Ko will also not have any adverse legal impact (whether directly or indirectly) on the WFOE.

More information regarding TEL's payments and receipts of money in RMB with parties in the PRC is set out under sub-heading "Suppliers" in the "Business" section in this prospectus.

LICENCES

As at the Latest Practicable Date, our Group holds the following licences relating to our business:

Licences	Holders of licences	Issuing organisation	Date of issue	Date of expiry
Licensed travel agent	TEL	TAR	28 August 2011	28 August 2012
Licensed travel agent	TEBSL	TAR	28 April 2011	28 April 2012
Licensed travel agent	TECL	TAR	21 January 2011	21 January 2012

As part of the licensing requirements under the RTA, our Group holds the following memberships as at the Latest Practicable Date:

Memberships	Member	Issuing organisation	Date of admission	Date of expiry
Ordinary member	TEL	TIC	28 August 1988	30 June 2012
Ordinary member	TEBSL	TIC	29 September 2008	30 June 2012
Ordinary member	TECL	TIC	21 January 2011	30 June 2012

As at the Latest Practicable Date, our Group has registered with the HKFI as an insurance agency in respect of travel insurance as follows:

Name of Insurance Agency	Appointing Insurer(s)	Date of Registration	Expiry Date of Registration Fee
TEL	ACE Insurance Limited	23 June 2010	19 October 2012
	Blue Cross (Asia - Pacific) Insurance Limited	23 November 2007	
	Chartis Insurance Hong Kong Limited	19 October 2006	
TECL	ACE Insurance Limited	11 April 2011	11 April 2014
	Blue Cross (Asia - Pacific) Insurance Limited	11 April 2011	
	Chartis Insurance Hong Kong Limited	11 April 2011	
TEBSL	ACE Insurance Limited	1 September 2011	1 September 2014

Our management reviews our business practices regularly to ensure our Group's compliance with the RTA licensing requirements and the successful annual renewal of our Group's licences. Save and except as disclosed in the section headed "Business — Compliance and Litigation", there were no investigations conducted and no disciplinary action taken by the RTA or TIC on our Group during the Reporting Period.

To the best knowledge and belief of our Directors, there are no legal impediments for our Group's continual renewal of the above licences and memberships.

COMPLIANCE AND LITIGATION

As at the Latest Practicable Date and during the Reporting Period, our Group was not engaged in any litigation, arbitration or claim of material importance, and there is no litigation, arbitration or claim pending or threatened by or against any member of our Group or any of our Directors, which could have a material adverse effect on our operations or financial conditions.

We have inadvertently breached certain sections of the Companies Ordinance, the details of which are set out in the paragraph headed "Non-compliance under Companies Ordinance" in the "Business" section of this prospectus. The cause for such non-compliance was mainly attributable to the fact that during the period to which the non-compliance incidents relate our Group companies did not have an internal company secretarial department and qualified company secretary of relevant working experience to deal with company secretarial matters and to comply with the Companies Ordinance. The aggregate potential maximum liabilities arising from these non-compliance incidents is approximately HK$768,000 and such non-compliance incidents are not expected to have any material impact on the operations and financial position of our Group.

As to the non-compliance of late and incorrect filings relating to company secretarial matters with the Companies Registry, as advised by our Hong Kong Legal Adviser, the practical risk of our Hong Kong subsidiaries being penalised for their late and incorrect filing is low. Although the Companies Registry does have the right to impose fines and penalties and the Companies Ordinance specifies the relevant level of fines, we understand from our Hong Kong Legal Adviser that, based on their experience and knowledge, the Registrar of Companies does not, in all cases, prosecute late filings or levy penalties. As of the Latest Practicable Date, the relevant companies have not received any notices for any fines or penalties. The potential maximum aggregate penalties/fines, as advised by our Hong Kong Legal Adviser, are expected not to exceed HK$1,000,000. Therefore, our Directors consider such amount to be immaterial and the Reporting Accountants, BDO Limited, concurs with our Directors that the potential penalties/fines are not material to our Group's financial statements. Accordingly, no provision for the penalties/fines has been made by our Directors for the preparation of the financial statements. The Sole Sponsor is of the view our Directors' decision is reasonable given that the potential maximum aggregate penalties/fines of the non-compliance incidents is immaterial and the view of the Reporting Accountants stated above.

To prevent the occurrence of any non-compliance and to provide a stronger basis for detecting potential non-compliance in the future, we have taken and will take steps to ensure compliance with applicable laws, rules and regulations, the details of which are set out in the paragraph headed "Actions to ensure future compliance" in the "Business" section of this prospectus.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

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

	Year ended 31 March		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Revenue *(Note 1)*	**166,813**	**168,538**	**204,842**
Other income	2,116	2,128	2,250
Selling and distribution costs	(109,065)	(113,568)	(138,418)
Administrative expenses	(22,149)	(20,839)	(30,345)
Profit before income tax	**37,715**	**36,259**	**38,329**
Income tax expense	(6,329)	(6,099)	(7,220)
Profit for the year attributable to owners of our Company	**31,386**	**30,160**	**31,109**
	HK$	*HK$*	*HK$*
Earnings per Share attributable to owners of our Company — Basic *(Note 2)*	**0.08**	**0.08**	**0.08**

Notes:

1. Our management assessed our Group's business relationships with customers and determined that our Group is acting as an agent in the majority of transactions relating to the sales of packages comprising air tickets, hotel accommodation and other travel related products, and accordingly our Group reports those revenue on a net basis. The 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 and the breakdown of our revenue for the years ended 31 March 2009, 2010 and 2011 respectively, are as follows:

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

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

INVESTMENT ACTIVITIES

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

Further details of the investment activities conducted by our Group during the three years ended 31 March 2011 are set out under the paragraph headed "Investment activities" in the "Financial information" section of this prospectus.

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

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

In view of the recent market volatility, we will cease to engage in such investment activities in the future. We will restrict the usage of our Group's surplus funds to placement of term deposits with registered banks only. Subsequent to 31 March 2011, we disposed of all of our outstanding financial assets comprising investment in bond funds and realised a loss on disposal of approximately HK$0.14 million before taking into account any transaction cost.

SHARE OPTION SCHEMES

Pursuant to the resolution of our sole shareholder passed on 31 March 2011, our Company has adopted the Pre-IPO Share Option Scheme and pursuant to the resolution of our shareholders passed on 6 September 2011, our Company has conditionally adopted the Share Option Scheme. The principal terms of the share option schemes are set out in the section headed "Share Option Scheme" and "Pre-IPO Share Option Scheme" respectively in appendix V to this prospectus. As at the Latest Practicable Date, options to subscribe for an aggregate of 23,704,000 Shares have been conditionally granted under the Pre-IPO Share Option Scheme by our Company, and which remained outstanding as at the Latest Practicable Date. The exercise price in respect of each option granted under the Pre-IPO Share Option Scheme ranged from 80% to 200% of the Offer Price. The 23,704,000 Shares subject to the options granted under the Pre-IPO Share Option Scheme represents (i) approximately 4.74% of the issued share capital of our Company immediately after completion of the Share Offer (excluding all Shares which may fall to be issued upon the exercise of the options granted or to be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme); and (ii) approximately 4.53% of the issued share capital of our Company immediately after completion of the Share Offer as enlarged by the Shares falling to be issued upon full exercise of all the outstanding options granted under the Pre-IPO Share Option Scheme (excluding all Shares which may fall to be issued upon the exercise of the options to be granted under the Share Option Scheme).

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

In addition, our Group may issue additional Shares upon the exercise of options which may be granted under the Share Option Scheme. In such cases, the percentage ownership of our existing Shareholders may be reduced and they may experience dilution of their proportionate interests in our Company. There may also be a dilution in the earnings per Share and net asset value per Share as a result of the increase in the number of Shares after the issue of any additional Shares pursuant to the exercise of the aforesaid options.

DIVIDEND POLICY

Following the listing of our Shares, our Shareholders will be entitled to receive dividends declared by our Company. We intend to pay dividends by way of interim and final dividends.

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

We declared dividends of HK$2,000,000, HK$92,082,000 and HK$47,012,000 for the years ended 31 March 2009, 2010 and 2011 respectively and paid dividends of HK$2,000,000, HK$84,082,000 and HK$45,012,000 during the years ended 31 March 2009, 2010 and 2011 respectively. The dividend distribution recorded during the Reporting Period may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future. Please refer to the paragraph headed "Dividends paid in the past may not be indicative of the amount of future dividend payments or our Group's future dividend policy" in the section headed "Risk factors" of this prospectus.

STATISTICS OF THE SHARE OFFER

	Based on an indicative Offer Price of HK$0.56	**Based on an indicative Offer Price of HK$0.69**
Market capitalisation of the Shares[(1)]	HK$280 million	HK$345 million
Unaudited pro forma adjusted net tangible assets per Share[(2)].....	HK$0.13	HK$0.15

Notes:

1. The calculation of market capitalisation is based on the estimated 500,000,000 Shares issued upon completion of the Share Offer and the Capitalisation Issue.

2. The unaudited pro forma adjusted net tangible assets per Share is calculated after making the adjustments referred to in the section headed "Statement of Unaudited Pro Forma Adjusted Net Tangible Assets" in appendix II to this prospectus and taking into account the indicative Offer Prices of HK$0.56 and HK$0.69 per Offer Share and 500,000,000 Shares expected to be in issue upon completion of the Share Offer and the Capitalisation Issue.

FUTURE PLANS AND PROSPECTS

To maintain our position as one of the leading providers of travel related products and services in Hong Kong, we intend to capitalise on our travel expert brand recognition, enhance our competitiveness and achieve sustainable sales growth. To achieve our objectives we plan to implement the following strategies:

Development of corporate sales business

During the years ended 31 March 2009, 2010 and 2011, corporate sales contributed to approximately 7.2%, 7.0% and 5.5% respectively of our Group's gross sales proceeds. In the past 25 years, we have focused on developing our retail sales network. We have built up a strong corporate brand name and have laid a solid operating platform in the travel agency industry. We have established satisfactory business relationship with major airlines, hotels and related wholesale agents. Our Directors are confident that we are able to leverage on our existing operating platform to tap into the corporate sales segment.

Our Directors consider that the development of the corporate sales segment would strengthen our Group's revenue base. We have allocated resources to support our business services team, of which all of its members possess the relevant experience and attributes to assist the business and infrastructure development of our corporate sales business.

Our Directors expect that development of the corporate sales segment will not only increase our Group's revenue but may also more than proportionally increase our Group's incentive income. As explained under the "Business" section of this prospectus, we earn incentive income from our GDS providers and the amount of incentive income is calculated based on the number of air ticket segments booked through our Group with the GDS. We also earn incentive income from airlines, hotel operators, and land agents; the amount of incentive income is generally calculated with reference to the amount and/or volume of sales transactions booked through our Group with the relevant travel suppliers. The incentive systems are functional on progressive rates which means that a higher percentage of incentive (subject to certain maximum percentage) may be payable to us as the sales and/or volume turnover increases to the next higher sales and/or volume turnover band booked through our Group. Any increase in the scale of our sales and/or volume turnover would contribute to maximising the incentive income rates receivable by our Group. According to our suppliers' incentive schemes, our Group is not given any different treatment on our retails sales and corporate sales. Certain incentive schemes offered to us by airlines put weights on a basket of parameters such as a special incentive for

meeting certain specified thresholds of normal-fare tickets. To the extent that the travelling patterns and preferences in respect of our Group's retail sales and corporate sales are different, our Group's retail sales and corporate sales may contribute differently to our Group's benefits under our suppliers' incentive schemes.

The corporate sales segment is modelled on a different working capital structure from that of the retail sales segment as it is a market practice for the travel agent to grant credit terms to corporate customers whereas retail customers are normally required to make payment in advance or upon collection of tickets and booking vouchers. Our Directors understand that it is common in the corporate sales segment to allow credit terms of up to 30 days. The corporate sales segment has so far not been our core revenue or profit driver. Our Directors are determined to manage our operating cashflow and credit risk exposure prudently. Our Directors expect that our Group will be required to allocate an additional sum of working capital to support the operations of the corporate sales segment. The relevant risk factor relating to the development of the corporate sales segment has been set out in the "Risk factors" section of this prospectus.

In addition to the above, the business model of corporate sales differs from that of retail sales in that, prior to opening an account with us, corporate customers go through a screening process by the Group as opposed to retail customers who generally just walk in, corporate discount rates may be extended to corporate customers, incentives may be offered to corporate customers upon meeting certain sales thresholds and the provision of various value-added services to corporate customers including special servicing by an assigned team, regular visits by the sales team, complimentary delivery of travel documents and the provision of a periodic management information report used by our corporate customers to analyse their travel expenses by various parameters including by corporate account, by division or department and by individual staff, within a specified period of time.

Our Group has been established for 25 years by 2011 and operated more than 50 retail shops as at the Latest Practicable Date. Our success is attributable to our strong corporate brand name, a solid operating platform, satisfactory business relationship with suppliers and a dedicated management team. We rely on our operating platform to support our future expansion. We also rely on the service quality of our staff to remain competitive. Our Directors expect that our Group's operating platform will sufficiently support our Group to meet the challenges of expanding horizontally to capture more corporate sales business.

TEBSL is the company in our Group which is used to create a separate corporate identity for developing the corporate business. The business plan for the year ending 31 March 2012 comprises the recruitment of a new full time senior executive who is responsible for leading the expansion of the corporate business for our Group and new account executives to strengthen our sales and business development capabilities with a focus on corporate customers. In parallel to strengthening our human resources, we have designed a new information system to streamline certain work procedure and enhance certain reporting functions with a view to raising our service standards for our corporate customers.

Our Directors believe that we are a long-established travel agency with a strong market presence in Hong Kong. Our sizable retail client base is a resourceful pool for cultivating potential corporate business when appropriate targeting and marketing effort is given. There are very few travel agencies in Hong Kong which specialise on corporate sales and have a network size comparable to that of our Group. Our Directors believe that our market presence in Hong Kong creates a positive influence on brand recognition and have confidence in competition with established and major players in the corporate sales market. Our Group's retail sales provide our Group with liquidity which also enhances our competitiveness over established and major players in the corporate sales market.

Exploring possible regional expansion

Our Directors have been looking for opportunities to scale our operations vertically and/or horizontally. Our Directors envisage that our Group may expand geographically out of Hong Kong with a priority in Asia (including the PRC) by way of acquisitions, franchise or forming joint ventures with strategic partners although no definitive action plans have been drawn up as at the Latest Practicable Date.

To prepare for our possible regional expansion, we have registered three trademarks in the PRC and one trademark in Singapore. Neither the PRC nor Singapore is our Group's only target expansion market. We have not formulated any other plans or a timetable relating to our regional expansion. However, we would like to earmark a certain sum of the net proceeds of the Share Offer to prepare for any attractive investment opportunities that may be presented to us from time to time.

TEL has received an opinion letter issued by the Tourism Administration of Guangdong Province (廣東省旅遊局) dated 26 July 2011 affirming that the Tourism Administration agrees with TEL's application for setting up a wholly foreign owned travel agency in Shenzhen, the PRC and the supporting documents are in compliance with the relevant laws and regulations in the PRC. It is also set out in the opinion letter that the English name and the Chinese name of the WFOE are Travel Expert (Shenzhen) Limited and 尊業旅行社 (深圳) 有限公司 respectively. After that, we have submitted an application to the Shenzhen Science, Industry, Trade and Information Technology Commission (深圳市科技工貿和信息化委員會) for the establishment of the WFOE. We are studying the feasibility of an e-business model of travel agency in China and promotion of quality outbound tour packages from China and Hong Kong. Our Group plans to inject registered capital of RMB500,000 (equivalent to approximately HK$0.61 million) into the WFOE as an initial funding for its operations. We have not yet drawn up any concrete business plan regarding our Group's expansion in the PRC and thus do not have any plans on any other capital expenditure as at the Latest Practicable Date. In addition to the aforesaid, our Group has submitted to the Trade and Industry Department of the HKSAR an application for certification as a Hong Kong supplier to supply travel agency services and tour operator services in Mainland China. On 21 April 2010, the Trade and Industry Department of the HKSAR issued a certificate certifying that TEL has met the standard of a Hong Kong service supplier as stipulated in the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) and its supplement(s).

Our Directors and senior management of our Group presently do not possess any relevant experience and expertise in the PRC retail and online travel agency business. However, we plan to employ suitably qualified personnel to manage our Group's businesses in the PRC once our expansion plan is in a more advanced stage.

Consolidating our operational infrastructure to prepare for future expansion

Following years of rapid business expansion, our management team has accumulated substantial managerial and technical intelligence which if utilised appropriately will produce dramatic improvements in many aspects to the efficiency of the operations of our Group. Our Directors consider that it is our priority for strengthening our operational infrastructure to enhance our Group's ability to tackle any cross-border expansion in the future.

Our Directors plan to centralise our support staff in our Group's newly acquired office premises at 9th Floor, Kowloon Plaza, No. 485 Castle Peak Road, Kowloon and consolidate our Group's operational infrastructure. Our Directors plan to allocate more resources to improve our Group's communications systems, training facilities and conferencing facilities to prepare for our Group's possible expansion in the future.

Our Directors recognise the importance and benefits of maintaining an efficient management system. Our Directors plan to upgrade our information systems to strengthen the ability of our Group to scale our management and operational efficiency. Our target objectives include:

- enhance information sharing between departments of our Group and thus allow quicker assessment and analysis of our Group's operational and financial data by our Group's management;
- establish an alternative online operation system to streamline sales workflow and minimise non-systematic errors;
- establish an advanced customer relationship management system;
- revamp our Group's human resources system to enhance the efficiency of our Group's mentoring functions; and
- enhance our Group's e-commerce capability.

Our Group plans to open more retail branches at strategic locations and to strengthen our sales teams to serve the growing customer demand. We shall equip our new office with the most up-to-date data processing and communication facilities and to connect all of our retail shops electronically by an "always-on" network, which is a network to provide data communication services between all our retail shops and our central server pool 24 hours, 7 days a week. This is important to gain our competitiveness in the travel industry whereby it is critical for information and data to be collected accurately and on a timely basis. This "always-on" network is supported by a licensed data communication provider in Hong Kong. This dedicated network will ensure the quality of the service of our retail shops which are scattered all over Hong Kong Island, Kowloon and the New Territories.

The sales activities will be pooled to our backend data warehouse system for more detailed and timely analysis. The sales data is fragmented and we have been building up the analysis tool to group the fragmented data into organised information as a data warehouse system. This is a helpful tool for our management to study the trend of our Group's different lines of business in different category of branches; and also a good tool for our management to project sales.

With this improved infrastructure, all our retail shops and the staff in each retail shop will be connected either by voice and/or video communication so that we can maximise our training time and results with our staff. We are also considering an e-learning system which can deliver the training in a more convenient way.

We have always emphasised strongly on staff training with respect to service quality, product knowledge and customer service. We have been using traditional classroom style training so far. With our growth in business and the increasing number of staff, the traditional classroom style training may not be sufficient to cope with the increasing training need. Therefore, we started a project to study the use of Internet and interactive teaching and coaching tools to deliver our service requirements and product knowledge to our staff through the Internet platform. This project is led by our Talent Management Division.

The setting up of the Cruise Centre has proven the success of using hotline support to sell special products. We plan to extend this method of support to our long-haul products and MICE products. Therefore, advanced telephone system will also form part of our operational infrastructure to support our future expansion.

USE OF PROCEEDS

Based on the mid price of the Offer Price range of HK$0.63 per Offer Share, the net proceeds of the Share Offer are estimated to be approximately HK$49.5 million. Our Directors presently intend to use the net proceeds for the following purposes:

- approximately HK$19.8 million (being approximately 40% of the estimated net proceeds of the Share Offer) for development of our Group's corporate sales business;

- approximately HK$19.8 million (being approximately 40% of the estimated net proceeds of the Share Offer) for exploring possible regional expansion in Asia (including the PRC);

- approximately HK$5.0 million (being approximately 10% of the estimated net proceeds of the Share Offer) for consolidating our operational infrastructure to prepare for future expansion; and

- approximately HK$4.9 million (being approximately 10% of the estimated net proceeds of the Share Offer) for the general working capital of our Group.

There are risks that we may not be able to execute our business plans or there may be changes to the timing of our plans. Please refer to the section headed "Risk factors" of this prospectus for the relevant risks.

In the event that the Offer Price is fixed at HK$0.56 or HK$0.69 (being the respective lowest and highest points of the indicative range of the Offer Price as stated in this prospectus), the net proceeds of the Share Offer will be approximately HK$42.6 million and HK$55.3 million respectively after the deduction of all underwriting fees and expenses paid and payable by us. In the event that the net proceeds are less or more than HK$49.5 million by reason of the Offer Price being fixed at a price lower than or above HK$0.63, we intend to adjust the allocation of the net proceeds to the above uses in the proportions stated above.

To the extent, if any, that the net proceeds to us from the Share Offer are not immediately applied for the above purposes, we will deposit the net proceeds into an interest-bearing bank account or may purchase money market instruments.

We will issue an announcement in Hong Kong if there is any material change in the above-proposed use of proceeds.

RISK FACTORS

We believe that there are certain risks involved in the Share Offer. A detailed discussion of the risk factors is set out in the section headed "Risk factors" in this prospectus. These risks can be categorised as follows:

Risks relating to our Group

- Reliance on key personnel and management members
- Exposure to risks associated with termination of our leases
- Foreign exchange exposure
- Our business may be affected by changes in economic conditions
- Exposure to risks of third parties' claims, counter-party risks and other risks which are beyond our control and not subject to our insurance coverage
- Exposure to credit risks in respect of our corporate sales
- Dependence on protection of our trademarks and intellectual property rights
- Risks associated with implementation of our Group's future plans
- Risks associated with our Group's expansion plans in the PRC
- Dividends paid in the past may not be indicative of the amount of future dividend payments or our Group's future dividend policy

- We have certain compliance irregularities which may lead to enforcement actions being taken against us
- Dependence on our major suppliers and our ability to source travel products
- Reliance on external systems and services
- Our Group is subject to minimum GDS bookings and segments commitment with our GDS providers
- We have not carried out any systematic verification on our Group's incentive income receivable during the Reporting Period
- Uncertainties associated with the expansion of our business
- Our current information system does not generate segmental breakdown of our results

Risks relating to travel industry

- The travel industry is cyclical and particularly sensitive to economic conditions
- Our business is subject to seasonality factors
- The outbreak or threatened outbreak of any severe contagious diseases could adversely affect our business and results of operations
- Our business may be adversely affected in the event of natural disasters, such as an earthquake, terrorist attack or other catastrophic events in countries which are popular travel destinations for our customers
- We may not be able to renew our existing regulatory licences
- Any possible reformation of the regulatory framework of the tourism industry in Hong Kong could adversely affect our operations
- We face competition from competing agents and alternative travel booking media
- We are exposed to the risk of strikes of cabin crews and cancellation of airline flights

Risks relating to the Share Offer

- There has been no prior public market for the Shares and an active trading market may not develop
- The trading volume and share price of the Shares may fluctuate

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

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

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

Please refer to the section headed "Risk factors" in this prospectus for details.

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings:

"ABCI"	ABCI Securities Company Limited, a licensed corporation under the SFO for type 1 (dealing in securities) and type 4 (advising on securities) regulated activities
"Accountants' Report"	the accountants' report set out in appendix I to this prospectus
"Accounts Payable"	billing by the Suppliers in RMB in respect of the Supply
"Application Form(s)"	**PINK** application form(s), **WHITE** application form(s), **YELLOW** application form(s) and **GREEN** application form(s), or where the context so requires, any of them, to be used in relation to the Public Offer
"Arbitrage"	an act of illegal foreign exchange arbitrage (非法套匯)
"Articles of Association" or "Articles"	the articles of association of our Company adopted on 6 September 2011 and as amended from time to time, a summary of which is set out in appendix IV to this prospectus
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"AUD"	Australian dollar, the lawful currency of Australia
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors of our Company
"Booking Service"	services provided by TEL in connection with the Suppliers to meet the travel requirements of our Group's customers
"Business Day(s)"	any day(s) (excluding Saturday(s), Sunday(s) and public holiday(s)) in Hong Kong on which licensed banks in Hong Kong are generally open for normal banking business throughout their normal business hours
"BVI"	the British Virgin Islands
"Capitalisation Issue"	the issue of Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company referred to in the paragraph headed "Resolutions of the Shareholders" in appendix V to this prospectus
"Catalogue"	the Catalogue for the Guidance of Foreign Investment Industries (外商投資指導目錄)

"Cayman Islands Companies Law" or "Companies Law"	the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant(s)"	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
"CCIL"	Central City International Limited, a company incorporated in Hong Kong with limited liability which was wholly owned by TEEL prior to the Reorganisation and is ultimately or directly owned by Mr. Cheung as to approximately 5.75%, Mr. Chan as to approximately 3.14%, Ms. Ho as to approximately 2.89% and Mr. Kelvin Ko as to approximately 88.22% immediately following the Reorganisation
"CEPA"	Hong Kong Service Supplier under Mainland and Hong Kong Closer Economic Partnership Arrangement
"CGL"	Champion Gate Limited 昌基有限公司, a company incorporated in Hong Kong with limited liability which is wholly owned by TEEL
"C&H"	Colvin & Horne Limited 高宏行有限公司, a company incorporated in Hong Kong with limited liability which is 99.98% owned by Mr. Ko and 0.02% owned by Kowen
"C&H Holdings"	Colvin & Horne Holdings Limited 高宏行集團有限公司, a company incorporated in Hong Kong with limited liability which is 60% owned by Mr. Ko and 40% owned by Mrs. Ko and is one of the Controlling Shareholders
"Companies Ordinance" or "Hong Kong Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended supplemented or otherwise modified from time to time

"Company" or "our Company"	Travel Expert (Asia) Enterprises Limited 專業旅運(亞洲)企業有限公司, a company incorporated in the Cayman Islands with limited liability on 18 November 2009
"Company Law"	the Company Law of the PRC (中華人民共和國公司法)
"Connected Person(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and, in the context of this prospectus, means the controlling shareholders of our Company, namely C&H Holdings, Mr. Ko and Mrs. Ko
"Criminal Law"	the Criminal Law of The People's Republic of China (中華人民共和國刑法)
"Deed of Indemnity"	a deed of indemnity dated 9 September 2011 executed by the Controlling Shareholders in favour of our Group, as further described in the paragraph headed "tax and other indemnities" in appendix II to this prospectus
"Deed of Non-Competition"	a deed of non-competition dated 9 September 2011 entered into between our Company and the Controlling Shareholders, as further described in "Deed of Non-Competition" under the section headed "Relationship with our Controlling Shareholders of this prospectus"
"Director(s)"	the director(s) of our Company
"Eligible Employee(s)"	full-time employees of our Group in Hong Kong, excluding the directors and chief executive of our Company or our subsidiaries, the existing beneficial owners of the shares of our Company or our subsidiaries and their respective associates, and any other Connected Persons of our Company
"Euro" or "€" or "EUR"	the lawful currency adopted by 17 of the 27 member states of the European Union
"Evergood"	Evergood Holdings Limited 德高集團有限公司, a company incorporated in Hong Kong with limited liability which was wholly owned by TEEL prior to the Reorganisation and is wholly owned by TEHL immediately following the Reorganisation
"First Lock-up Period"	the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date
"Foreign Exchange Regulations"	Regulations on Foreign Exchange Administration of People's Republic of China (中華人民共和國外匯管理條例)

"GDP"	an acronym for gross domestic product
"GDP per capita"	an approximation of the value of goods produced per person in a country, equal to a country's GDP divided by the total number of people in a country
"**GREEN** Application Form(s)"	the application form(s) to be completed by the HK eIPO White Form Service Provider
"gross sales proceeds"	the gross proceeds from the sales of air tickets, hotel accommodation and other travel related products, comprising the price at which products have been sold inclusive of any service fees; such amount does not represent our Group's revenue and have not been audited
"Group" or "our Group"	our Company and its subsidiaries or, where the context otherwise requires, in respect of the period before our Company became the holding company of its present subsidiaries, the present subsidiaries of our Company, some or any of them and the businesses carried on by such subsidiaries or (as the case may be) their predecessors
"HK" or "Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HK Company"	a limited liability company registered in Hong Kong relating to the settlement of the Accounts Payable which is independent of and not connected with the Company, its directors and substantial shareholders
"HK eIPO White Form"	the application for the Public Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of HK eIPO White Form at **www.hkeipo.hk**
"HK eIPO White Form Service Provider"	the HK eIPO White Form service provider designated by our Company, as specified on the designated website at **www.hkeipo.hk**
"HK$" or "HK dollars" or "HK cents" or "HKD"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"HKAS"	Hong Kong Accounting Standards
"HKFI"	The Hong Kong Federation of Insurers
"HKFRS"	Hong Kong Financial Reporting Standards (including HKAS and interpretations) issued by HKICPA
"HKICPA"	Hong Kong Institute of Certified Public Accountants

"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hombest"	Hombest Investment Limited 雄溢投資有限公司, a company incorporated in Hong Kong with limited liability which is ultimately 50% owned by Mr. Kelvin Ko and 50% owned by an independent third party
"Hong Kong Branch Share Registrar"	Tricor Investor Services Limited, the branch share registrar and transfer office of our Company in Hong Kong
"Hong Kong Legal Adviser"	Cheng Wong Lam & Partners in association with Nixon Peabody LLP, the legal advisor to our Company as to Hong Kong Laws
"IA"	Insurance Authority
"IA Code of Practice"	Code of Practice for the Administration of Insurance Agents
"IARB"	Insurance Agents Registration Board
"ICO"	Insurance Companies Ordinance
"independent third party(ies)"	a person(s) or company(ies) which is/are independent of and not connected with any member of our Group, our Directors, the chief executives and the substantial shareholders (as defined in the Listing Rules) of our Company and its subsidiaries and their respective associates
"INEDs"	independent non-executive Directors
"Joint Lead Managers"	OSK Securities and ABCI
"JPY"	Japanese yen, the lawful currency of Japan
"Kowen"	Kowen Holdings Limited 高宏集團有限公司, a company incorporated in Hong Kong with limited liability which is approximately 60% owned by Mr. Ko and approximately 40% owned by Mrs. Ko
"KTO"	Korean Tourism Organisation
"Latest Practicable Date"	9 September 2011, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained in this prospectus
"Listing"	the listing of the Shares on the Main Board

"Listing Committee"	the listing committee of the Stock Exchange
"Listing Date"	the date of commencement of trading of the Shares on the Main Board, which is expected to be 29 September 2011
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Macau"	the Macau Special Administrative Region of the PRC
"Main Board"	the stock market operated by the Stock Exchange, which excludes the Growth Enterprise Market of the Stock Exchange and the options market
"Memorandum of Association" or "Memorandum"	the memorandum of association of our Company
"MICE"	meetings, incentives, conferences and exhibitions
"Ministry of Commerce"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Chan"	Mr. Chan, Shi Hoi Anthony, who owns an approximately 3.14% equity interest in the Company immediately before the Share Offer and the Capitalisation Issue and an approximately 2.5% equity interest in the Company immediately after completion of the Share Offer and the Capitalisation Issue
"Mr. Cheung"	Mr. Cheung, Siu Cheong, who owns an approximately 5.75% equity interest in the Company immediately before the Share Offer and the Capitalisation Issue and will own an approximately 4.6% equity interest in the Company immediately after completion of the Share Offer and the Capitalisation Issue and is our Group's Division Head - Product Development
"Mr. Kelvin Ko"	Mr. Ko, Chun Wang Kelvin, who, save as being a son of Mr. Ko and Mrs. Ko, is not connected with the Company, its chief executive directors and substantial shareholders
"Mr. Ko"	Mr. Ko, Wai Ming Daniel, Chairman and an executive Director of our Company, a Controlling Shareholder, the spouse of Mrs. Ko and the father of Mr. Kelvin Ko
"Mr. Lee"	Mr. Lee, Fuk Yau, who, save for his previous shareholding in TEL which was fully disposed of in 1991, is not connected with the Company, its chief executive, directors and substantial shareholders

"Mrs. Ko"	Ms. Cheng, Hang Fan, Chief Executive Officer and an executive Director of our Company, a Controlling Shareholder, the spouse of Mr. Ko and the mother of Mr. Kelvin Ko
"Mrs. Ko's PRC Bank Account"	a bank account opened in Mrs. Ko's name in the PRC
"Ms. Chang"	Ms. Chang Mei Po
"Ms. Ho"	Ms. Ho, Shuk Nim Elsa, who owns an approximately 2.89% equity interest in our Company immediately before the Share Offer and the Capitalisation Issue and will own an approximately 2.3% equity interest in our Company immediately after completion of the Share Offer and the Capitalisation Issue, is our Group's Division Head - Talent Management
"Ms. Leung"	Ms. Leung, Wan Yin Joyce, who, save for her previous shareholding in TEL which she fully disposed of in 1991, is not connected with the Company, its chief executive directors and substantial shareholders
"MTR"	MTR Corporation, a railway operator in Hong Kong which is involved in a range of business activities in addition to railways operations
"MYR"	Malaysian ringgit, the lawful currency of Malaysia
"NTA"	the National Tourism Administration of the PRC (中華人民共和國國家旅遊局)
"Offer Price"	the final offer price per Offer Share (excluding the 0.005% Stock Exchange trading fee, 0.003% SFC transaction levy and 1% brokerage payable thereon) which will not be less than HK$0.56 and is expected to be not more than HK$0.69, at which the Offer Shares are to be offered for subscription pursuant to the Share Offer, to be agreed upon by the Lead Manager (on behalf of the Underwriters) and us on or before the Price Determination Date
"Offer Shares"	the Public Offer Shares and the Placing Shares
"OSK Capital" or "Sole Sponsor"	OSK Capital Hong Kong Limited, a licensed corporation under the SFO permitted to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities

"OSK Securities" or "Sole Bookrunner"	OSK Securities Hong Kong Limited, a licensed corporation under the SFO permitted to engage in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities
"PEIL"	Power Empire Investments Limited 尊業旅運(香港)有限公司, a company incorporated in Hong Kong with limited liability which is wholly owned by TEEBVIL following the Reorganisation
"PHP"	Philippine peso, the lawful currency of the Philippines
"Pilot Notice"	Notice on the Pilot Operation of Guangdong Residents' Package Tours to Hong Kong and Macau by Hong Kong or Macau Invested Travel Agencies Established in Guangdong Province (關於在廣東省設立的港澳資旅行社試點經營廣東省居民赴港澳團隊旅遊的通知)
"**PINK** Application Form(s)"	the application form(s) to be completed by the Eligible Employees
"Placing"	the conditional placing of the Placing Shares by the Placing Underwriters on behalf of our Company at the Offer Price with professional, institutional and other investors as described in the section headed "Structure and conditions of the Share Offer" of this prospectus
"Placing Shares"	the 90,000,000 new Shares initially being offered at the Offer Price for subscription under the Placing subject to re-allocation as described in the section headed "Structure and conditions of the Share Offer" of this prospectus
"Placing Underwriters"	the underwriters listed in the paragraph headed "Placing Underwriters" in the section headed "Underwriting" of this prospectus, being the underwriters of the Placing
"Placing Underwriting Agreement"	the conditional underwriting agreement to be entered into between our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Joint Lead Managers, the Sole Bookrunner and the Placing Underwriters on or about the Price Determination Date in relation to the underwriting of the Placing Shares
"PRC" or "Mainland China" or "China"	the People's Republic of China which, for the purposes of this prospectus only, excludes Hong Kong, Macau and Taiwan

"PRC Government", "PRC government", "state" or "State"	the government of the PRC including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and organisations thereof or, as the context requires, any of them
"PRC IT Consultants"	information technology consultants who are ex-employees of the Service Provider and provide computer system development and maintenance services to our Group subject to service agreements, and are independent third parties
"PRC Legal Counsel"	Guangdong Jingtian Law Firm, the legal advisor to our Company as to PRC laws
"PRC Parties"	parties affiliated with the HK Company which are located in the PRC and are involved in the settlement of the Accounts Payable
"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme adopted by our Company on 31 March 2011, the principal terms of which are set out in the paragraph headed "Pre-IPO Share Option Scheme" in appendix V to this prospectus
"Price Determination Agreement"	the agreement to be entered into between our Company and OSK Securities (on behalf of the Underwriters) on or prior to the Price Determination Date to record the Offer Price as agreed between our Company and the OSK Securities (for itself and on behalf of the Underwriters)
"Price Determination Date"	on or about 5:00 p.m., Thursday, 22 September 2011 (Hong Kong time) by which time the Offer Price will be determined, or such later time as our Company and the Sole Bookrunner (on behalf of the Underwriters) may agree, but in any event not later than Friday, 23 September 2011 (Hong Kong time)
"Public Offer"	the conditional offer of the Public Offer Shares by our Company for subscription by members of the public in Hong Kong for cash at the Offer Price, payable in full on application, and subject to the terms and conditions stated herein and in the related Application Forms
"Public Offer Shares"	the 10,000,000 new Shares initially offered at the Offer Price for subscription under the Public Offer subject to re-allocation as described in the section headed "Structure and Conditions of the Share Offer" of this prospectus

"Public Offer Underwriters"	the underwriters listed in the paragraph headed "Public Offer Underwriters" in the section headed "Underwriting" of this prospectus, being the underwriters of the Public Offer
"Public Offer Underwriting Agreement"	the conditional underwriting agreement dated 15 September 2011 and entered into between our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers and the Public Offer Underwriters in relation to the underwriting of the Public Offer Shares
"Red & White System"	Red & White System Limited 紅白系統有限公司, a company incorporated in Hong Kong with limited liability which is ultimately 50% owned by Mr. Kelvin Ko and 50% owned by independent third parties
"Remuneration Committee"	the remuneration committee of the Board
"Reorganisation"	the corporate reorganisation of our Group effected in anticipation of the Listing as described under the paragraph headed "Reorganisation" in appendix V to this prospectus
"Reporting Period"	the period comprising the three years ended 31 March 2011
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAFE"	State Administration of Foreign Exchange (國家外匯管理局)
"Second Lock-up Period"	the period of six months commencing on the date on which the First Lock-up Period expires
"Service Fee Payable"	service fee payable by TEL to the Service Provider, and subsequent the PRC IT Consultants in relation to computer system development and maintenance services provided to TEL
"Service Provider"	a sole proprietorship (個體工商戶) in Shenzhen, PRC, set up by Mr. Cheung under the instruction of TEL to provide computer system development and maintenance services to our Group
"SFC"	Securities and Futures Commission in Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time)
"S$" or "SGD"	Singapore dollar, the lawful currency of Singapore
"Share(s)"	share(s) of HK$0.01 each in the share capital of our Company

"Shareholder(s)"	holder(s) of our Share(s)
"Share Offer"	the Public Offer and the Placing
"Share Option Scheme"	the share option scheme conditionally adopted by our Company on 6 September 2011, the principal terms of which are set out in the paragraph headed "Share Option Scheme" in appendix V to this prospectus
"SP Agreement"	an agreement entered into on 27 November 2009 between Ms. Chang, Kowen, Mr. Ko and Mrs. Ko in relation to the sale and purchase of 6,321,225 shares of TEHL
"sq. ft."	square feet
"sq. m." or "m^2"	square metre
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto in section 2 of the Companies Ordinance
"substantial shareholder"	has the meaning ascribed to it under the Listing Rules
"Suppliers"	certain suppliers in the PRC which supply hotel bookings and/or air tickets to TEL
"Supply"	supply of hotel bookings and rental car bookings to our clients in the PRC sourced by TEL
"SZ Client"	a company registered in Shenzhen, PRC to which TEL provided services including hotel bookings and airline ticketing during the Reporting Period and is an independent third party
"Takeovers Code"	the Code on Takeovers and Mergers (as amended from time to time)
"TEBSL"	Travel Expert Business Services Limited 專業旅運商務有限公司, a company incorporated in Hong Kong with limited liability which is wholly owned by TEEL, of which one share is held by Mrs. Ko in trust for TEEL

"TECL"	Travel Expert Cruise Limited 專業旅運郵輪有限公司, a company incorporated in Hong Kong with limited liability which is wholly owned by TEEL, of which one share is held by Mrs. Ko in trust for TEEL
"TEEBVIL"	Travel Expert Enterprises (BVI) Limited, a company incorporated in BVI with limited liability which is wholly owned by our Company
"TEEL"	Travel Expert Enterprises Limited, a company incorporated in Hong Kong with limited liability which is wholly owned by TEEBVIL following the Reorganisation
"TEHL"	T. E. (Holdings) Limited, a company incorporated in Hong Kong with limited liability which owned 100% equity interest in TEEL prior to the Reorganisation and transferred such interest in TEEL to TEEBVIL. This company is owned as to approximately 71% by Kowen following the Reorganisation
"TEL"	Travel Expert Limited 專業國際旅運有限公司, a company incorporated in Hong Kong with limited liability which is wholly owned by TEEL, of which one share is held by Mrs. Ko in trust for TEEL
"TEOL"	Travel Expert Online Limited 專業旅運科網有限公司, a company incorporated in Hong Kong with limited liability which is wholly owned by TEEL, of which one share is held by Mrs. Ko in trust for TEEL
"THB"	Thai baht, the lawful currency of Thailand
"TMHL"	Tailor Made Holidays Limited 度新假期有限公司, a company incorporated in Hong Kong with limited liability which is wholly owned by TEEL
"Underwriters"	collectively the Placing Underwriters and the Public Offer Underwriters
"Underwriting Agreements"	collectively, the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
"US" or "United States"	the United States of America
"US Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"US$", "US dollar(s)" or "USD"	United States dollar(s), the lawful currency of the US

"we", "us" or "our"	our Company or our Group (as the case may be)
"Wealth Asia"	Wealth Asia Development Limited 富景發展有限公司, a company incorporated in Hong Kong with limited liability and was owned as to 20% and 80% by TEEL and by independent third parties respectively prior to the Reorganisation and is owned as to 20% and 80% by Evergood and by independent third parties immediately following the Reorganisation
"WFOE"	the wholly foreign-owned enterprise to be established by the Group in Shenzhen, the PRC
"**WHITE** Application Form(s)"	the application form(s) to be completed by the public who require the Public Offer Shares to be issued in the applicants' own name
"**YELLOW** Application Form(s)"	the application form(s) to be completed by the public who require the Public Offer Shares to be deposited directly into CCASS
"£"	Pound(s) Sterling, the lawful currency of the United Kingdom
"%"	per cent.

For the purpose of illustration only and unless otherwise specified in this prospectus, conversion of RMB into HK dollars is calculated at the conversion rate of RMB1.00 = HK$1.22 and conversion of US dollars into HK dollars is calculated at the conversion rate of US$1.00 to HK$7.80. No representation is made that RMB and US dollars amounts could have been, or could be, converted into HK dollars, or vice versa, at such rates or at any other rate on such date or on any other date.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be arithmetic aggregation of the figures preceding them.

English translations of the Chinese names or words which are included in this prospectus are for identification purposes only, and should not be regarded as the official English translation of such Chinese names or words. If there is any inconsistency, the Chinese names or words shall prevail. Unless expressly stated or the context requires otherwise, all data in this prospectus is as at the Latest Practicable Date.

This glossary contains explanations of certain terms used in this prospectus in connection with our Group and its business activities. These terminologies and their given meanings may not correspond to those standard meanings and usage adopted in the industry.

"CAGR"	an acronym for compound annual growth rate
"charter flight"	refers to a flight where the travel agency(ies) takes risk on the inventory (or hires/leases the plane) and, usually, sells the seats to customers
"consolidators" or "wholesale agents"	agencies that have supply agreements with the airlines. Consolidators and wholesale agents are wholesalers in the air travel industry who sell flight tickets through retail agencies only; not directly to the public and they do not offer retail service
"CRS"	computerised reservation system; an electronic system holding a database of seats, space or rooms and through which availability for sale and sales are recorded. A CRS may be used by any provider of travel services
"Dynamic packaging"	a method of package holiday booking that enables consumers to build their own holiday packages of flights, accommodation, the number of room nights, car hire and optional extras (such as cruises, adventure activities) instead of a pre-defined package
"escorted operators"	tour operators which provide fully escorted tour guides and specialty programmes that usually include more components and complexity than packages and have fixed departure dates
"FIT"	short for "frequent individual traveller," or trips abroad without a tour guide/escort or fixed package structure. The components of the itinerary may resemble a package, but the itinerary is custom-built for the traveller
"GDS"	global distribution system; a type of CRS which provides worldwide coverage offering information, reservations, ticketing and many other facilities for airlines, hotels, car rental companies and other travel service providers
"IATA"	International Air Transport Association, a global trade organisation in the air travel industry and the administrator of the IATA Passenger Agency Programme which is a global programme designed to facilitate the secure distribution and sale of airline tickets

"IATA accredited agent"	a travel sales agent which has been admitted by IATA subject to compliance with certain rules which regulate the relationship between IATA accredited agents and participating airline members
"land agent"	a land operator providing services including hotel booking, land transportation and other travel related arrangements to tour operators, wholesalers and travel agents; also called a ground operator, handling agent, etc.
"minshuku"	a Japanese style bed and breakfast which are usually family operated
"package"	may include part or all of the following: cross-border transportation, accommodation, rental car or transfer, day tours or activities, meals and travel insurance
"RTA"	Registrar of Travel Agents
"SAP"	systems, applications and products in data processing, which includes various software solutions (e.g. enterprise resource planning solutions which consolidate information from various functions or departments of an organisation) developed by SAP AG of Germany and its affiliated companies, a market leader in enterprise application software with more than 53,000 employees and sales and development locations in more than 75 countries worldwide
"segment"	the portion of a journey between two consecutive points listed on an itinerary
"tailor-made packages"	holiday packages that are specifically designed to meet the needs of individual travellers, rather than standard holiday packages or group holiday packages
"TAO"	Travel Agents Ordinance (Chapter 218 of the Laws of Hong Kong) (as amended from time to time)
"TAR"	Travel Agents Registry
"TIC"	Travel Industry Council of Hong Kong
"TICF"	Travel Industry Compensation Fund, a protection fund set up under section 32C of TAO for outbound travellers
"traditional package holiday"	a holiday or tour which is arranged by a travel agent exclusively, where transportation, accommodation and sometimes food are all provided at an all-inclusive price

FORWARD-LOOKING STATEMENTS CONTAINED IN THIS PROSPECTUS ARE SUBJECT TO RISKS AND UNCERTAINTIES

This prospectus contains certain forward-looking statements and information relating to us that are based on the belief of our Directors and senior management as well as assumptions made by and information currently available to our Directors and senior management. When used in this prospectus, the words "anticipate", "believe", "could", "estimate", "expect", "going forward", "intend", "may", "ought to", "plan", "project", "seek", "should", "will", "would" and similar expressions, as they relate to our Company, our Group or our Directors and senior management, are intended to identify forward-looking statements. Such statements reflect, among other things, the discussion of our business strategy and the current views of our Directors and senior management with respect to future events, operations, liquidity, and capital resources, some of which may not materialise or may change.

These statements are subject to certain risks, uncertainties and assumptions, including the risk factors as described in the section headed "Risk factors" of this prospectus. Purchasers and subscribers of our Shares are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties and that any or all of these assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The risks and uncertainties facing our Company, which could affect the accuracy of forward-looking statements, include, but are not limited to, the following:

- our operations and business prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our strategies, plans, objectives and goals;
- general economic conditions in Hong Kong and internationally;
- changes to regulatory and operating conditions in the industry and markets in which we operate;
- our ability to reduce costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital and financial markets developments;
- our expectations about the future of the travel industry;
- the actions and developments of our competitors; and

- certain statements in the section headed "Financial information" in this prospectus with respect to trend in prices, volumes, operations, margins, overall market trends, risk management and exchange rates.

In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations or warranties by us that our plans and objectives will be achieved. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or may not occur at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to the cautionary statements set out in this section.

In this prospectus, unless otherwise stated, statements of or references to our intentions or those of any of our Directors and senior management are made as at the date of this prospectus. Any such intentions may change in light of future developments.

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

RISKS RELATING TO OUR GROUP

Reliance on key personnel and management members

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

Exposure to risks associated with termination of our leases

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

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

Foreign exchange exposure

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

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

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

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

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

Our business may be affected by changes in economic conditions

Our Group's business is largely dependent on the outbound travel decisions and preferences of our customers which in turn are affected by changes in the global economic conditions. During the 2008/2009 global financial crisis, cost-cutting measures were quickly adopted by local businesses and outbound travel for businesses experienced negative growth whilst Hong Kong leisure travellers opted

for discounted travel and short-haul, low duration trips to neighbouring countries, resulting in a relatively stagnant growth in total leisure travel departures from 2008 to 2009. Our key performance indicators and results of operations for the year ended 31 March 2010 were impacted by the 2008/2009 global financial crisis. Any changes in the global economic condition in the future may affect the outbound travel decisions and preferences of Hong Kong residents which in turn may affect our business, results of operations and future prospects.

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

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

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

Exposure to credit risks in respect of our corporate sales

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

Dependance on protection of our trademarks and intellectual property rights

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

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

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

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

Risks associated with implementation of our Group's future plans

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Our success depends upon the range of travel products we can offer to the market which is also dependent on our ability to source and be granted access to the services of travel suppliers. For the years ended 31 March 2009, 2010 and 2011, our top 10 suppliers accounted for in aggregate approximately 57.3% (HK$499.0 million), 54.8% (HK$471.5 million) and 54.9% (HK$593 million) of

our total cost of travel related products respectively. Purchases from our single largest supplier for each of the years ended 31 March 2009, 2010 and 2011 accounted for approximately 25.1%, 21.8% and 23.1% of our total cost of sales. We have not entered into any long-term supply contracts with any of our suppliers. In the event of inadequate support by our suppliers, we would have to source travel products from alternative travel suppliers which may be at a higher cost and may not be totally absorbed by our customers. An insufficient or untimely supply of tickets and hotel rooms will adversely affect our ability to meet our customers' needs thus adversely affecting our profitability. This may also adversely affect our position in the market.

Reliance on external systems and services

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

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

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

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

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

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

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

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

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

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

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

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

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

Uncertainties associated with the expansion of our business

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

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

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

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

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

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

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

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

the data maintained in our Group's accounting information system. However, our Group's accounting information system is unable to generate any analysis of gross profit margin by segments as the data contained in the accounting information system has not been segregated, whether by type of customers or products.

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

RISKS RELATING TO TRAVEL INDUSTRY

The travel industry is cyclical and particularly sensitive to economic conditions

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

Our business is subject to seasonality factors

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

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

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

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

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

We may not be able to renew our existing regulatory licences

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

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

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

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

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

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

In mid-2010, a spate of untoward incidents concerning the receiving arrangements for Mainland inbound tours and suspected coerced shopping have tarnished the reputation of the tourism industry in Hong Kong. These events have also aroused public concern about the effectiveness of TIC's regulatory regime in ensuring proper conduct within the trade. The public also questioned the fairness or the possible conflict of interest for TIC to regulate tourist guides. In response, the government of Hong Kong announced that it will conduct a review on the operation and regulatory framework of the

entire tourism sector. The outcome of such review may result in a reformation of the regulatory framework which our Group will be required to comply with. Failure to comply with any new regulations imposed following such reformation could have a material and adverse effect on our business, financial condition and results of operations.

We face competition from competing agents and alternative travel booking media

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

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

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

RISKS RELATING TO THE SHARE OFFER

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The following waiver from the basic conditions in relation to qualifications for Listing has been applied for and granted by the Stock Exchange.

CONTINUING CONNECTED TRANSACTIONS

Our Group has entered into certain transactions which would constitute non-exempt continuing connected transactions of our Company under the Listing Rules after Listing. We have applied to the Stock Exchange for, and the Stock Exchange has accordingly granted, a waiver from strict compliance with the announcement and independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules for such non-exempt continuing connected transactions. Please refer to the section headed "Connected transactions — continuing connected transactions" in this prospectus for details on the non-exempt continuing connected transactions.

PRE-IPO SHARE OPTION SCHEME

We have applied to the SFC under section 342A of the Companies Ordinance for a certificate of exemption from strict compliance with the disclosure requirements of paragraph 10(d) of Part I of the Third Schedule to the Companies Ordinance and to the Stock Exchange for a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) and paragraph 27 of Part A of Appendix I to the Listing Rules in relation to the Pre-IPO Share Option Scheme.

Our application to the SFC is based on the ground that strict compliance with the requirements would be unduly burdensome for our Company and would be of little value to the potential investors for the following reasons:

(a) the number of grantees involved is huge (225 grantees in total). If the full list of grantees were to be included in this prospectus, many additional pages would have to be inserted, causing this prospectus to be unnecessarily voluminous and unduly burdensome for our Company;

(b) all material information of the Pre-IPO Share Option Scheme that is reasonably necessary for potential investors to make an informed assessment of the activities and financial position of our Company have been included in this prospectus. Non-compliance with the disclosure requirements will not prejudice the interest of the investing public; and

(c) the total number of Pre-IPO options granted under the Pre-IPO Share Option Scheme represents approximately 4.53% of the total issued share capital of our Company immediately following completion of the Capitalisation Issue and the Share Offer as enlarged by the allotment and issue of Shares upon the exercise of all such Pre-IPO Options (not taking into account of any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme). The grant and exercise in full of the options granted under the Pre-IPO Share Option Scheme will not cause any material adverse impact on the financial position of our Company.

Our application to the Stock Exchange is based on the grounds set forth below:

(a) the total number of Pre-IPO Options granted under the Pre-IPO Share Option Scheme represents approximately 4.53% of the total issued share capital of the Company immediately following completion of the Capitalisation Issue and the Share Offer as enlarged by the allotment and issue of Shares upon the exercise of all such Pre-IPO Options (not taking into account of any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme). The grant and exercise in full of the options granted under the Pre-IPO Share Option Scheme will not cause any material adverse impact on the financial position of our Company;

(b) all material information of the Pre-IPO Share Option Scheme that is reasonably necessary for potential investors to make an informed assessment of the activities and financial position of our Company have been included in this prospectus. Non-compliance with the disclosure requirements will not prejudice the interest of the investing public;

(c) full disclosure of the details of the grantees involves sensitive information as to the identity and address of the grantees and their respective entitlements and consents from each grantee have to be obtained for such disclosure;

(d) full disclosure of the details of the grantees may also have a negative impact on our Company's relationships with the grantees, as some of the grantees may be dissatisfied with the number of the Pre-IPO Options granted to them after comparing with other grantees; and

(e) the number of grantees involved is huge (225 grantees in total).

The SFC has granted the certificate of exemption to us pursuant to Section 342A of the Companies Ordinance subject to the following conditions:

(i) full details of the options granted by the Company under the Pre-IPO Share Option Scheme to each Director, senior management, connected person of the Group and grantee who has been granted with options to subscribe for 150,000 Shares or above are disclosed in this prospectus, such details to include all the particulars required under paragraph 10 of the Third Schedule to the Companies Ordinance;

(ii) in respect of the options granted by our Company under the Pre-IPO Share Option Scheme to employees other than those referred to in point (i) above, the following details are disclosed in this prospectus:

    (a) aggregate number of grantees and number of Shares subject to the options;

    (b) the consideration paid for the grant of the options; and

    (c) the exercise period and the exercise price for the options; and

(iii) a full list of all the grantees (including the persons referred to in point (i) above) who have been granted options to subscribe for Shares under the Pre-IPO Share Option Scheme, containing all the details as required under paragraph 10 of the Third Schedule to the Companies Ordinance, be made available for public inspection in accordance with the section headed "Documents available for inspection" in Appendix VI to this prospectus.

The Stock Exchange has granted the waiver to us on the condition that the following particulars are set out in this prospectus:

(a) the grant of a certificate of exemption from strict compliance with the relevant Companies Ordinance requirements by the SFC;

(b) on an individual basis, full disclosure in this prospectus on all options under the Pre-IPO Share Option Scheme granted to Directors, senior management and connected persons of our Group, and grantees who have been granted with Pre-IPO share options to subscribe for 150,000 Shares or above, including all the particulars required under Paragraph 10(d) of Part I of the Third Schedule to the Companies Ordinance and Rule 17.02(1)(b) and paragraph 27 of Part A of Appendix I to the Listing Rules;

(c) for the remaining grantees, disclosure on an aggregate basis, (1) the aggregate number of grantees and the number of Shares underlying the options; (2) the consideration paid for the grant of the options; and (3) the exercise period and exercise price for the options;

(d) disclosure on the aggregate number of Shares underlying the options under the Pre-IPO Share Option Scheme and the percentage of our Company's issued share capital represented by them, the dilution effect and impact on earnings per shares upon full exercise of the options under the Pre-IPO Share Option Scheme; and

(e) availability for public inspection a full list of all grantees under the Pre-IPO Share Option Scheme with all the particulars required under the relevant provisions of the Companies Ordinance and the Listing Rules.

Further details of the options under the Pre-IPO Share Option Scheme are set out in the paragraph headed "Pre-IPO Share Option Scheme" in appendix V to this prospectus.

The following information is provided for guidance only. Prospective applicants for the Offer Shares should consult their financial advisers and take legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants should inform themselves as to the relevant legal requirements of applying for the Offer Shares and any applicable exchange control regulations and applicable laws in the countries of their respective citizenship, residence and domicile.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules of the SFO and the Listing Rules for the purpose of giving information with regards to our Company. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, there are no other matters the omission of which would make any statement herein or this prospectus misleading.

INFORMATION ON THE SHARE OFFER

The Share Offer is made solely on the basis of the information contained and the representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorised in connection with the Share Offer to give any information or to make any representation not contained in this prospectus and the Application Forms, and any information or representation not contained herein must not be relied upon as having been authorised by our Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, any of their respective directors or affiliates of any of them or any other person and party involved in the Share Offer.

UNDERWRITING

This prospectus is published solely in connection with the Share Offer, which is sponsored by OSK Capital and managed by OSK Securities and the Public Offer is fully underwritten by the Public Offer Underwriters subject to the terms and conditions of the Public Offer Underwriting Agreement. The Placing Underwriting Agreement is expected to be signed on or about the Price Determination Date, subject to determination of the Offer Price. Information relating to the underwriting arrangements is set out in the section of this prospectus headed "Underwriting".

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which will be determined by the Sole Bookrunner (for itself and on behalf of the Underwriters) and us by 5:00 p.m. on the Price Determination Date, or such later date as may be agreed between the Sole Bookrunner and our Company but in any event no later than Friday, 23 September 2011.

If the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price at 5:00 p.m. on the Price Determination Date, or such later date as may be agreed between the Sole Bookrunner and our Company but in any event no later than Friday, 23 September 2011, the Share Offer will not become unconditional and will lapse.

RESTRICTIONS ON SALE OF THE OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus and/or the Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

United States

The Offer Shares have not been, and will not be registered under the US Securities Act, and subject to certain exceptions, may not be offered, sold, pledged or otherwise transferred within the US except to qualified institutional buyers in accordance with Rule 144A or in accordance with other applicable exemptions from the registration requirements of the US Securities Act and other applicable laws, or outside the United States in accordance with Rule 903 or Rule 904 of Regulation S, as applicable. In addition, until 40 days after the later of the commencement of the Share Offer or the completion of the distribution of the Offer Shares, an offer or sale of Offer Shares within the United States by any dealer (whether or not participating in the Share Offer) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with an exemption from, or in a transaction not subject to, such requirements.

THE OFFER SHARES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE US SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER UNITED STATES REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE SHARE OFFER OR THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

If at any time our Group is not subject to the reporting requirements of Section 13 or 15(d) of the US Securities Exchange Act of 1934, as amended, or exempt from such reporting requirements pursuant to Rule 12g3-2(b) thereunder, our Group will furnish, upon request, to any owner of the Offer Shares purchased pursuant to Rule 144A or any prospective purchaser designated by any such owner, the information required to be delivered pursuant to Rule 144A(d)(4) under the US Securities Act to permit compliance with Rule 144A in connection with the resale of the Offer Shares so long as any of the Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act. Our Group will also furnish to each such owner all notices of shareholders' meetings and other reports and communications that our Group generally makes available to shareholders.

United Kingdom

This prospectus is not an approved prospectus for the purposes of the UK Prospectus Rules, as implemented further to the EU Prospectus Directive (2003/71/EC), and has not been approved under section 21 of the Financial Services and Markets Act 2000 (as amended) ("FSMA") by a person authorised by the UK Financial Services Authority. Accordingly, the Offer Shares may only be offered or sold to persons in the UK in one of the circumstances described in section 86 of FSMA in which an approved prospectus is not required.

In addition, the financial promotions contained in this prospectus are directed only at, and this prospectus is only being distributed to, (1) persons who receive this prospectus outside of the UK, and (2) persons in the UK who fall within the exemptions under articles 19 (investment professionals) and 49 (high net worth companies, high value trusts and certain other high net worth entities and unincorporated associations) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons together being referred to as "Relevant Persons"). This prospectus must not be acted upon or relied upon by a person in the UK who is not a Relevant Person. This prospectus is confidential and is provided to recipients in the UK on a personal basis and must not be transferred or assigned to persons who are not Relevant Persons. The transmission of this prospectus to any person other than Relevant Persons in the UK is unauthorised and may contravene FSMA and other UK securities laws and regulations. Any investment or investment activity to which this prospectus relates is available in the UK only to Relevant Persons and will be engaged in only with Relevant Persons.

Singapore

This prospectus has not been and will not be lodged and registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other offering document or material in connection with the offer of the Offer Shares may not be issued, circulated or distributed in Singapore nor may any of the Offer Shares be offered for subscription or purchase or sold, directly or indirectly, nor may an invitation or offer to subscribe for or purchase any Offer Shares be made, directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Offer Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trustee of a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Offer Shares pursuant to an offer made under Section 275 of the SFA except:

(1) where the transfer is only made to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;

(2) where no consideration is or will be given for the transfer; or

(3) where the transfer is by operation of law.

PRC

This prospectus may not be circulated or distributed in the PRC and the Offer Shares may not be offered or sold, directly or indirectly, or offered or sold to any person for re-offering or re-sale, directly or indirectly, to any resident of the PRC except pursuant to applicable laws and regulations of the PRC.

Cayman Islands

No offer of the Offer Shares may be made to members of the public in the Cayman Islands.

Each person acquiring the Offer Shares will be required to confirm, or be deemed by his or her or its acquisition of the Offer Shares to have confirmed, that he or she or it is aware of the restrictions on offering of the Offer Shares described in this prospectus.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

An application has been made to the Listing Committee for the listing of, and permission to deal in, the Shares in issue, Shares to be issued pursuant to the Capitalisation Issue, Shares to be issued pursuant to the Share Offer, any Shares to be issued upon the exercise of any options granted under the Pre-IPO Share Option Scheme and any Shares to be issued upon the exercise of any option which may be granted under the Share Option Scheme, on the Main Board.

Save as disclosed herein, no part of the Shares or loan capital of our Company was listed on or dealt in on the Main Board or on any other stock exchange and at present, no such listing or permission to list is being or is proposed to be sought on the Main Board or any other stock exchange.

HONG KONG BRANCH REGISTER AND STAMP DUTY

All Shares to be issued pursuant to the Capitalisation Issue, the Share Offer, any Shares to be issued upon the exercise of any options granted under the Pre-IPO Share Option Scheme and any Shares to be issued upon exercise of any option which may be granted under the Share Option Scheme will be registered on our Company's branch register of members to be maintained in Hong Kong. Our Company's principal register of members will be maintained in the Cayman Islands. Only Shares registered on our Company's branch register of members maintained in Hong Kong may be traded on the Stock Exchange.

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty.

PROFESSIONAL TAX ADVICE RECOMMENDED

If you, as a potential investor, are unsure about the taxation implications of subscribing for, purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to, the Offer Shares, you should consult an expert.

Our Company, our Directors, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, their respective directors, agents and advisers and any other person involved in the Share Offer do not accept responsibility for any tax effects on or liabilities resulting from the subscription for, purchase, holding, disposing of, dealing in, and/or the exercise of any rights in relation to, the Offer Shares.

PROCEDURES FOR APPLICATIONS FOR THE PUBLIC OFFER SHARES

The procedures for applying for the Public Offer Shares are set out in the section headed "How to apply for Public Offer Shares" in this prospectus and in relevant Application Forms.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the approval for listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement through CCASS with effect from the Listing Date or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place through CCASS on the second Business Day after any trading day. Investors should seek the advice of their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Main Board are expected to commence at 9:00 a.m. on 29 September 2011. Shares will be traded in board lots of 5,000 Shares each.

CURRENCY TRANSLATIONS

Unless otherwise specified, for the purpose of illustration in this prospectus only, Hong Kong dollars amounts have been translated using the following rates:

US$1 : HK$7.80

RMB1 : HK$1.22

The above exchange rates have been used for purposes of illustration only and do not constitute a representation that any amounts have been, could have been, or may be exchanged at these or any other rates or at all.

ROUNDING

Any discrepancies in any table between totals and the sums of individual amounts listed in any table are due to rounding.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. Translated English names of Chinese laws and regulations, governmental authorities, departments, entities, institutions, natural persons, facilities, certificates, titles and the like included in this prospectus for which no English translation exists are unofficial translations for identification purposes only. In the event of any inconsistency the Chinese name shall prevail.

DIRECTORS

Name	Residential address	Nationality
Executive Directors		
Mr. Ko, Wai Ming Daniel (高偉明)	43A Tavistock II 10A Tregunter Path Hong Kong	Chinese
Ms. Cheng, Hang Fan (鄭杏芬)	43A Tavistock II 10A Tregunter Path Hong Kong	Chinese
Mr. Kam, Tze Ming Alfred (甘子銘)	Flat 33, 6/F., Block B Luso Apartments Beacon Hill, Kowloon Tong Kowloon Hong Kong	Chinese
Independent non-executive Directors		
Mr. Mak, King Sau (麥敬修)	12D, St. George Apartments 81 Waterloo Road Ho Man Tin Hong Kong	Chinese
Mr. Szeto, Chi Man (司徒志文)	Flat A, 14/F. Ngan Sing Mansion Taikoo Shing Hong Kong	Chinese
Mr. Yung, Ha Kuk Victor (容夏谷)	2A Albany Court 51 Bisney Road Pokfulam Hong Kong	Chinese

PARTIES INVOLVED IN THE SHARE OFFER

Sole Sponsor	**OSK Capital Hong Kong Limited** 12th Floor World-wide House 19 Des Voeux Road Central Hong Kong
Sole Bookrunner	**OSK Securities Hong Kong Limited** 12th Floor World-wide House 19 Des Voeux Road Central Hong Kong
Joint Lead Managers	**OSK Securities Hong Kong Limited** 12th Floor World-wide House 19 Des Voeux Road Central Hong Kong
	ABCI Securities Company Limited Unit 1302B, 13th Floor, Fairmont House 8 Cotton Tree Drive Central Hong Kong
Placing Underwriters	**OSK Securities Hong Kong Limited** 12th Floor World-wide House 19 Des Voeux Road Central Hong Kong
	ABCI Securities Company Limited Unit 1302B, 13th Floor, Fairmont House 8 Cotton Tree Drive Central Hong Kong
	Quam Securities Company Limited Room 3208 Gloucester Tower The Landmark 11 Pedder Street, Central Hong Kong
	Cinda International Securities Limited 45/F COSCO Tower 183 Queen's Road Central Hong Kong

Public Offer Underwriters	**OSK Securities Hong Kong Limited** 12th Floor World-wide House 19 Des Voeux Road Central Hong Kong
	ABCI Securities Company Limited Unit 1302B, 13th Floor, Fairmont House 8 Cotton Tree Drive Central Hong Kong
	Quam Securities Company Limited Room 3208 Gloucester Tower The Landmark 11 Pedder Street, Central Hong Kong
	Cinda International Securities Limited 45/F COSCO Tower 183 Queen's Road Central Hong Kong
Legal advisers to our Company	*As to Hong Kong laws:* **Cheng Wong Lam & Partners** **in association with Nixon Peabody LLP** 50th Floor Bank of China Tower 1 Garden Road Central Hong Kong
	As to PRC laws: **Guangdong Jingtian Law Firm** 25/F, Building A, United Plaza 5022 Binhe Road Shenzhen PRC
	As to Cayman Islands laws: **Conyers Dill & Pearman** Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands

Legal advisers to the Sole Sponsor and the Underwriters	*As to Hong Kong laws:* **Robertsons** 57th Floor The Center 99 Queen's Road Central Hong Kong
Auditors and reporting accountants	**BDO Limited** 25th Floor Wing On Centre 111 Connaught Road Central Hong Kong
Property valuer	**CB Richard Ellis Limited** 4/F Three Exchange Square 8 Connaught Place Central Hong Kong
Receiving banker	**Hang Seng Bank Limited** 20th Floor 83 Des Voeux Road Central Hong Kong

Registered office	Cricket Square Hutchins Drive P. O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarters and principal place of business in Hong Kong	First Floor Grand Building 18 Connaught Road Central Hong Kong
Company's website	www.travelexpert.com.hk (information contained in this website does not form part of this prospectus)
Compliance adviser	**OSK Capital Hong Kong Limited** 12th Floor World-wide House 19 Des Voeux Road Central Hong Kong
Company secretary	Ms. Cheng, Yin Wah, *ACS, ACIS*
Authorised representatives	Mr. Ko, Wai Ming Daniel 43A Tavistock II 10A Tregunter Path Hong Kong Ms. Cheng, Hang Fan 43A Tavistock II 10A Tregunter Path Hong Kong
Audit committee members	Mr. Yung, Ha Kuk Victor (Chairman) Mr. Mak, King Sau Mr. Szeto, Chi Man
Remuneration committee members	Ms. Cheng, Hang Fan (Chairman) Mr. Mak, King Sau Mr. Yung, Ha Kuk Victor Mr. Szeto, Chi Man
Nomination committee members	Mr. Mak, King Sau (Chairman) Mr. Yung, Ha Kuk Victor Mr. Szeto, Chi Man Mr. Ko, Wai Ming Daniel

Principal bankers	**Hang Seng Bank Limited** 20th Floor 83 Des Voeux Road Central Hong Kong
	UBS AG, Hong Kong Branch 52/F, Two International Finance Centre 8 Finance Street Central Hong Kong
Principal share registrar and transfer office in Cayman Islands	**Butterfield Fulcrum Group (Cayman) Limited** Butterfield House 68 Fort Street P.O. Box 609 Grand Cayman KY1-1107 Cayman Islands
Branch share registrar and transfer office in Hong Kong	**Tricor Investor Services Limited** 26th Floor, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong

This section contains certain information and statistics on the industry in which our Group operates. The information set out in this section is derived from various government or official sources that are publicly available, a syndicated report on Travel and Tourism in Hong Kong issued by Euromonitor International Ltd. ("Euromonitor") in April 2011, a syndicated report on Travel and Tourism in the PRC issued by Euromonitor in April 2011, and an FIT industry review report commissioned by our Group and issued by Euromonitor in May 2011. We and the Sole Sponsor have taken reasonable care in extracting and reproducing the information on the industry in which our Group operates. The information has not been independently verified by us, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters or any other party involved in the Share Offer and no representation is given as to its accuracy. You should not place any undue reliance on such information and statistics contained in this section. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading.

CUSTOM REPORT COMMISSIONED BY OUR GROUP

Our Group commissioned Euromonitor, an independent third party, to conduct an industry analysis of and produce a custom report on, among other things, the current and future business opportunity of the FIT market in Hong Kong; the breakdown of the FIT market by retail channel sales splits; and the competitive landscape of the FIT specialist market.

Euromonitor is an independent market research firm with more than 25 years of industry experience in conducting trade research and detailed local market analysis. Euromonitor conducts market researches which focus on industry, country, company and consumer lifestyle research. Euromonitor analyses companies and markets in more than 200 categories across 80 countries.

Euromonitor delivers market research solutions via four different channels:

1) market research databases,

2) market research reports,

3) reference books, and

4) consulting.

The payment of the fee charged by Euromonitor was not contingent on successful Listing. Euromonitor issued the custom report in May 2011. Our Group paid a total of US$23,005 to Euromonitor for the market research reports provided to our Group for the purpose of this prospectus.

Euromonitor confirms that the custom report was prepared in its ordinary course of business, independent of and not influenced by our Group, and has given and not withdrawn its consent of for our Group to quote from the custom report and to use information contained therein in this prospectus.

Euromonitor primarily undertook top-down central research with bottom-up intelligence to present a comprehensive and accurate picture of the FIT industry in Hong Kong.

Euromonitor gathered information from multiple, relevant published data sources, including:

- official sources, such as Census and Statistics Department of Hong Kong;
- authority statistics, reports and databases, such as Hong Kong Social and Economic Trends Report, Hong Kong Monthly Digest of Statistics;
- trade associations and other semi-official sources such as TIC, IATA;
- independent analysts or research groups' reports; and
- Euromonitor's internal database.

Furthermore, Euromonitor reconciled these sources against any existing information and knowledge.

Where relevant, brief corporate intelligence and background information was drawn from sources such as annual reports and financial sheets published by leading market participants.

Euromonitor conducted qualitative and quantitative based trade interviews by the assessment of the quality of answers received, and the analysis of that data intelligently and transparently.

To generate an industry consensus on the market size and growth for FIT in Hong Kong, Euromonitor conducted trade interviews with multiple organisations including companies and retailers, as well as industry trade associations, governmental and semi-public organisations and other observers of these markets.

All of Euromonitor's primary and secondary sources are standardised, checked and validated against other primary and secondary sources to ensure a robust research feed for its analysis. Furthermore, a critical analysis of all sources is conducted whereby Euromonitor compared data, insights and hypotheses to arrive at a set of data and conclusions.

Based on secondary research, primary research and data validation, Euromonitor issues the market research report for the ranking for market share and sales network.

Euromonitor adopted its standard practice of both quantitative and qualitative forecast in terms of market size and trends on the basis of a comprehensive and in-depth review of the historical development of the relevant market, and a cross-check with established industry figures or trade interviews, and the use of statistical tools where applicable.

OUTBOUND TRAVEL OVERVIEW

Definitions

The meaning of the following terms frequently used in this section is further elaborated below.

Departures

Departures refer to the number of residents that travel abroad from their country of residence to another destination country for leisure or business purposes. Residents include students residing abroad for a period of over 12 months. Departures by destination reflect the main departure destination recorded at the country of residence of the outbound traveller. For example, a United Kingdom resident on a trip to Rome with a stop-off in Paris would be recorded under United Kingdom departures to Italy. Data includes foreigners residing permanently in the country of departure including students residing for over a period of one year.

Departure figures exclude outbound trips by same-day visitors, transit passengers and cruise passengers (apart from at the initial point of departure from the country of residence) as this can distort departure figures in important border crossings and cruise destinations. Military personnel and diplomats are excluded, along with displaced people because of war or natural disasters. Transportation crew (air, rail, land and sea) and lorry drivers are also excluded.

Leisure

Tourism for leisure purposes includes leisure, visiting friends and relatives and other purposes (such as sports, education, medical, shopping, religion etc).

Leisure travelling by type is broken down into backpackers, organised tour groups (including school trips and organised sport trips), singles, families, friends, couples (including gay couples) and others. Others include travelling for a wedding etc. Where singles, families or couples go on organised tours or are backpacking then they are considered to fall under the latter. If singles, families or couples are not backpacking or part of an organised tour group, then they are counted in their respective category.

Business

Tourism for business purposes includes all business trips that are taken primarily for business purposes including unmanaged and managed. If business travellers choose to add on a leisure extension to their trip, the departure would still be considered as business as that is the primary motive for the trip.

Market sizing

FIT refers to "frequent individual traveller", which generally means an individual or a small group of travellers who plan their own travel itinerary instead of purchasing packaged holidays or tour packages through tour operators or tour agents. The components of the itinerary may resemble a

package tour/holiday, but the itinerary is custom-built for the traveller. FIT packages, comprising air-plus-hotel booking, flights only booking and hotel only booking, are non-tour travel solutions, in contrast with traditional packaged holidays which include a travel itinerary, tour guides, pre-arranged group meals, designated travel dates, transportation and accommodation.

Market sizing has been assessed based on retail sale of relevant FIT products including flights only booking, hotels only booking and FIT packages sold via travel retail channels, including online travel agents, FIT specialists and other travel agencies.

Traditional package holidays are fixed by tour operators and travel agents. These include transportation, accommodation along with a choice of food options ranging from bed and breakfast, mid to full board. It includes dynamic package holidays which are sold online by companies such as Expedia which allow the consumer to combine travel components such as transportation and accommodation. In addition, it also includes "free and easy" packages (otherwise known as FIT) in Asia.

Package holidays have traditionally been to sun/sea/sand destinations for a duration of 7, 10 or 14 days involving a combination of travel/accommodation components and exclude cruise packages including flights and pre-paid services.

FIT specialists refer to third party retailers have an online website and/or have brick and mortar business, and offer principally FIT services, which predominantly include flight and accommodation bookings.

Online agents refer to third party retailers (i.e. tour agents and operators), who only rely on online websites for their sales revenue, and excludes all FIT specialists who have online websites.

Other travel agencies refer to third party retailers (i.e. tour agents and operators), who have a brick and mortar store and may or may not have an online website and offer FIT services alongside packaged holidays.

Travel agents sales are based on gross sales proceeds and equal the total transaction value sold to the consumer (including the price of the product and commission or gross margins).

Market size excludes direct sales and other non-store retail formats.

Overview of Hong Kong Economy

China's ascendency increases overall outbound travel by locals

Ever since the PRC opened its doors to world trade in the 1970s, Hong Kong has been a large beneficiary due to its geographical proximity and has experienced unprecedented prosperity since its reversion to the mainland in 1997. Hong Kong, being a service-based economy, exports services such as technological know-hows, logistical expertise to the PRC whilst tapping into the mainland's unsaturated marketplace. In recent times, the PRC has rooted itself as a global economic powerhouse in the world economy, leading to a surge in demand for higher value-added services such as financial

services from Hong Kong. Average GDP per capita in Hong Kong experienced a 15.7% gain in 2010, attributed by the PRC's relative resilience to the global financial crisis. With the PRC as seeming economic safety net, Hong Kong residents will increase their expenditure on consumables and engage in more outbound travel.

But global events will alter outbound travel preferences

Despite strong economic fundamentals and the PRC's relative growth insularity, Hong Kong's economy (and its travel industry) was severely hit by the 2008/2009 global financial crisis due to its large exposure to Western markets. The financial services sector, contributing 15.2% to total GDP recorded 2.9% employee retrenchment rate between 2008 and 2009. Combined with the fall in demand for the real sector, total unemployment figures rose to 5.2% in 2009, the highest recorded since 2003, forcing annual disposable income to fall by 1.4%. 2009 marked the year of budget travel. With tightened purses, Hong Kong residents dug deep for discounted travel and opted for short-haul, low duration trips to neighboring countries. Even though Hong Kong emerged relatively unscathed from the global recession, travel retailers say that present demand for intra-region, short-haul trips remain rife and is expected to rise in the future.

Gross Domestic Product, Hong Kong, 2008 - 2013

	2008	**2009**	**2010**	**2011** (Forecast)	**2012** (Forecast)	**2013** (Forecast)
Gross Domestic Product, HK$, billion	1,677.0	1,622.2	1,748.1	1,904.5	2,065.3	2,202.9
Gross Domestic Product, % Growth	—	-3.3%	7.8%	8.9%	8.4%	6.7%

Source: Euromonitor

Economic Sentiment Underpins Decision to Travel

Recessionary climate grips business travel

Cost-cutting measures were quickly adopted by local businesses during the grim economic outlook, where outbound travel for businesses saw negative growth of 1.4% from 2008-2009. Air departures for business travel, in particular, fell by 0.5% in the same period due to the relative high transportation cost.

Leisure market remains resilient

Leisure travel however, recorded a relatively stagnant growth in total departures from 2008-2009, with total leisure air departures recording a growth of 2.2%. Emergence of budget air carriers such as Air Asia and Tiger Airways and slashed hotel prices in popular overseas destinations

coaxed Hong Kong residents to retain their travelling plans. A high savings rate, characteristic of Asian economies, also enabled locals to maintain their consumption lifestyles amidst recessionary periods. Nonetheless, the annual disposable income in Hong Kong fell by 1.4% in 2008-2009, explaining the paled growth in leisure air departure in 2008-2009.

Annual Disposable Income, Hong Kong, 2008 - 2013

	2008	**2009**	**2010**	**2011** (Forecast)	**2012** (Forecast)	**2013** (Forecast)
Annual Disposable Income, HK$'000	1,328.7	1,310.0	1,413.9	1,523.1	1,624.3	1,736.7
Annual Disposable Income, % Growth	—	-1.4%	7.9%	7.7%	6.6%	6.9%

Source: Euromonitor

High Propensity of Leisure Travel Among Local residents

Working population travel the most in Hong Kong

Trade statistics show that Hong Kong residents averaged 4.5 annual departures (including trips to the PRC and Macau) per capita from 2008 to 2010 and do not show signs of slowing travel frequency. Age concentration of outbound travel, especially in the leisure segment, is mainly driven by travellers aged the age range travel the most, compared to other segments. Individuals falling into the said demography have fewer social considerations than peers from before. Hong Kong authorities observed the median age of first marriage has risen from 29.8 in 1998 to 31.1 in 2008 for men, and 26.9 to 28.4 for women, indicating a trend of late marriage and an even later age for child bearing, freeing up time to travel.

Older population remains keen on travelling

Although Hong Kong faces a greying population, travel frequency is unlikely to abate in the short term. Over the period of 2008 to 2010, Hong Kong residents aged 50 and above reported a positive CAGR of 6.9% growth of leisure travellers, suggesting that age is no hindrance to outbound travel. Coupled with accumulated wealth since their working days, older travellers remain well able to further their travelling pursuits should they retire from the workforce. Travel retailers predict, however, that older travellers will be inclined towards organised tours because of its all-inclusive features.

Population, Hong Kong, 2008 - 2013

	2008	2009	2010	2011 (Forecast)	2012 (Forecast)	2013 (Forecast)
Population, '000	6,995.7	7,064.1	7,130.9	7,196.1	7,259.8	7,322.1
Population, % Growth	—	1.0%	0.9%	0.9%	0.9%	0.9%
Aged 15 - 24, '000	937.8	938.8	938.1	936.8	936.4	922.4
Aged 25 - 49, '000	2,926.4	2,915.8	2,904.2	2,891.3	2,880.8	2,861.5
Aged 50 and above, '000	2,226.3	2,320.0	2,413.0	2,504.6	2,587.2	2,681.3

Source: Euromonitor

Holidaying starts young

Younger Hong Kong residents are hooked on travelling from a younger age. Rising household incomes have translated into fattened pocket money allowances, evidenced by the 11.4% increase in 2010 of annual gross income for the residents aged 15 - 24 years old. Forecast CAGR of annual gross income for the said demography is estimated at 5.7% over the period 2008 to 2013. At present, residents aged 15 - 24 comprise an average 17.9%, or 995.9 million leisure holiday goers from 2008 to 2010. Total travel frequency is expected to rise in future as younger travellers will travel more when they accrue higher income upon entering the workforce.

Leisure Traveller Count, Hong Kong, 2008 - 2010

	2008	2009	2010
Total Leisure Traveller Count, '000	5,456.7	5,656.2	5,704.7
Aged 15 - 24, '000	965.8	1,109.1	912.8
Aged 25 - 49, '000	2,717.4	2,661.8	2,738.3
Aged 50 and above, '000	1,279.9	1,347.8	1,497.2

Source: Euromonitor

Future demand for FIT fueled by current travel behavior

FIT offers an alternative method of travel to Hong Kong residents, with added advantages such as privacy when travelling independently and the ability to explore a foreign place at their own pace. With its strong value proposition appealing to Hong Kong residents, more travellers will likely opt for FIT in the future.

According to the 2010 Asia Pacific Travel Intentions Survey compiled by Visa and Pacific Asia Travel Association ("PATA"), which was conducted in May 2010 and received 6,714 respondents, using an online methodology across 13 countries and territories, including Australia, China, Hong Kong, India, Japan, Korea, Malaysia, New Zealand, Singapore, Taiwan, Thailand, the United Kingdom and the United States, 47% of all respondents organised their own holiday and booked their own flights and accommodations whilst only 18% of all respondents preferred packaged group tours.

Preferred Travel Styles	**% of all respondents**
Self-organised travel	47
Flexible individual tour	22
Packaged tour group	18
Personal guided tour	10

Source: 2010 Asia Pacific Travel Intentions Survey

OUTBOUND TRAVELLING CHARACTERISTICS IN HONG KONG

Demand Factors

Hong Kong residents, in general, maintain a highly intense lifestyle, work long hours and live in a high-density environment. It is common for people to seek different ways to relax and relieve the slow but steady build-up of pressure. The city's residents have continued to opt for travel, especially short breaks, as a way to unwind and get away from their day-to-day stresses. Most Hong Kong people prefer to have all their travel related matters pre-arranged, such as all accommodation and flights, prior to leaving. As such, most travellers opt for the convenience of booking both accommodation and flights through a single travel agent.

The number of public holidays in 2010 was 17, with most falling on working days and thus encouraging long weekends, boosting outbound travel.

Hong Kongers celebrate both Western and Eastern Holidays, which further helps to boost tourism. There are holiday periods throughout the calendar year, including the Lunar New Year in January, Easter in April and the long Christmas holidays in December.

Trends

Short-haul travel remains a popular choice for Hong Kong's residents as they look for leisure trips and short breaks away from the stress of Hong Kong life. Apart from the PRC and Macau as the most popular destinations in 2010 due to their close proximity, holiday takers mostly travelled for less than a week in 2010 to nearby Asian countries, such as Japan, Taiwan and Singapore.

Hong Kong residents took multiple short trips in 2010 thanks to growing confidence in the economic recovery. Holiday travel is one of the fastest growing categories in terms of consumer expenditure. With the effects of the financial crisis starting to fade, Hong Kong residents started to travel again in 2010. From a 1% decline in 2009, outbound travel recovered with a 4% increase in 2010. Despite the fact that consumer confidence has recovered following the economic downturn, confidence in future prospects remains conservative. Short-haul travel has become preferable as it tends to be cheaper.

Destinations

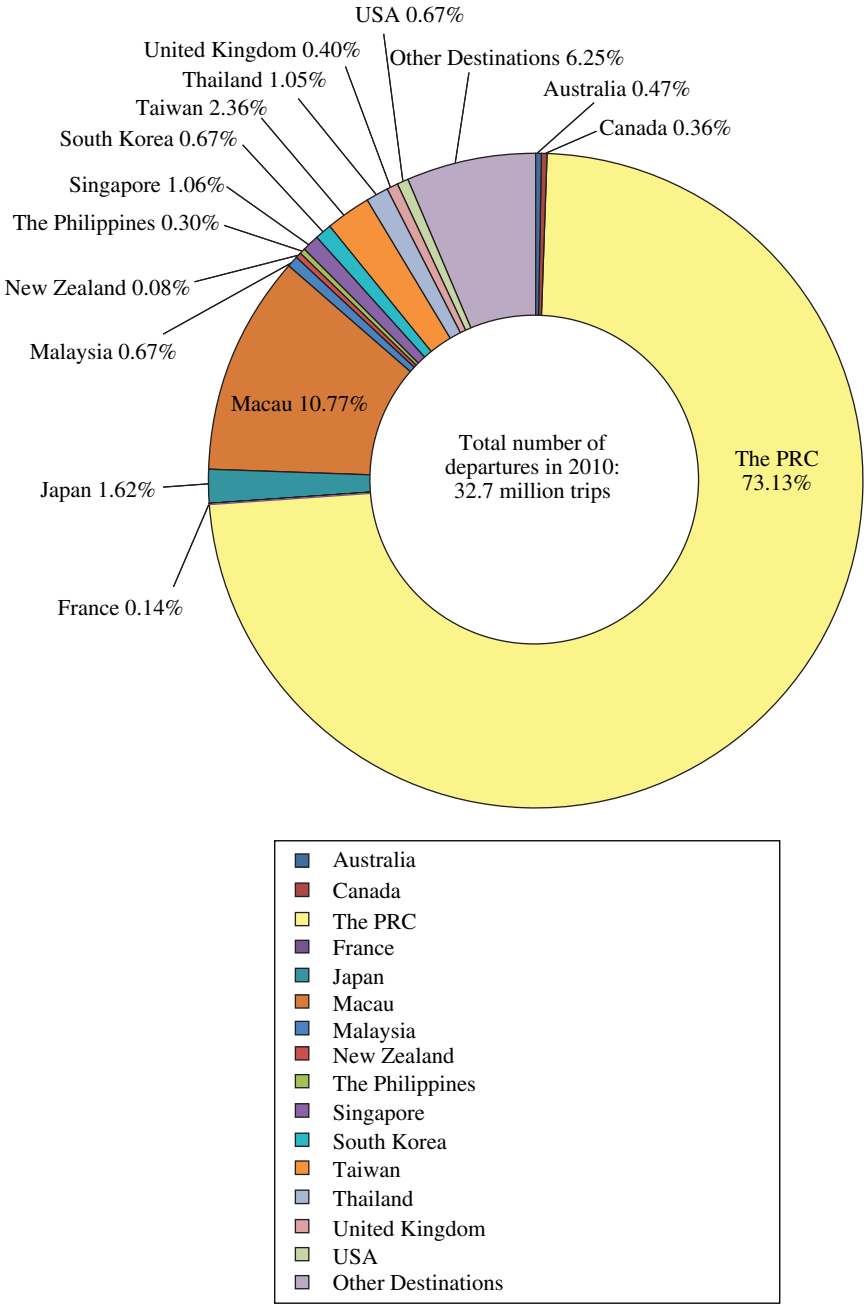
Mainland China remained the most popular outbound destination in 2010, recording an increase of 3% in terms of number of trips. Closer ties and improved transport links between Hong Kong and Mainland China, as well as smoother procedures at border crossings, further encouraged Hong Kong's residents to visit Mainland China for short breaks.

In 2010, the fastest growing outbound destinations in terms of tourist numbers were Japan and Singapore, posting increases of 21% and 22% respectively. This was largely due to the Hong Kong-Japan Exchange Year in 2009, which was launched jointly by the Hong Kong Tourism Board and the Japan National Tourist Organisation, and was extended to early 2010. Large-scale promotions were carried out in both Hong Kong and Japan and there were shopping and accommodation discounts on offer for both nationalities during the Exchange Year. Moreover, Japan also waived the visa requirements for Hong Kong residents.

With extensive tourist attraction development in 2010 in Singapore, large numbers of Hong Kongers travelled to Singapore to experience its casinos and Universal Studios. According to travel agents, Hong Kongers like to travel to countries with new attractions and entertainment facilities.

The breakdown of destination of outbound trips taken by Hong Kong residents in 2010 is illustrated as follows:

Departures by destination in 2010



Source: Euromonitor

Outgoing Tourist Expenditure by Country

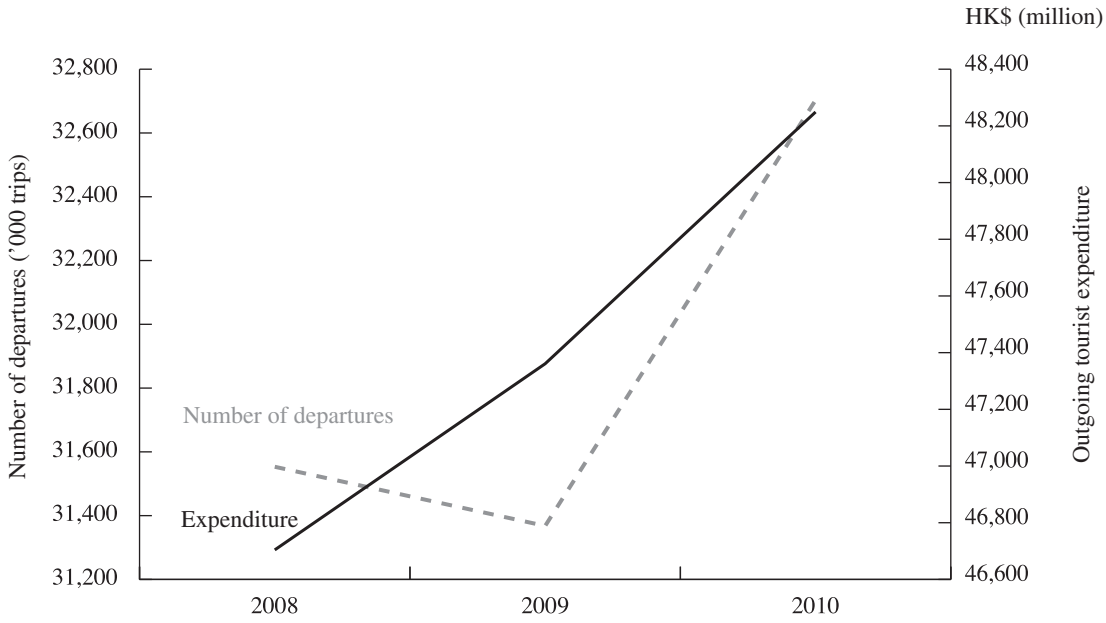
The leading outbound destinations in terms of expenditure in 2010 were the PRC, Macau and Japan, with figures of HK$18.6 billion, HK$4.6 billion and HK$3 billion respectively. Hong Kongers' travel preferences are driven by food and the shops of various destinations as they enjoy visiting countries for their different cuisines, shopping promotions and distinctive scenery.

The fastest growing destinations in terms of outgoing tourist expenditure in 2010 were Singapore and Japan with rises of 23% and 10% to reach HK$1.7 billion and HK$3 billion respectively. This is mainly due to the popularity of shopping in Japan, with Hong Kongers taking a keen interest in Japanese fashion and culture, while Singapore offers casinos and world-class hotels and resorts.

Leisure

Growth of leisure departures was strongest to destinations including Japan and Singapore, with 498,000 trips and 232,000 trips made by Hong Kong residents to these two countries in 2010. Japan and Singapore benefited from new resorts, events and attractions in 2010, which whetted the travel appetites of Hong Kong's residents.

Leisure was the main purpose of Hong Kong departures in 2010, accounting for about 59% of trips abroad, up from 58% in the previous year. The number of trips made by Hong Kong residents abroad and the estimated amount of tourist expenditure by them have both grown steadily over the years between 2008 and 2010 as set out below:



Source: Euromonitor

Business

The number of business departures in 2010 was 13.5 million, up by 3% over 2009. Business trips were severely limited by the financial crisis as company budgets were tightened and travel was replaced to a large extent by teleconferencing.

Business departures are mostly driven short-haul business trips as they have a relatively lower impact on corporate budgets. Since Hong Kong is one of the popular hub for MICE events, there is less need to travel overseas for MICE purpose, which accounted for only 18% share of business travel in 2010.

Length of Outbound Departures

Short-haul trips lasting 0-3 days accounted for the bulk of holidays taken by Hong Kong residents in 2010, accounting for 77% of departures. As discussed above, the PRC, Macau and Taiwan, which together accounted for approximately 86% of total departures in 2010, supported holiday takers' preference for short trips and weekend breaks.

The table below illustrates the length of outbound departures during 2008 to 2010:

Length of outbound departures: 2008-2010

	2008	**2009**	**2010**
		'000 trips	
0-3 Days	24,352	24,279	25,148
4-7 Days	3,386	3,325	3,532
Over 7 Days	3,815	3,764	4,023
Departures	31,553	31,368	32,703

Source: Euromonitor from official statistics, trade associations, trade press, trade interviews.

Mode of Transport

Hong Kong residents travel mostly by land, which accounted for 69% of all trips in 2010, thanks to improving transportation systems and border procedures.

Outbound air travel continued to post positive growth in 2010, seeing an increase of 6% to 6.6 million. Many major airlines re-opened routes that had been withdrawn during the economic downturn and saw their load factors approach pre-crisis levels.

Sea transportation also saw a major improvement in 2010 with an increase of 7% as many Hong Kong residents travel to Macau by sea and there was a significant rise in the number of trips between Hong Kong and Macau.

The table below illustrates the breakdown of departures by mode of transport during 2008 to 2010:

Departures by mode of transport

	2008	2009	2010
		'000 trips	
Air	6,152	6,240	6,621
Land	22,144	21,968	22,703
Rail	227	195	201
Sea	3,030	2,965	3,178
Departures	31,553	31,368	32,703

Source: Euromonitor

Accommodation

According to the 2010 Asia Pacific Travel Intentions Survey compiled by Visa and PATA, accommodation is a very important factor in Asia Pacific tourism. Three-star and four-star hotels were the accommodation of choice for most respondents but travellers from Hong Kong like to be pampered with almost 20% citing five-star hotels as their preferred choice of accommodation. In 2009, expenditure on accommodation accounted for approximately 30% of the total outgoing tourist expenditure.

Prospects

According to the custom report compiled by Euromonitor, over the forecast period Taiwan is expected to be one of the most popular destinations for Hong Kong residents as from September 2010 online visa applications will be implemented. In addition, Taiwan has a different culture and various national events will be held there over the forecast period. Extensive promotional packages are expected to be offered by travel retailers, hotels and airlines.

Other Asian destinations are also expected to see an increase in number of Hong Kongers. Hong Kongers are known for their appetite for travel and so many markets target its residents. Singapore and Japan are expected to see the largest increases in terms of numbers over the forecast period, posting CAGRs of 8% and 7% respectively.

FIT MARKET PERFORMANCE OVERVIEW

General Trends

Overall, the FIT industry experienced a positive growth trend with the exception of 2009, attributed to the recessionary effects from the global financial meltdown, dampening consumer optimism in Hong Kong.

Historically, the FIT industry grew by 19.6% against the bleak economic outlook and is expected to experience a double-digit year-on-year growth, with a CAGR of 12% in the review period of 2008 to 2013.

FIT Market Size, Hong Kong, 2008 - 2013

	2008	2009	2010	2011 (Forecast)	2012 (Forecast)	2013 (Forecast)
FIT Market Size, HK$ million	31,274.7	31,318.9	37,468.0	42,973.7	48,788.1	55,099.2
FIT Market Size, % Growth	—	0.1%	19.6%	14.7%	13.5%	12.9%

Source: Euromonitor

Component Analysis

FIT Package to drive industry growth

The FIT market comprises of three products: FIT packages, flights booking only and hotel booking only, wherein 'FIT Packages' are non-tour travel retail products, in contrast to traditional packaged holidays which include a travel itinerary, tour guides and the like.

Demand for FIT remained buoyant in the review period 2008 to 2013 due to the growing popularity of FIT packages. Since 2006, FIT packages constitute the bulk of the FIT industry with an average segment share of 57.7%. In 2009 however, interviewees qualified that the packaged holiday market, which comprises of traditional and FIT packages, saw a major shift in demand of 10.1% points from the former to the latter.

Reasons for the shift include relative travel cost savings for avid FIT travellers as it is more expensive to purchase flights and hotels separately. In addition, H1N1 flu pandemic, which occurred in 2008 affecting multiple countries across the world, has pushed travellers to select short-haul, low duration travel to facilitate contingency measures wherever necessary.

Consequently, FIT packages make up 64.1% to the FIT industry in 2010, enabling a positive growth of 0.1% in 2009 against the sullen economic landscape. Market players in the FIT industry estimate that FIT packages will continue to dominate the package holiday market and will garner 15% CAGR over the next three years.

Non-FIT components mirror economic outlook

Trade interviewees say that demand for flights only bookings and hotels only bookings tend to be bookings made for business travel because the separate purchase provides better flexibility for working personnel and the locality of hotels offered in FIT packages may not be convenient for work purposes. Thence, the recession 2008/2009 mandated cost cutting measures for businesses which plummeted demand for flights and hotels by 14.2% and 12% respectively.

Both components recorded double-digit growth upon economic rebound of the Hong Kong economy in 2010, growth is expected to stabilise at 10%, in lieu of the sizeable market size of each by 2013.

FIT MARKET DRIVERS

Historic Drivers

Flexibility and autonomy are most valued attributes for travellers

Travellers today prefer greater flexibility and autonomy of their holidaying experience, which are unavailable through traditional travel packages. With a statutory minimum employment leave of only seven days in Hong Kong, working adults maximise their travelling experience by taking short-haul, ad hoc weekend trips to regional countries such as the PRC, Japan, Taiwan and Singapore. Such annual leave constraints hinder travellers' ability to explore a country in its entirety, a proposition best offered by traditional holiday packages. Hong Kong residents however, are willing to go on multiple trips to explore their country of choice, and prefer to do so independently, with pressure from neither a travel schedule nor group consensus.

Traditional packages, being structured products are also unable to cater to ad hoc travel needs at short notice since a minimum number of travellers are required before a tour can be formed and conducted. FIT packages are sold individually to each customer and can be exercised any time from date of purchase and within the stipulated travel period.

High level of transparency in FIT products

Unlike traditional packages which embed additional costs, FIT products are highly transparent. Only core components such as flight ticketing, hotels or a combination of both are offered, all of which are easy to comprehend. Other add-ons like airport pick-ups or day tours are optional and excluded from the retail price of packages, providing cost clarity for travellers. Hong Kong travellers travel with greater ease and assurance when they are aware of the exact cost breakdown, not having to worry about hidden costs which may inflate the final travel bill.

Strong value-for-money proposition

Innovation of the FIT package: Flight-and-hotel, offers a strong value proposition for cost conscious travellers. Travel agents offer a buffet of flight-and-hotel combinations at discounted prices, which are cheaper than the separate purchase of flights and hotels. Tie-ups with direct suppliers (airlines and hotels) reduce wholesale purchase costs which pass on cost savings to travellers. Such discounts encourage many to switch away from traditional packaged holidays to FIT packages.

Low barriers to foreign travel even when unguided

As popular travel destinations such as the PRC, Taiwan and Singapore speak a common tongue (Mandarin/Cantonese/English), Hong Kong travellers are able to explore these countries with little trouble on their own and derive greater satisfaction via a sense of discovery through FIT holidays.

Foreign tourism boards such as the Singapore Tourism Board, actively court Hong Kong travellers by creating designated online platforms to locate travel information and attractions conveniently to design ones own unique travelling experience. Visitors information booths and hotlines are easily spotted along major tourist attractions, assuring foreign travellers, including those from Hong Kong that help on the ground is always within reach.

Proliferation of Internet usage for travel planning

Travellers have displayed an increasing reliance on the Internet to purchase and cross-compare flights and hotel offers, instead of relying on tour operators to offer them the best offer. By tapping into the Internet to locate the milieu of travel attractions available in their travel country of choice, Hong Kong travellers can plan their own travel itinerary, cutting down reliance on tour operators.

Future Drivers

Increased capacity to travel with economic recovery

In the aftermath of the global financial crisis, Hong Kong's economy recorded an overall remarkable recovery of 7.8% from 2009 to 2010, implying increased resilience to potential global economic shocks. The restructuring of the Hong Kong economy through its four key industries: financial services, trading and logistics, tourism, and export of professional services, is targeted at diversifying and growing the economy to raise income levels for Hong Kong residents. Growing affluence of Hong Kong residents suggests increased outbound tourism spending and travel frequency especially in FIT-type of travel as supported by aforementioned historic drivers.

Widespread preference for self-planned travel

Trade interviewees remarked that Hong Kong residents are becoming savvier and have turned towards self-planned travel to fulfill their appetite for adventure. Since most FIT travellers are working adults, they are relatively well-versed in utilising the Internet to locate potential travel destinations. Moreover, the overall increase in literacy affords travellers the ability to navigate in a foreign country and encourage attitudinal openness to interact with local residents when being on a FIT package. These shifts in consumer preferences will sustain the rising demand for the FIT industry.

Competition keeps prices affordable

The travel industry has historically been fiercely competitive and is amongst the most fragmented industry in Hong Kong. With a sizeable and fast growing FIT pie within the next few years, market players will rely on price competition to cement market share because of weak product differentiation in the FIT market. Furthermore, Hong Kong residents do not display retailer loyalty and are instead attracted to the best-value proposition. Thus FIT products will remain competitively priced in the future in spite of the growing demand.

THREATS TO FIT MARKET

Advent of theme-based packages

Unlike its traditional package cousins, theme-based packages are centred about specific travel objectives. Common themes include 'food trails', 'adventure tours' and 'eco-travel' which are steadily gaining a following amongst Hong Kong travellers. Theme-based packages may be more expensive than traditional tours and FIT packages but its positioning as a novelty travel product, appeals to wealthier and curious Hong Kong residents.

Ageing population sustains demand for traditional packaged holidays

Hong Kong, like many developed economies suffer from an ageing population. Traditional packages are historically popular amongst older travellers and families because of its all-inclusive packages. Although the impact of an ageing population is unlikely to dent the FIT industry growth in the review period, its effects will be more pronounced in the long run.

CHANNEL PERFORMANCE OVERVIEW

General Trends

Supporting the FIT industry growth are the three retail channels in Hong Kong. These include online agents, FIT specialists and other travel agencies. At present, other travel agencies form the largest channel size of the FIT industry with a channel share of 47.7% in 2010, down 3.0% in 2008.

Online agents and FIT specialists take up similar market share, with the latter enjoying a marginal edge of 2.3% in channel share over the former. More significantly, unlike other travel agencies, both online agents and FIT specialists experienced a channel year-on-year growth of 23.3% and 25.0% respectively in 2010 signaling a shift in channel preference to purchase FIT products.

FIT Channel Size, Hong Kong, 2008 - 2010

	2008	**2009**	**2010**
		HK$ million	
Online agents	7,471.4	7,594.6	9,367.0
FIT specialists	7,942.0	8,180.2	10,225.3
Other travel agencies	15,861.3	15,544.1	17,875.7

Source: Euromonitor

FIT Channel Growth, Hong Kong, 2008 - 2010

	2008	2009	2010
Online agents, % Growth	—	1.6%	23.3%
FIT specialists, % Growth	—	3.0%	25.0%
Other travel agencies, % Growth	—	-2.0%	15.0%

Source: Euromonitor

Channel Analysis

Online provides unparalleled convenience

Online agents are preferred by travellers looking for flight or hotel only products because online agents do not retail specific airlines or hotels but offer a comprehensive selection based on simple search requests. Online platforms operate throughout the day, catering to busy travellers even after regular working hours, which cements the channel size and share of online agents in the Hong Kong FIT industry.

FIT specialists know best

With its core value proposition offering FIT products, FIT specialists were instrumental in drumming up public awareness and support for FIT travel. Although it remains unable to compete with other travel agencies in channel value, it has historically experienced the highest channel share growth. Consumers who are looking for FIT travel have a tendency to shop with FIT specialists when they want to book their holiday as they believe in FIT specialists' expertise in providing the best product and price combination as compared to other retailers.

FIT products are simpler to create than traditional packaged holidays

Being the oldest and largest type of travel retailers in Hong Kong, with rich experience in organising packaged tours, it comes as no surprise that other travel agencies constitute almost half of the FIT retail channel. They are able to quickly provide FIT packages in response to the changing demand for FIT as FIT packages are far less complex to organise than traditional packages. Despite the consolidated presence of other travel agencies in Hong Kong, they have steadily ceded market share of the FIT industry to FIT Specialists and online players.

CHANNEL DRIVERS

Online Agents

Consumer trust fostered by easy retrievable travel information

Online sites' integrity and brand reputation is slated to rise with more Hong Kong residents relying on the Internet as a source for travel information such as online travel guides and travel forums. However, certain online agents do not have phone helplines or brick and mortar outlets where their customers can turn to should they require additional assistance. Market players interviewed by Euromonitor agreed that the lack of local helplines have muted the growth potential of online agents in Hong Kong.

Easy Internet access pushes travellers to online platforms

Widespread adoption of smartphones across Hong Kong with heavy investment to improve the local wireless grid grant users easy access to the web through their mobile devices to search for the best deals. Certain leading online agents have launched applications on smartphones and popular social networking platforms like Facebook, to enable users to share the latest travel deals with their peers, relying on word-of-mouth advertising for product offerings.

High penetration of credit card usage fuel online purchases

As technological adoption soars alongside high credit card penetration in Hong Kong, more residents will be familiar with online shopping and web security, encouraging online purchase of travel products. Younger travellers have a greater affinity with online agents as result of early exposure and participation in online activity during formative years.

FIT Specialists

Well-trained travel consultants optimise channel sales

FIT trade sources say that majority of their business is sourced from walk-in customers looking for quick holiday solution from products offered in-store. Although FIT products are relatively simple, the sheer volume of travel combinations can confound the average Hong Kong traveller. Walk-in customers may seek assistance from FIT consultants who can narrow down a list of FIT packages to cater to their customers' needs efficiently, reducing the decision-making time for each purchase.

Helplines crucial in closing travel deals

As FIT becomes a staple form of travel amongst Hong Kong residents, FIT specialists have invested substantial resources in phone lines to cater to the influx of phone bookings and enquiries. Unlike walk-ins, phone bookings provide great convenience for time strapped business and leisure

travellers in Hong Kong since they do not have to travel to an FIT outlet to make travel bookings. Interviewees state that Hong Kong travellers prefer the 'human-touch' and request for live phone operators to assist them in their phone purchases. A live operator could also clarify their doubts instantaneously, as compared to travellers having to locate their answers from an online platform.

Advertising raises corporate profile and overall sales

FIT channel growth is precipitated by heavy investment in print advertising in daily news media which enjoys a large circulation and is a popular read among young working adults. Interviewees observed that FIT specialists in particular have been frequently featured in other daily publications which are targeted at business readers and regularly feature travel specials. Through widespread advertising, FIT specialists have raised consumer awareness of their product offering and positioning thus carving out a distinct share within the FIT travel industry in Hong Kong.

Other Travel Agencies

Compared to FIT specialists, other travel agencies enjoy a larger presence locally, with 1,572 licensed travel agents registered in Hong Kong as at 30 June 2011. Such scale suggests that FIT products should be competitively priced. Bargaining power of other travel agencies with direct suppliers is stronger since the bulk of the travel market is supplied through the said agencies, pushing down wholesale costs of such products and inherently, the final retail price.

Fundamentally, FIT products are close substitutes to traditional packaged holidays with diminished profit margins. In-country research up to May 2011 found that most other travel agency outlets are filled with posters showcasing and promoting packaged tours. Should they change their targeting strategy and promote FIT packages, they risk sending confusing messages about their corporate identity and area of specialisation. Jumping onto the FIT bandwagon may not be an immediate course to compete with FIT specialists.

Consequently, other travel agencies will retail FIT products upon customers' request and list a tab for FIT product purchase on their online sites but are unlikely to promote FIT services as aggressively as packaged holidays. It is no surprise that they are likely to lose channel share to the rest of the competition in the FIT market space.

FIT SPECIALISTS OUTLET PERFORMANCE OVERVIEW

Overall CAGR of FIT specialists' outlet in Hong Kong in the period of 2008 to 2013 is 7.9%, with the surge in outlet growth in 2010 of 15%. This occurrence is attributed to FIT specialists wanting to capitalise on the economic rebound of the domestic economy, to capture a larger market share in lieu of the potential growth in travel traffic.

Travel retail outlets, Hong Kong, 2008 - 2013

	2008	2009	2010	2011 (Forecast)	2012 (Forecast)	2013 (Forecast)
Travel retail outlets, No. of outlets	1,775	1,791	1,815	1,832	1,848	1,861
Travel retail outlets, % Growth	—	0.9%	1.3%	0.9%	0.9%	0.7%

Source: Euromonitor

FIT specialist outlets, Hong Kong, 2008 - 2013

	2008	2009	2010	2011 (Forecast)	2012 (Forecast)	2013 (Forecast)
FIT specialist outlets, No. of outlets	248	261	300	330	347	364
FIT specialist outlets, % Growth	—	5.0%	15.0%	10.0%	5.0%	5.0%

Source: Euromonitor

MARKET SHARE OVERVIEW

The FIT specialists market is highly fragmented because of the ease of setting up new businesses and business outlets in Hong Kong. According to the analysis of Euromonitor, TEL is ranked the top market player in the FIT specialist market in Hong Kong in 2010 with a market share of gross sales proceeds of HK$1,023 million representing approximately 10% of the total FIT specialist market of HK$10,225 million in 2010. The second and third major FIT specialist ("Second Player" and "Third Player" respectively) has a market share of approximately 1.3% and 0.7% respectively in 2010.

Company Profiling of TEL

Since its establishment in 1986, TEL has grown to become the top ranked FIT specialist player in Hong Kong. It possessed a wide distribution and retail network spanning a total outlet count of 50, located across Hong Kong Island, Kowloon and the New Territories. All outlets are fitted with multiple phone lines to ensure that enquiring customers during peak and off-peak hours are able to speak to a travel consultant as soon as possible.

In line of the fast growing digitisation of travel bookings, TEL has set up its online website in 2010 and is amongst the first few FIT specialists in Hong Kong to feature instant booking service. Such a move enables TEL to tap into the online market.

TEL specialises in leisure travel sales, with its outlet located at major shopping thoroughfares and prime residential areas. Strong outlet presence is touted to be crucial in raising consumer awareness and fostering trust with Hong Kong residents.

Based on trade interviews with TEL, the emphasis on customer satisfaction is paramount to its brand reputation and it seeks to provide the ideal FIT solution for its patrons. Unlike most other FIT specialists, TEL has extended phone helpline operating hour, to cater to working individuals who are unable to enquire about or book their travel holidays during working hours.

In spite of the relative infancy of its online platform, TEL will continue to be a leading market player amongst FIT specialists in Hong Kong, given its strong branding and awareness across Hong Kong consumers.

The Second Player has about ten outlets, located at major commercial and shopping districts across Hong Kong. The Second Player has instant booking features available online. The Second Player has overseas branches located in popular city destinations such as Beijing, Shanghai, Macau, Taiwan and Singapore. Its presence in foreign cities provide added security to FIT travellers who can be confident that they have purchased FIT products from a reliable travel retailer given their ability to penetrate into overseas markets. The Second Player's travel consultants possess high language capacity with many conversant in both Mandarin and English, which provides value-added services to expatriates in Hong Kong who are less than fluent in Cantonese.

The Third Player is, through it parent company, related to a leading airline company in Hong Kong. The Third Player has a long standing corporate history of 60 years and possesses one of the largest corporate travel clientele in Hong Kong. Although the Third Player and the leading airline company are separate entities, the Third Player is believed to be able to obtain competitively-priced air tickets on the leading airline company. The Third Player focuses on corporate travel management with luxury auxiliary offerings such as limousine services and the like and has established a strong brand reputation for business travel purposes. The Third Player has divested its business to enter the leisure market by offering discounted leisure packages to its corporate clients, to rake up demand for its leisure travel arm. The Third Player's continual emphasis in corporate travel may hinder its entrance into the leisure travel market. Unlike TEL and the Second Player, the Third Player appeals to the up-market Hong Kong resident, who is less likely to purchase budget FIT products for leisure travel purposes.

THE CRUISE INDUSTRY

Overview

The cruise industry represents a specialised segment of the travel industry and has for some time been one of the fastest growing segments in the world tourism business. The cruise market is characterised by exceptional value proposition, wide appeal, positive guest demographics, a wide range of activities for the tourists, high guest satisfaction rate and favourable supply and demand balance. The industry has seen significant growth over time and it is expected to grow further in the coming years.

The global cruise industry is looking towards Asia as a major growth engine. With the growing middle class group and the increasing interest of people in cruising activities, this sector provides ample growth opportunities for market participants.

Hong Kong's cruise market

Asia is becoming popular as a new cruise destination, as cruise operators and passengers look for new products and unique itineraries. Located at the heart of Asia's cruising map, Hong Kong is the ideal embarking or disembarking location to a vast number of fascinating cruise itineraries. The Hong Kong Tourism Board is committed to capitalising on this market segment to attract more ship calls and cruise passengers to Hong Kong.

The Hong Kong Government is committed to developing Hong Kong into a leading regional cruise hub, by enhancing both the hardware and software developments in Hong Kong. From the hardware development perspective, the Hong Kong Government is developing a new world-class cruise terminal at the site of the former Kai Tak airport runway ("Kai Tak Terminal") which is expected to handle the simultaneous berthing of two mega cruise vessels with gross tonnage of up to 220,000 tonnes. There is presently one cruise terminal, known as Ocean Terminal, located in Tsim Sha Tsui, Kowloon where most cruise vessels berth. From there, cruise visitors can conveniently explore other parts of the city by public transport. The new Kai Tak Terminal will complement the Ocean Terminal. The first berth of Kai Tak Terminal is expected to be completed around mid-2013 followed by the second berth in 2014.

To enhance co-operation with neighbouring coastal provinces in developing cruise itineraries, the Tourism Commission has been working with four Mainland provinces, namely Fujian, Hainan, Guangdong and Guangxi to set up an information exchange platform, and together have stepped up joint promotion. The new "Cruise South China" website launched by the Hong Kong Tourism Board in early January 2009 carries information on port facilities and tourism resources of Hong Kong and neighbouring provinces. The website was launched to meet the ever-increasing interests and demands of international cruise lines as they look to expand their ship deployment to the Asia region.

The central government of the PRC has helped to encourage cruise tourism in Hong Kong, having introduced a measure in April 2009 to allow Chinese tour groups travelling to Taiwan to sail on vessels homeporting in Hong Kong. The move will boost the number of tourists participating in cruise tourism from and within Hong Kong over the forecast period.

The ongoing development of the Kai Tak Terminal and heavy investment on the part of the Hong Kong government in the research, development and promotion of the local cruise industry will send a strong and unambiguous signal to the major industry players of the rising importance and healthy prospects of the cruise category in Hong Kong.

This is expected to be a strong incentive for significant private investment by travel agents and tourism companies in Hong Kong to develop and grow their capacity and product offerings to meet

the growing demand for cruise tourism. In addition, the marketing and promotional efforts of the Hong Kong government and unexpected help from the central government will be likely to bring about strong growth in cruise tourism, as well as the expected surge in demand when the new Kai Tak Terminal is finally operational.

E-COMMERCE IN THE TRAVEL INDUSTRY

One of the major factors that has shaped the travel retail industry in recent years is the emergence of the Internet as a widely available source of information and an online booking tool.

Computer systems have long been used to manage airplane reservations. The wide availability of the Internet in recent years has allowed an easy transition of these computerised reservations systems to the Internet, where it is used by travel agencies and also directly by travellers. Customised Internet versions of reservation systems are licensed to traditional travel agents and to travel websites. Used primarily for flight reservations and tickets, travel websites also provide reservations for hotels, rental cars, cruises and package tours, and have become virtual travel agencies.

The 2010 Asia Pacific Travel Intentions Survey compiled by Visa and PATA found that 70% of the survey respondents used the Internet as the information source to research and plan their holidays. Obtaining general information about a destination and related travel advice are the main reasons 95% of travellers go online to plan their holiday. 63% of respondents cited the convenience of the Internet as its appeal because it allowed them to look for information anytime on demand.

Furthermore, Hong Kong has experienced rapid growth in its Internet market. The speed of its expansion was highlighted in the first half of 2001, when Hong Kong had the highest rate of growth in the world for household Internet penetration. There were more than 4 million Internet users in the territory, gaining access using either dial-up or broadband by early 2005. The extensive roll out of sophisticated telecommunications infrastructure has allowed Hong Kong to move quickly in providing more than 90% of all households with access to broadband connectivity. Internet usage in Hong Kong reached 68.8% in 2010, up from 34.1% in 2000, and the city possesses one of the fastest average home broadband speeds in the world.

Despite this, online e-commerce, particularly in travel retail, remains underdeveloped. The small size of Hong Kong and a preference for dealing with a travel agent directly have meant many travel retailers do not offer online purchasing, and a number of websites of local travel agencies are restricted to browsing information.

Travel retailers have long offered consumers information, pricing and booking options on their websites, but it was not until late 2007 that online payments for flight purchases was introduced to the market in Hong Kong. In 2008 online payments for flight purchases became available with a number of travel retailers in Hong Kong. Internet developments in the travel retailer industry are expected to continue going forward.

Internet developments are expected to result in a reducing gap between smaller and larger players. The cost and technology required for small firms to keep pace with changes is expected to become greater and may make it more difficult for smaller firms to offer the same quality of online services and development as larger firms. Continued improvements in Internet technology will help larger market participants gain cost efficiencies.

Consumers will benefit from improved choices and the ability to take control of the whole booking and purchasing process. These developments are likely gradually to change the way consumers purchase and interact with travel retailers. For example, Cathay Pacific Airways Limited provides a full reservation service for its flights on-line. The service is free, user friendly and offers competitive pricing. Thus, customers can book their air tickets directly with airlines which effectively eliminates the middle-man.

PRC TRAVEL INDUSTRY — DOMESTIC, INBOUND AND OUTBOUND

Domestic Tourism in PRC

Trends

Domestic tourism increased by 10% in volume terms in 2010, due to the Shanghai Expo and Guangzhou Asia Games. Domestic tourism flows to Shanghai saw a growth of 62% in 2010 over the previous year, to reach 81 million. The Guangzhou Asian Games was the other event which boosted domestic tourism flows in 2010.

Destinations

As it was the host of the Guangzhou Asian Games, Guangdong province remained the most popular domestic destination in 2010, with the total number of trips reaching 158 million.

Shanghai recorded the strongest growth in terms of domestic trips in 2010, as a result of the Shanghai World Expo. This event did not only stimulate overall volume flow for local Shanghai citizens, but also, more importantly, brought up the level of visits from other provinces.

Hainan was another popular destination, attracting 25 million trips in 2010; a growth of 16% compared with 2009. In January 2010, the State Council issued Suggestions on Developing Hainan province into an International Tourism Island. With a series of favourable policies and widespread media exposure, tourism in Hainan province was boosted to a significant extent.

Mode of Transport

Land transport remained the dominant mode of transport in 2010 due to its low cost, accounting for a 39% share of total trips, including both business and leisure trips.

Rail travel was the second most popular option for transportation, accounting for 36% of total trips in 2010. With the Chinese government's investment in rail infrastructure, high-speed railway was preferred by more and more travellers in the PRC, due to its convenience and comfort. Air transportation ranked in third place amongst all the transport options with a 17% share; a slight increase compared with 2009.

Leisure

The number of domestic leisure trips witnessed a growth of 10% in 2010, to reach 837 million trips. Leisure trips accounted for a 68% share of overall domestic trips in 2010.

Business

As the economy started to recover, the number of business trips witnessed a higher growth rate than leisure trips, at 11% in 2010, to reach 392 million trips in 2010, accounting for a 32% share of overall domestic trips.

Domestic Tourist Expenditure

Domestic tourist expenditure in 2010 reached RMB1.2 trillion, thanks to an ongoing increase in the number of trips across the country.

Prospects

Domestic tourism is expected to enjoy a volume CAGR of 6% in the forecast period during 2011 to 2015, and by 2015 the total number of domestic trips is expected to reach 1.6 billion. In line with the national tourism strategy, new tourism packages such as patriotic tourism (visiting Chinese Revolution sites), village sightseeing and farmhouse tours will be further promoted by both travel agencies and local tourism offices.

As China's National Development and Reform Commission approved the building of Hainan province into a world-class vacation and leisure island, domestic trips to Hainan province are expected to achieve the highest CAGR over the forecast period during 2011 to 2015, of 11%.

As the Disney Park is expected to be opened in Shanghai by 2014, the tourism flow to Shanghai is expected to enjoy robust double-digit volume growth in 2015.

Domestic Tourist Expenditure

	Value	% value growth
	RMB million	
2005	528,586.3	—
2006	622,970.2	17.9
2007	777,060.4	24.7
2008	874,929.6	12.6
2009	1,017,489.4	16.3
2010	1,150,780.5	13.1

Source: Euromonitor

Forecast Domestic Tourist Expenditure

	Value	% value growth
	RMB million	
2010	1,150,780.5	—
2011	1,258,953.9	9.4
2012	1,373,518.7	9.1
2013	1,494,388.3	8.8
2014	1,621,411.3	8.5
2015	1,754,367.0	8.2

Source: Euromonitor

Inbound Tourism in PRC

Trends

Tourist arrivals witnessed a healthy growth trend in 2010, mainly due to economic recovery and two international events being held in the PRC, namely the Shanghai World Expo and Guangzhou Asia Games. Hong Kong, Taiwan and Macau remained the top three inbound countries in 2010, followed by Japan, South Korea and Russia.

The number of inbound visitors from European countries such as Italy, France, Germany and the United Kingdom witnessed positive growth, in contrast to declines in 2009, due to the gradually recovering economy in these countries in 2010 compared with the worse situation in 2009.

Country of Origin

As China's Special Administrative Regions, Hong Kong and Macau continued to be two of the top inbound countries of origin. Due to the close proximity of Hong Kong and Macau to China, it is convenient and relatively cheap for visitors from these two cities. In addition, the Chinese government removed travel restrictions between these Special Administrative Regions and China, and tended to further encourage tourists in Hong Kong and Macau to travel to China.

The China National Tourism Administration (CNTA) issued a new guideline regarding the further development of inbound tourism flows in 2009. The guideline emphasises the importance of a few areas which could further attract foreign tourists, including launching tourist packages with traditional Chinese culture and improving service standards, such as proper training for tour guides.

Leisure

Leisure arrivals accounted for the majority of the PRC's total inbound tourists in 2010; however, the percentage of arrivals for most inbound source countries for leisure purpose was lower in 2010 compared with 2009. For instance, leisure arrivals from Japan accounted for 68.3% of total inbound Japanese visitors in 2010; slightly lower than 69.4% in 2009. This is mainly because after the decline in business travel during the recession in 2009, economic recovery in 2010 helped to bring business travel to a faster pace of growth.

Organised tour groups still accounted for the biggest share of leisure tourists in 2010 (28%), as the vast size of the PRC, and, more importantly the language barrier for most international travellers, makes tour groups the ideal choice for travel. The more adventurous backpackers and single leisure travellers accounted for a minority of arrivals, at 6% and 4% respectively in 2010.

Business

After suffering a decline in 2009, the number of business travellers from most destinations witnessed a slight increase in 2010 due to gradual economic recovery. For instance, the percentage of business arrivals from Russia and the US within their total inbound flows increased from 39% and 16% in 2009 to 40% and 21% in 2010 respectively.

MICE inbound arrivals accounted for a 32% share of business visitors in 2010; a slight increase compared with 2009. The main reason was because the start of economic recovery encouraged more companies to attend MICE events in 2010.

Prospects

The PRC is expected to continue to witness healthy growth in terms of inbound tourist flows over the forecast period during 2011 to 2015, together with the recovering global economy. According to the twelve plan of the State Council, the Chinese government will continue to put effort into stimulating tourism spending in the PRC.

Tourist arrivals are expected to increase by a CAGR of 6% in the forecast period during 2011 to 2015, which is stronger than in the review period (2004-2010), which saw a CAGR of 4%. Hong Kong and Taiwan are expected to remain the top inbound tourist countries of origin over the forecast period, due to economic, geographic and historical links with the PRC.

Incoming tourist receipts is expected to see a constant value CAGR of 7% over the forecast period, to reach RMB401.0 billion. With the after-effects of the Shanghai Expo, the promotion of Hainan province as an international tourist island and the opening of the Disney Park in Shanghai, the PRC will remain a popular destination for many international tourists over the forecast period.

With the mounting pressure from the US and other developed countries, the Chinese currency might have further to appreciate against foreign currencies. If this is the case, changing exchange rates could become a threat to the future growth of inbound tourism flows, as international tourists could go to other Asian countries, such as Vietnam or Thailand, which have more favourable exchange rates, and also have rich tourist resources.

Outbound Tourism in PRC

Trends

The number of outbound tourists witnessed double-digit growth in 2010. With the country's strong GDP growth and increasing disposable incomes, more and more Chinese travellers could afford overseas travel. According to trade sources, many Chinese consumers, especially middle-class consumers, have a strong desire to go abroad, using outbound travel as a kind of indulgence or reward for their hard work during the year.

Chinese customs authorities further strengthened the tax policies regarding overseas shopping. Visitors who spend more than RMB5,000 on shopping need to pay tax on the amount over this value. This strengthened tax policy may have curtailed the enthusiasm for outbound travel amongst many Chinese fans of overseas shopping.

The length of outbound departures saw a change in 2010, with the share of departures over seven days and departures between four to seven days increasing from 5.1% and 14.9% in 2009 to 5.4% and 15.4% respectively in 2010; in the meantime, the share of departures for up to three days declined. This indicates that longer overseas stays are becoming more popular amongst Chinese travellers, thanks to ever-increasing disposable incomes.

Destinations

Hong Kong and Macau remained the two leading destinations for the PRC's outbound travellers in 2010, seeing 12 million and 7 million trips respectively. The former is renowned as a shopping paradise which offers lowerpriced products such as cosmetics or consumer electronics. The latter is famous for its casinos and is the only place in the PRC to legally run casinos.

Japan and South Korea were the third and fourth most popular destinations amongst Chinese tourists in 2010. Outbound tourist flows to Japan and South Korea saw growth of 14% and 20% respectively in 2010. As neighbouring countries, Japan and South Korea are relatively convenient to visit in terms of travelling time. Meanwhile, these two countries have loosened the visa application process for Chinese travellers; further attracting Chinese visitors. In addition, the growing popularity of Japanese and Korean culture amongst younger Chinese consumers also contributed to an increasing desire to travel to Japan and South Korea over the review period.

Leisure

Leisure visitors still dominated departures in 2010, and amongst all types of travelling, organised tour groups continued to account for the largest share, accounting for 5 million trips in 2010. The second biggest category of outbound leisure tourists in 2010 was couples, with a 24% share, as many couples travelling overseas, such as on their honeymoon, prefer a flexible and relaxed travel itinerary. Only 3% of total outbound visitors were backpackers in 2010; slightly higher than the 2% share in 2009.

Business

Economic recovery led to an increase in MICE tourism, and 2010 saw a growth of 13% in MICE departures. With rapid economic development, more and more local Chinese firms are seeking overseas expansion opportunities. Chinese companies consider participating in MICE as an effective way to seek new business development, increase consumer awareness, improve communication with competitors and obtain market information. South America, (including countries such as Brazil) has tended to become a new MICE hub for Chinese firms due to the market attractiveness of such countries.

Prospects

Departures are expected to increase by a CAGR of 10% in the forecast period during 2011 to 2015, to 52 million trips. Due to increasing purchasing power, Chinese tourists have been identified as a "hot commodity" by more and more national tourism boards. Countries such as Thailand, Singapore, Malaysia and Australia try to attract Chinese tourists by setting up tourism offices in the PRC, offering the Chinese language on their tourism websites and easy-to-access visa application guidelines.

According to forecast data from the IMF, China's macro economy is expected to grow by a CAGR of 7-8% in the next five years, so it will replace Japan and become the second largest global economy by the end of 2010 in terms of GDP, just behind the current largest global economy, the US. Thanks to ongoing robust GDP growth, ever-increasing disposable incomes, as well as increasing demand for overseas travel, outbound tourist expenditure is expected to enjoy a constant value CAGR of 10% to reach RMB527.5 billion in 2015.

TRAVEL AGENCY AND TRAVEL RELATED RETAIL BUSINESS IN PRC

Trends

The Shanghai Expo and Guangzhou Asian Games boosted domestic tourism flows, which saw a growth of 10% in 2010. Many travel agencies launched relevant holiday packages, such as a Guangzhou Asian Games one-day trip, and Shanghai Expo three-day tour. In addition, with the country's strong GDP growth and increasing disposable incomes, more and more Chinese consumers could afford to travel. As a result, travel retail products witnessed a healthy 9% current value increase, to reach sales of RMB188.3 billion in 2010.

Package holiday remained the most popular travel option, with a current value growth of 14% in 2010. Benefiting from the Shanghai Expo and Guangzhou Asian Games, almost every leading domestic tour operator included an Expo site visit or Guangzhou Asian Games tour within their package holidays. In addition, package holidays offer better value for money than individual travel.

Leisure Travel

Package holidays accounted for the bulk of sales for most retailers, and saw the highest growth in 2010 due to the Shanghai Expo and Guangzhou Asian Games. City break was the second most popular travel option, with a current value growth of 11% in 2010, with the top destinations including Shanghai, Hong Kong and Macau, with the focus being on the extensive shopping facilities available.

Spa packages was another category which enjoyed a healthy increase, with a growth of 9% in current value terms in 2010. With increasing health awareness, more and more Chinese tourists preferred leisure travel which could provide wellness. Spas have an image as places for healing, renewal and relaxation; thus are favoured by many young working professionals who are worn out from their working days. Moreover, under the support of the local government, many areas have explored tourism featuring resort spas, amongst which are Hainan, Guangzhou, Yunnan, Sichuan, Dalian and Qingdao. Hotel/resort spas, usually depending on natural hot springs, are less demanding in terms of investment and regulation, and are more readily embraced by consumers as part of their leisure activities.

Business Travel

Flight only, accommodation only and fly-drive are the three main categories in business travel retail. The percentage of business travel retail in these three categories witnessed an increase in 2010, accounting for 52%, 40% and 6% in these respective categories. Despite the percentage increase, the retail value of flight only corporate business products declined in 2010. Travel agencies faced fierce competition from direct suppliers such as hotels and airlines, as many offer even lower rates to attract corporate travellers.

Car rental was another dynamic category in business travel retail, especially airport business car rental, which saw rapid growth in 2010 due to economic recovery. More and more travel agencies have already included a car rental service within their portfolios.

Online Travel

Online sales of travel retail products witnessed a value growth of 18% in 2010, to reach RMB20 billion. Amongst all the categories, online traditional package holiday saw a growth of 45% in 2010. This rapid growth was mainly due to attractive online promotions. For example, one of the leading online travel agents achieved 49% growth in its net revenue in the third quarter of 2010 compared with the same period in 2009. Its success was mainly due to its low-priced online packages.

Online social media, with a huge number of users in the PRC, has become one of the important channels which could influence consumers' online purchasing behaviour. Tourists like to seek references and recommendations from social media when choosing a travel agency or an online tour package. Moreover, social media is also a main channel for tour operators to advertise special online promotions. Many travel agencies consider advertisements or blogs in social media to be a key part of their marketing strategies.

Competitive Landscape

There were 20,987 travel retail outlets in China in 2010; an increase of 3% over 2009. The travel retail market remains fragmented, with only 5% of the licensed travel outlets being tour operators. Although the Chinese government lifted restrictions and allowed foreign-owned travel agencies in the PRC from 2003, the market was still dominated by local players in 2010, mainly due to their early entry advantage.

The two major travel agencies led the travel retail market with 10% and 9% value shares respectively in 2010. Both of them are former state-owned travel operators, and still have close links with the China Tourism Board. They have built a strong relationship with airlines, hotels and local tourism administrations; thus are able to benefit from their close relationship with local government.

A travel agency with a low-cost airline, was in third place with a 9% value share in 2010. Its success was because the travel packages launched are linked to its affiliated airline company, thereby offering cost-saving travel options for price-sensitive travellers.

Prospects

Travel retail is predicted to hit sales of RMB252.1 billion in 2015, with a constant value CAGR of 6% in the forecast period. As indicated in the latest five year strategic tourism plan by the Chinese government, considerable investment in infrastructure will be made to push domestic tourism.

Package holiday is expected to continue to see a healthy growth trend, with a constant value CAGR of 9% in the forecast period, to reach RMB116.7 billion by 2015. The main attractiveness of package holidays is the one-stop-service; whereby a tour operator plans the itinerary and catering service, and settles logistics arrangements and accommodation. With the mounting pressure from work, package tours are welcomed by more and more working professionals who are looking for easy and relaxing holidays. Moreover, the tour operators' economies of scale also makes package tours a more cost-efficient travel product compared with self-organised travel.

Spa packages is expected to witness the most dynamic growth, with a constant value CAGR of 9% in the forecast period. With increasing awareness of wellbeing, spas are perceived by more and more Chinese consumers as places for healing, renewal and relaxation.

Online travel retail products is expected to see a constant value CAGR of 15.6% in the forecast period up to 2015.

Travel Retail Outlets by Category

	2005	2006	2007	2008	2009	2010
Outlets						
Tour Operators	878	921	983	1,034	1,094	1,139
Travel Agents	15,595	16,325	17,960	18,653	19,195	19,848
Travel Retail Outlets	16,473	17,246	18,943	19,687	20,289	20,987

Source: Euromonitor

Travel Retail Products Sales

	2005	2006	2007	2008	2009	2010
			RMB million			
Accommodation Only	8,265.4	10,746.0	12,176.9	11,579.1	10,951.2	10,633.6
Adventure/Trekking Holiday	1,026.7	1,078.0	1,305.1	1,432.7	1,461.4	1,505.2
City Break	32,901.2	39,658.2	42,233.4	43,568.5	45,746.9	50,733.3
Cruise	4,803.1	5,329.5	6,119.6	6,208.2	6,282.7	6,571.7
Flight Only	18,732.1	21,616.8	23,253.8	22,556.3	21,585.0	20,333.0
Fly-Drive	2,401.5	6,152.4	6,985.3	6,426.1	5,868.6	5,792.3
Other Transport	148.4	154.9	241.7	249.3	274.2	305.7
Package Holiday	54,023.5	62,889.8	66,673.1	68,006.5	66,673.1	76,207.3
Spa Packages	1,209.7	2,931.2	3,596.6	4,080.1	4,504.4	4,900.8
Travel Insurance	1,873.7	2,102.2	2,245.2	2,342.9	2,430.5	2,540.1
Traveller's Cheques	—	—	—	—	—	—
Other Travel Retail Products	5,988.4	6,128.6	6,995.9	7,442.3	7,803.2	8,739.6
Travel Retail Products	131,373.7	158,787.6	171,826.6	173,892.0	173,581.2	188,262.6

Source: Euromonitor

Corporate Business Travel Retail Products Sales

	2005	2006	2007	2008	2009	2010
			RMB million			
Accommodation Only	2,868.1	3,857.8	4,517.6	4,388.5	4,172.4	4,210.9
Adventure/Trekking Holiday	—	—	—	—	—	—
City Breaks	—	—	—	—	—	—
Cruise	—	—	—	—	—	—
Flight Only	8,747.9	10,354.4	11,417.6	11,255.6	10,814.1	10,491.8
Fly-Drive	57.6	221.5	335.3	359.9	340.4	364.9
Package Holiday	—	—	—	—	—	—
Spa Packages	—	—	—	—	—	—
Travel Insurances	—	—	—	—	—	—
Traveller's Cheques	—	—	—	—	—	—
Other Corporate Business Transport	73.2	76.7	120.1	124.4	137.4	154.7
Other Corporate Business Travel Retail Products	616.8	704.8	888.5	1,004.7	1,069.0	1,328.4
Corporate Business Travel Retail Products	12,363.6	15,215.2	17,279.1	17,133.1	16,533.3	16,550.7

Source: Euromonitor

Leisure Travel Retail Products Sales

	2005	2006	2007	2008	2009	2010
			RMB million			
Accommodation Only	5,397.3	6,888.2	7,659.3	7,190.6	6,778.8	6,422.7
Adventure/Trekking Holiday	1,026.7	1,078.0	1,305.1	1,432.7	1,461.4	1,505.2
City Break	32,901.2	39,658.2	42,233.4	43,568.5	45,746.9	50,733.3
Cruise	4,803.1	5,329.5	6,119.6	6,208.2	6,282.7	6,571.7
Flight Only	9,984.2	11,262.4	11,836.2	11,300.7	10,770.9	9,841.2
Fly-Drive	2,343.9	5,930.9	6,650.0	6,066.2	5,528.2	5,427.4
Package Holiday	54,023.5	62,889.8	66,673.1	68,006.5	66,673.1	76,207.3
Spa Packages	1,209.7	2,931.2	3,596.6	4,080.1	4,504.4	4,900.8
Travel Insurance	—	—	—	—	—	—
Traveller's Cheques	—	—	—	—	—	—
Other Leisure Transport	75.2	78.2	121.6	124.9	136.8	151.0
Other Leisure Travel Retail Products	5,371.6	5,423.8	6,107.4	6,437.6	6,734.2	7,411.2
Leisure Travel Retail Products	117,136.4	141,470.2	152,302.2	154,416.0	154,617.4	169,171.8

Source: Euromonitor

Travel Retail Online Sales by Category: Internet Transaction Value 2005-2010

	2005	2006	2007	2008	2009	2010
			RMB million			
Accommodation Only	3,504.3	4,441.4	6,546.5	8,013.9	9,296.1	10,876.4
Car Rental Only	56.5	59.6	60.8	61.5	62.5	67.3
Dynamic Packaging	—	—	—	—	—	—
Flight Only	1,999.9	2,660.8	4,856.1	5,581.2	6,585.8	7,804.2
Traditional Package Holiday	183.5	245.9	262.9	368.1	526.3	763.2
Other Online Transport Only	41.2	47.1	50.9	53.3	55.3	59.1
Other Travel Retail Online Sales	303.4	406.6	471.4	527.7	537.5	561.2
Travel Retail Online Sales	6,088.8	7,861.4	12,248.6	14,605.7	17,063.5	20,131.4

Source: Euromonitor

Notes: Others includes tourist attraction entrance fees, car rental hire, travel insurance and foreign currency purchases sold via exchange services which may be located within travel agents

Sources:
Hong Kong Tourism Board
Koncept Analytics — Analysis of Global Cruise Market
Tourism Commission, Commerce and Economic Development Bureau of the Government
www.internetworldstats.com
2010 Asia Pacific Travel Intentions Survey compiled by Visa and PATA
Euromonitor

TRAVEL AGENCY INDUSTRY IN HONG KONG

Travel Agents Registry

The TAR was established in December 1985. It is responsible for the administration of the TAO. The TAR aims to raise the standard of the trade through regulation of travel agents. The TAR strives to protect the interest of outbound travellers and inbound visitors and enhance the reputation of Hong Kong as a tourist-friendly city.

Travel Agents Ordinance

The TAO provides the legislative framework for the regulation and control of travel agents and for the operation of the TICF.

Under the TAO, a travel agent can be classified as an outbound travel agent or an inbound travel agent.

Section 4 of the TAO defines an outbound travel agent as a person who carries on the business in Hong Kong of obtaining for another person:

(a) carriage by any means of conveyance on a journey which is to commence in Hong Kong and which thereafter is to take place mainly outside Hong Kong; or

(b) accommodation at a place outside Hong Kong for which payment is, or is to be, made to that person by or on behalf of that other person of an amount of the cost of that accommodation,

except where:

(a) the provider of the carriage is himself the operator of that carriage; or

(b) the accommodation being provided at any one place is to be occupied by the same person for a period exceeding 14 days.

Section 4A of the TAO defines an inbound travel agent as a person who carries on the business in Hong Kong of obtaining for a visitor to Hong Kong:

(a) carriage, by any means of conveyance, on a journey which is to commence outside Hong Kong and which either:

    i. terminates in Hong Kong; or

    ii. involves the visitor passing through immigration controls before departing from Hong Kong; or

(b) accommodation in Hong Kong for which payment is, or is to be, made to that person by or on behalf of the visitor of an amount on account of the cost of that accommodation; or

(c) one or more of the following prescribed services:

i. sightseeing or visits to local places of interest;

ii. restaurant meals or other catered meals;

iii. shopping trips; and

iv. local transport in connection with an activity referred to in item (c)i., (c)ii. or (c)iii. above.

except where:

(a) the provider of the carriage is himself the operator of that carriage;

(b) the accommodation being provided is to be occupied by the same person for a period exceeding 14 days; or

(c) the provider of the prescribed services is himself the owner or operator of the service being provided to the visitor.

Section 9 of the TAO prohibits any person to carry on business as a travel agent:

(a) without a licence;

(b) at a place other than that specified in that licence; or

(c) otherwise than in accordance with the conditions of that licence (which includes membership of TIC).

Section 12 (1) of the TAO empowers the RTA to refuse to grant a licence if it is of the opinion that:

(a) the applicant or any person in Hong Kong responsible for the management of the business of the travel agent is not a "fit and proper" person to carry on business as a travel agent; or

(b) the premises to which the application relates or the situation thereof are not suitable for the operation of the travel agent.

Section 12(2) of the TAO specifies that in determining whether a person is fit and proper, the RTA shall have regard to whether that person:

(a) has been convicted of an offence involving fraudulent, corrupt or dishonest acts whether in Hong Kong or elsewhere;

(b) has been convicted of an offence against any provision of the TAO;

(c) if that person is an undischarged bankrupt;

(d) in the case of a body corporate, is in liquidation or is the subject of a winding up order; or

(e) is otherwise not a fit and proper person.

Section 13 of the TAO stipulates that the licence should be in a prescribed form, requires a licensee to pay a prescribed fee, empowers the grant of a licence valid for a period of up to 12 months, and enables the authorisation of the person named in the licence to carry on business as a travel agent at any place specified in that licence.

Section 16 of the TAO stipulates that any change in the ownership or control of a travel agent requires the prior approval of the RTA in writing.

Section 19 of the TAO empowers the RTA to suspend or revoke a licence if:

(a) a licensee who is an individual becomes a mentally disordered person;

(b) the licensee has ceased to carry on business as a travel agent;

(c) upon investigation, the RTA considers that any matter under section 12(1) applies or the travel agent is operating contrary to public interest;

(d) the licensee has failed to pay any levy or any financial penalty under the provisions of the TAO; or

(e) the licensee is no longer a member of TIC.

Section 21 of the TAO empowers the RTA to conduct investigations into the business of a travel agent if he suspects it to be carried on contrary to public interest.

Sections 32A to 32G of the TAO provide for the establishment of the TICF and the Travel Industry Compensation Fund Management Board, set out the Board's composition and the appointment of its chairman and members, and delineate its functions and powers (including the authority to make ex gratia payments from the TICF (section 32E) to outbound travellers and to make rules (section 32G) in respect of such payments).

Sections 32H and 32I of the TAO provide for contribution by travel agents of levies to the TICF and the TIC.

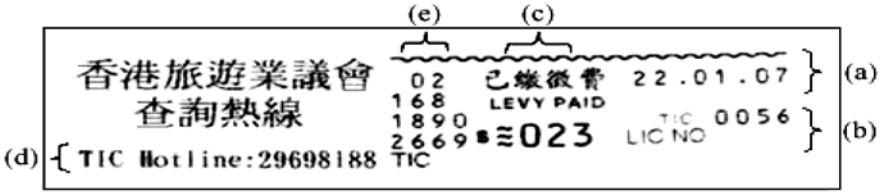
The TICF levy has been suspended with effect from 3 July 2009. Starting from the same day, travel agents are only required to contribute 0.15% of every outbound fare to the TIC as Council levy.

Levy Franking Machine

All licensed travel agents must install a franking machine. All package tour receipts must be franked with a levy received. The Secretary for Commerce and Economic Development must specify the percentage.

All receipts shall be printed/stamped with a levy sentence in both English and Chinese, saying: "All package tour receipts must be franked for your protection" and "旅行團收據應蓋上印花方可獲得保障".

A sample levy stamp and relevant information is as follows:



(a) Date — the date of the stamp which should be the date you settle the outbound fare and the date of the issue of receipt.

(b) Travel agent information — the name, the licence number of the travel agent and the machine number are printed on the stamp automatically.

(c) Levy paid — the travel agent will calculate the amount of levy to be paid for each transaction and input the amount to the machine for imprinting the frank mark. The actual amount of levy paid with a "$" sign is shown on the stamp below the space under the heading "已繳徵費 LEVY PAID".

(d) Hotline number of the TIC is printed on the stamp. Travellers who have any enquiries about the stamp may call the TIC for clarification.

(e) Security code — each stamp has a unique security code which will enable TIC to verify its authenticity.

Section 48 of the TAO sets out the offences in contravention of the various provisions of the TAO and the maximum penalties for such offences. For example, any person who contravenes section 9 is liable on conviction upon indictment to a fine of HK$100,000 and to imprisonment for two years or on summary conviction to a fine of HK$10,000 and to imprisonment for six months.

Travel Industry Compensation Fund

The TICF was established in 1993 under section 32C of the TAO. The TICF provides protection to outbound travellers when travel agents default and when they sustain death or injury in accidents during activities provided or organised by travel agents whilst touring abroad in the form of group and package tours. The Travel Industry Compensation Fund Management Board is responsible for the administration of the TICF.

The TICF provides protection to outbound travellers who may claim:

(a) up to 90% of the outbound fare paid if a licensed travel agent patronised defaults; and

(b) up to a maximum amount of HK$300,000 as financial relief in case of death or injury caused by an accident abroad in an activity of an outbound package tour provided or organised by a licensed travel agent under the Package Tour Accident Contingency Fund Scheme, subject to the maximum limit for each item:

Medical expenses incurred in the place of accident outside Hong Kong	up to HK$100,000
Expenses incurred in the place of accident outside Hong Kong for funeral or return of dead body/ashes to Hong Kong	up to HK$100,000
Expenses for compassionate visit or handling of residual matters relating to the death by two relatives	up to HK$100,000 (HK$25,000 per relative)

Under the TAO, an outbound traveller means a person who has paid to a travel agent at an inclusive price for an outbound travel service comprising any two or all of the following:

(a) carriage (by land, sea or air transport) from Hong Kong to places outside Hong Kong;

(b) accommodation outside Hong Kong; and

(c) arrangements for an activity outside Hong Kong.

Financial Position of the TICF

Amount of TICF levy collected (since the establishment of the TICF on 15 October 1993):

Year[(2)]	**Levy Collected** *(HK$ Million)*
1994	10.50
1995	16.76
1996	21.58
1997	23.67[(1)]
1998	11.36[(1)]
1999	10.40
2000	10.98
2001	12.26
2002	11.66
2003	9.15
2004	11.22
2005	12.10
2006	12.06
2007	14.41
2008	16.29
2009[(3)]	13.77

TICF current balance:

Balance as at 30 June 2011
HK$577 million (subject to audit)

Notes:

(1) The rate of TICF levy was changed from 0.35% to 0.15% on 2 May 1997

(2) Refers to the financial year ended 30 June

(3) The suspension of the TICF levy took effect on 3 July 2009

TRAVEL INDUSTRY COUNCIL OF HONG KONG

TIC is a self regulatory body of travel agents. Under section 9 of the TAO, any person carrying on business as a travel agent is required to obtain a licence from the RTA. Licensing requirements include membership of TIC.

TIC has three types of members, namely association member, ordinary member and affiliate member. There are eight association members and about 1,400 travel agents with ordinary and affiliate memberships.

Each of the eight association members of TIC has unique characteristics and caters for the specific needs of different markets and travel agents. A travel agent shall join one of them prior to joining TIC.

Ordinary members of TIC may conduct any travel and tourism business, and open branch offices. To apply for ordinary membership of TIC, the applicant shall meet the following criteria:

(a) it is a limited company incorporated or registered in Hong Kong;

(b) its only business is travel-related and tourism;

(c) it is a member of one of the association members of TIC;

(d) it has a minimum paid-up capital of HK$500,000, plus an additional HK$250,000 for each branch office;

(e) it conducts its travel-related and tourism business within separate and independent commercial premises/buildings; and

(f) it employs at each premises at least one manager who has a minimum of two consecutive years' relevant practical experience within the recent five years and another full-time staff member.

Affiliate members of TIC are not allowed to open branch offices, or to organise or operate an outbound tour. Their business is restricted to booking hotel rooms and air tickets, retailing package tours, and other travel related dealings. To apply for affiliate membership of TIC, the applicant shall meet the following criteria:

(a) it may be a sole proprietorship or partnership;

(b) it is a member of one of the eight association members of TIC;

(c) it shall provide a bank guarantee of HK$150,000 in favour of TIC;

(d) it conducts its travel-related and tourism business within separate and independent commercial premises/buildings; and

(e) it employs at each premises at a least a manager who has a minimum of two consecutive years' relevant practical experience within the recent five years and another full-time staff member.

TIC's codes of conduct

Travel agents are required to abide by TIC's code of conduct and directives and are regulated by TIC. The principal TIC's codes of conduct applicable to our Group are the General Code of Conduct for TIC Members, the Code of Advertising Practice for TIC Members and the Code of Business Practice on Outbound Package Tours. The codes set out the minimum standards which a travel agent is required to follow in all business transactions and practice.

The General Code of Conduct for TIC Members sets out the codes on the conduct between travel agents and the public, the conduct between travel agents and tour operators and requires that all advertising and promotion by a TIC member shall comply with the Code of Advertising Practice for TIC Members and directives issued by the board of TIC from time to time. It is provided in this Code that all TIC members are required to answer questions and all correspondence from TIC concerning their conduct in accordance with the Memorandum and Articles of Association of TIC and any codes of TIC promptly and efficiently. A TIC member is liable to be penalised if its conduct is found to be in contravention of any codes of TIC or otherwise inconsistent with the objectives of TIC.

The Code of Business Practice on Outbound Package Tours requires that all brochures to be used by a travel agent for advertising purposes shall be registered with and approved by TIC two working days in advance before their despatch and the sale of the tours advertised. It also sets out the codes on conditions of tour booking and responsibilities, service charges, surcharges, collection of tour payment, levy franking, cancellation of package tours for reasons beyond control of travel agents, material alterations to package tours for reasons beyond the control of travel agents, cancellation of and alterations to package tours for other reasons and visa charges.

The Code of Advertising Practice for TIC Members sets out the codes in relation to the content of advertisements and the information that should be contained in the package tour brochures and pamphlets.

TIC's directives

The currently effective directives issued by TIC are categorised by TIC as follows:

Categories of TIC directives

General	13, 24, 76, 142, 149, 154, 171, 178, 197, 205	
Membership	6, 175, 176	
Outbound	**Package Tour**	54, 77, 79, 98, 106, 107, 126, 129, 135, 150, *151, 153, 161, 169, 177, 189, 203, *204 (*partly related to advertising)
	Ticketing	64, 67, 69, 75, 88B, 112, 140, 157, 190
	Advertising	45, 57, 62, 70, 81, 82, 90, 95, 101, 102, 110, 120, 128, 130, 138, 141, 148, 151, 173, 204
	Levy	16, 18, 34, 59
	Others	166
Inbound	123, 137, 146, 152, 158, 181, 182, 183, 184, 185, 188, 192, 193, 194, 195, 196, 198, 199, 200, 201, 202	

In relation to the air-plus-hotel packages provided by us, TIC Directive No. 166 provides that:

TIC members shall specify the following on the receipt of air-plus-hotel packages:

1. whether the package is "confirmed" or "subject to confirmation"; or

2. any other words which can accurately and clearly convey the same meaning of "confirmed" or "subject to confirmation" if TIC members choose to use words other than "confirmed" or "subject to confirmation".

Rules governing air-plus-hotel packages which are "subject to confirmation":

1. TIC members shall work out a confirmation date which is agreed by their customers;

2. TIC members shall specify such a date on the receipt;

3. if TIC members are unable to provide such packages at the originally agreed price and by the confirmation date, they shall refund the money paid by their customers within three working days without having to pay any compensation; and

4. TIC members shall handle such packages in accordance with the above rules irrespective of whether the date on which their customers make a booking or the confirmation date mentioned above falls within seven days prior to departure.

Rules governing air-plus-hotel packages which are "confirmed":

1. If TIC members are unable to provide such packages on which they have merely collected deposits, they shall notify their customers as such at least seven days prior to departure (excluding the day of departure) in accordance with the existing rules governing cancellation of package tours. Otherwise, they shall offer to pay within three working days each customer 15% of the price of the relevant package but not exceeding HK$1,000 as compensation. This rule also applies to bookings made by customers which fall within seven days prior to departure.

2. If TIC members are unable to provide such packages for which they have collected full payment, they shall handle such situations in accordance with the existing rules governing cancellation of package tours guaranteed to depart:

    a. according to Directive No. 135, which is about cancellation of package tours guaranteed to depart, TIC members shall offer to pay within three working days each customer 15% of the price of the relevant package but not exceeding HK$1,000 as compensation for failure to fulfill their guarantee;

    b. if TIC members notify their customers of their failure to provide the package less than seven days prior to departure, TIC members shall offer to pay within three working days each customer another 15% of the price of the relevant package but not exceeding HK$1,000 as compensation. In other words, a total of 30% of the price of the relevant package but not exceeding HK$2,000 shall be offered; this rule also applies to bookings made by customers which fall within seven days prior to departure;

c. if such packages are cancelled because of reasons beyond their control, TIC members need not pay their customers any compensation; and

d. the term "reasons beyond control" means hostilities, political unrest, terror attacks, natural disasters, pestilences, bad weather, technical problems to transport, changes to the frequency/timetable of any means of conveyance by its operator without advance notice, strikes, industrial action, travel advisories (warnings) issued by governments of the destinations/the World Health Organisation, red/black outbound travel alerts issued by the Hong Kong SAR Government, and any other situations of which the industry has no control and which are unfavourable to outbound trips of travellers.

On the service fees or commission chargeable by a travel agent in relation to the ticketing services provided, set out below are the relevant TIC directives.

TIC's Directive No. 190 issued on 15 October 2010 introduced various recommended service fees as set out below.

		Recommended service fee under TIC's Directive No. 190 (effective 1 November 2010)
1.	Provision of ticketing services a. Re-routing or re-issuing of air tickets b. Revalidation of air tickets involving a change in ticket number c. Processing and handling of partial ticket refunds d. Issuing of zero-commission or low-cost-carrier air tickets e. Passenger name amendment in the Passenger Name Record f. Other ticketing-related services	HK$250 per ticket or transaction (whichever is applicable)
2.	Processing of free ticket or upgrade redemption for airline frequent flyer programmes	HK$500 per ticket
3.	Handling of missing mileage credit application for airline frequent flyer programmes	HK$250 per transaction
4.	Booking of hotels where clients' own corporate agreement exists (no commission paid to agent)	HK$150 per hotel location
5.	Processing and handling of visa applications	HK$200 per visa
6.	Processing and handling of urgent visa applications or provision of other passport-related services (passport renewal, student/employment passes, etc.)	HK$400 per visa

		Recommended service fee under TIC's Directive No. 190 (effective 1 November 2010)
7.	Handling of purchase and delivery of non-air tickets (e.g. train or ferry tickets etc)	HK$200 per ticket (Group handling charge to be negotiated)
8.	Emergency delivery of travel documents after office hours	HK$300 per transaction
9.	Processing and handling of online check-in, Form of Indemnity or Unaccompanied Minor applications	HK$250 per transaction

The above charges do not include service fees imposed by individual airlines.

According to TIC's Directive No. 140 (issued on 16 September 2005), effective from 1 October 2005, TIC members are allowed to charge a service fee of no less than HK$30 per air ticket for collecting surcharges, taxes or other charges on behalf of airlines or the government. TIC members should notify their customers of the above service fee when quoting the price of air tickets.

Based on TIC's Directive No. 112 (issued on 10 October 2002), effective from 16 October 2002, TIC members are allowed to charge 7% commission on all published air fares which are on zero-commission basis from and within the US (including Puerto Rico and the U.S. Virgin Islands) and Canada.

In order to avoid disputes between travellers and travel agents over the service fee charged by travel agents for providing ticket refund service, TIC's Directive No. 75 (issued on 14 April 1999), effective from 14 April 1999, stipulates a service fee of not more than HK$300 for refund of each totally unused ticket. This service fee may be charged on each refund ticket after deduction of the handling fee of HK$250 (as filed with the Civil Aviation Department) and the penalty charges imposed by the relevant airline. Violation of this directive may result in the imposition of a penalty on the relevant travel agent.

TRAVEL INSURANCE

The Hong Kong Federation of Insurers

The HKFI, a self-regulatory body of insurers, was established on 8 August 1988 to advance and promote the development of the insurance business in Hong Kong.

Insurance Companies Ordinance

The insurance industry in Hong Kong enjoys a high degree of self-regulation. The self-regulatory system for insurance intermediaries, i.e. insurance agents and brokers, is supported by legislation which is contained in Part X of the ICO.

Under section 65 of the ICO, a person is prohibited from holding himself out as an insurance agent or an insurance broker unless he/it is properly appointed or authorised. It is an offence for a person who holds himself/itself out to be an insurance agent of an insurer who is not an appointed insurance agent of the insurer under section 77 of the ICO.

Registration of Insurance Agents

To act as an insurance agent, a person is required to be appointed by an insurer and registered with the IARB set up by the HKFI. An appointed insurance agent shall not represent more than four insurers, of whom no more than two shall be long term business insurers.

Under section 66 of the ICO, an insurer is required to keep a register of appointed insurance agents and to make it available for public inspection at its registered office or at a place approved by the IA. For this purpose, the IA has approved the registered office of the HKFI as the place where the register should be maintained and made available for public inspection.

An insurer is required to give the IA details of the registration and removal of its appointed insurance agents within seven days of such registration or removal. Alternatively, the insurer may provide such details to the IARB, and in so doing the insurer concerned is considered as having complied with this requirement. Upon receipt of such notification by the insurer, the IARB shall update the register and notify the IA accordingly.

Administration of Insurance Agents

An insurer is required under section 67 of the ICO to comply with the IA Code of Practice which is issued by the HKFI and endorsed by the IA. The IA Code of Practice governs the administration of insurance agents by insurers. Section 68 of the ICO specifies that an insurer shall be responsible for the actions of its appointed insurance agents in their dealings with clients in respect of the issue of insurance contracts and related insurance business.

The IA Code of Practice specifies, among others, the rules and procedures governing the registration and de-registration of insurance agents, the power of the IARB to handle complaints and require the insurers to take disciplinary actions against their insurance agents, the fit and proper criteria of insurance agents and the minimum requirements of the agency agreement.

In particular, the IA Code of Practice provides for the following:

(a) Register of appointed insurance agents, their responsible officers and technical representatives - A register of appointed insurance agents and a sub-register of insurance agents' responsible officers and technical representatives shall be kept and maintained for public inspection.

(b) Registration with the IARB - An insurer must ensure that its agents are registered with the IARB whereas an insurance agent must ensure that its responsible officer and technical representatives are registered with the IARB.

(c) Representation of principals - An insurance agent is prohibited from representing more than four insurers, of which no more than two shall be long term insurers.

(d) Representation of agents - A responsible officer or technical representative of an insurance agent is prohibited from being a responsible officer or technical representative of another insurance agent.

(e) Disciplinary procedures - The IARB has disciplinary powers against insurance agents, their responsible officers or technical representatives registered with it. Disciplinary actions may include:

- issue a reprimand to an insurance agent, its responsible officer or technical representatives;
- suspend or terminate the appointment of an insurance agent, its responsible officer or technical representatives; or
- such other actions as the IARB thinks fit.

The IARB issues guidelines from time to time as to how it intends to exercise its powers and fulfil its responsibilities under the IA Code of Practice.

The guidelines issued by the IARB include the following:

Guidelines on misconduct

These guidelines set out certain guidance which if followed provide comfort to all concerned that all possible steps are being taken to conduct business in good faith and with integrity:

- on no account will insurance agents ask customers to sign blank or incomplete forms and any alterations to forms must be initialled by the customers;
- an insurance agent selling a life assurance policy will ensure that the prescribed customer protection declaration form is completed; and
- insurers must establish control procedures to monitor insurance agents' compliance with the IA Code of Practice.

Guidelines on handling of premiums

These guidelines set out recommended payment methods by customers:

- cheque should be written in favour of the insurer; or
- credit card/direct deposit/bank should be transferred from the customer's account to the insurer.

Any other method of payment or credit facilities extended to an agent should be subject to clear rules set out by the insurer designed to avoid the mixing of customers' money with agents' personal funds.

Guidelines on the effective date of registration of insurance agents, responsible officers and technical representatives

These guidelines aim to ensure that no prospective or current insurance agents, their responsible officers or technical representatives shall hold themselves out as engaging in the insurance agency business relating to an insurer before the IARB confirms their relevant registrations in writing by way of a notice of confirmation of registration.

Insurance Intermediaries Quality Assurance Scheme ("IIQAS")

Under the IIQAS, all insurance intermediaries, their chief executives/responsible officers and technical representatives are required to pass the insurance intermediaries qualifying examination conducted by the PEAK Examination Centre of the Vocational Training Council as one of the requirements for entry to the profession (unless otherwise exempted), and to comply with the requirements of the continuing professional development programme thereafter.

REGULATORY OVERVIEW OF TRAVEL INDUSTRY IN THE PRC

Company Law and the Wholly Foreign-owned Enterprise Law

According to the Company Law promulgated by the Standing Committee of the National People's Congress on 29 December 1993, which became effective as of 1 July 1994 and was subsequently amended on 25 December 1999, 28 August 2004 and 27 October 2005, corporate entities established in Mainland China are classified into two types: (i) limited liability companies; and (ii) joint stock limited companies. The establishment, operation and management of corporate entities are governed by the Company Law. Unless the laws and regulations on foreign investment otherwise require, the Company Law applies to both domestic-invested companies and foreign-invested companies.

The establishment procedures, verification and approval procedures, registered capital requirement, and foreign exchange restriction of wholly foreign-owned enterprises are governed by the Wholly Foreign-Owned Enterprise Law of the PRC (中華人民共和國外資企業法), which was promulgated on 12 April 1986 and amended on 31 October 2000, and the Implementation Rules for the Wholly Foreign-Owned Enterprise Law (中華人民共和國外資企業法實施細則), which was promulgated on 12 December 1990 and amended on 12 April 2001.

The Catalogue for the Guidance of Foreign Investment Industries

The Catalogue has been promulgated and revised from time to time to provide guidance for the industries of foreign investment in the PRC. According to the Catalogue, industries are classified into

four categories: (i) encouraged; (ii) permitted; (iii) restricted; and (iv) prohibited. According to the Catalogue jointly promulgated by the National Development and Reform Commission and the Ministry of Commerce on 31 October 2007 and becoming effective as of 1 December 2007, travel agencies fall into the category of permitted foreign invested industries.

The Regulation on Travel Agencies and the relevant provisions

According to the Regulation on Travel Agencies (旅行社條例) promulgated by the State Council on 20 February 2009 and implemented on 1 May 2009 and the Implementation Rules for the Regulations on Travel Agencies (旅行社條例實施細則) formulated by the NTA and implemented on 3 May 2009, travel agencies may be engaged in the businesses of soliciting, organising and receiving tourists, and providing the relevant tourism services. An application for the establishment of travel agencies should meet the following conditions, among other things: (i) permanent operation premises; (ii) necessary operation facilities; and (iii) registered capital of no less than RMB300,000. A travel agency shall place a security deposit for quality (in the case of travel agencies which are engaged in the domestic tourism business and inbound tourism business, the security deposit of RMB200,000) with a designated bank within three business days from the date on which it obtains the operation licence. In addition, the Regulation on Travel Agencies also makes provision for: (i) the establishment of the branch agency; (ii) tourism contracts; (iii) the protection of tourists' interest; (iv) the engagement of tour guides; (v) tourism insurance; and (vi) government surveillance.

According to the Measures on the Examination and Approval of the Applications for Establishment of Travel Agencies in Guangdong Province by Hong Kong and Macau Service Suppliers (香港和澳門服務提供者在廣東省設立旅行社申請審批辦法) jointly promulgated by the NTA and the Ministry of Commerce on 25 December 2008 and implemented on 1 January 2009, if Hong Kong investors meet the conditions set out in CEPA, their application for the establishment of travel agencies in Guangdong province may be directly examined and approved by the Guangdong Provincial Tourism Administration and the Department of Foreign Trade and Economic Cooperation of Guangdong Province, instead of reporting to the NTA and the Ministry of Commerce.

Article 23 of the Regulation on Travel Agencies provides that foreign invested travel agencies shall not operate outbound tourism business for mainland Chinese residents and the business of visiting Hong Kong, Macau and Taiwan, unless the State Council determines otherwise or the CEPA provides otherwise. According to the Pilot Notice, formulated by the NTA and implemented on 13 April 2007, Hong Kong or Macau invested travel agencies registered in Guangdong province may apply for pilot operation of the Guangdong's registered residents' package tours to Hong Kong and Macau. According to Article 2 of the Pilot Notice, application requirements include: (i) the applicant obtained international travel agency qualification for not less than one year; (ii) the applicant has good track record of inbound tourism business operation among its peers; and (iii) there has been no material breach of laws and material service quality issues during its past operations. The application may be approved by the NTA and the approved applicant shall place a bond deposit of RMB1 million with the NTA.

The term "international travel agency" in Article 2 of the Pilot Notice refers to a travel agency operating inbound tourism business, outbound tourism business and domestic tourism business, whereas a domestic travel agency operates only domestic tourism business under the Regulation on Travel Agencies Administration (旅行社管理條例) which was implemented on 16 October 1996 and abolished on 1 May 2009 by the State Council. The Regulation on Travel Agencies abolished the definition of international travel agency and did not classify travel agencies into international travel agencies and domestic agencies. Under the Regulation on Travel Agencies, a travel agency's business scope is classified into domestic tourism business, inbound tourism business and outbound tourism business. Pursuant to Article 3 of the Implementation Rules on Travel Agencies, "inbound tourism businesses" refers to the business of soliciting, organising and receiving: (i) foreign tourists as well as Hong Kong, Macao and Taiwan tourists to the PRC; and (ii) foreigners as well as Hong Kong residents, Macau residents and Taiwanese in the PRC to travel within the mainland of China.

HISTORY AND DEVELOPMENT

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on 18 November 2009 under the name Travel Expert Enterprises (Cayman) Limited. We adopted our present name on 8 February 2010. Our Company owns 100% of TEEBVIL which in turn owns 100% of TEEL and PEIL. TEEBVIL is an investment holding company incorporated in the BVI with limited liability on 2 March 2010. TEL, a wholly-owned subsidiary of TEEL, owns some of the trademarks currently used by our Group and operates the travel consultancy business of our Group. TEBSL, a wholly-owned subsidiary of TEEL, develops the corporate sales business and a larger variety of supplier network. TEOL, a wholly-owned subsidiary of TEEL, is responsible for the Group's e-commerce development. TECL, a wholly-owned subsidiary of TEEL, develops our cruise business and provides training to our travel consultants in respect of our cruise business. PEIL is a wholly-owned subsidiary of TEEBVIL and owns our Group's registered trademarks. TMHL, a wholly-owned subsidiary of TEEL, was established to be a new brand name in our Group. CGL, a wholly-owned subsidiary of TEEL, is expected to be the property holding company in our Group.

TEL was founded in 1986 in Hong Kong. During the first few years of TEL's operations, our Group's clientele principally comprised business executives, local students who were studying abroad and customers who travelled to visit relatives living overseas. In the 1980s, local leisure travellers showed a relatively strong demand for escorted tours. TEL realised the potential in the travel industry. As such, TEL started arranging air ticket and hotel reservation services for business executives, students and independent travellers.

The beginning of the 1990s witnessed a positive economic trend in Hong Kong. The Hong Kong population had become more cultivated with a higher education level and stronger foreign language literacy. The use of the Internet at the end of the decade advanced the efficiency of information flow and facilitated the promotion of newer and a broader range of travelling ideas. FIT information became more readily available in various media including the Internet space, books and magazines. FIT became increasingly popular among the Hong Kong population who enjoyed travelling with independence and freedom at a relaxing pace instead of an itinerised journey. TEL seized the market trend and was one of the pioneers of FIT and travel consulting services in Hong Kong.

Our management team envisioned the emerging demand for independent travelling and started our operations as a small travel agent with a single office which provided hotel and air ticket reservation services. This laid the foundation for our Group to evolve its proven business model as an FIT specialist. Like many other retail travel agents, TEL experienced constraints on business development when wholesale agents were unable to fully satisfy the quantity of air tickets demanded by TEL's customers. TEL set its vision for a long-term commitment to business expansion and decided to establish agency relationships with major airlines directly at a higher cost of supply temporarily notwithstanding that TEL could have procured air tickets from wholesale agents at lower cost which would have enabled TEL to achieve a higher gross profit margin. During the next few years, TEL built up satisfactory agency relationships with major airlines directly which laid a strategic cornerstone for its future business expansion as TEL could procure air tickets in a larger quantity and at a reasonable cost of supply.

In July 1997, the Asian Financial Crisis started in Thailand with the financial collapse of the Thai baht. As the crisis spread, many Asian countries saw slumping currencies, devalued stock markets and asset prices, and a significant rise in private debt. Indonesia, South Korea and Thailand were particularly affected by the crisis. Hong Kong's economy was also adversely impacted by the slump. Our Group's business operations were then relatively smaller in size. The management team maintained a prudent and flexible approach in steering our Group through the difficult economic conditions following the crisis and were able to rely upon the hard work and cooperation of our Group's staff.

In 2000, TEL reengineered the remuneration packages for its front line staff to incentivise sales staff by calculating commission based on profitability performance. The commission reward system encouraged our front line staff to strive to provide quality services and be more proactive to provide customers with appealing travel ideas. This was a significant milestone in our roadmap to become a leading travel agency and travel consulting company in Hong Kong currently with more than 50 retail shops.

In 2003, Hong Kong reported severe acute respiratory syndrome (SARS) cases from March to June. During the height of the outbreak, schools were suspended and social activities were curtailed. As the SARS outbreak raged on in the PRC, the economic environment in the region darkened over concerns about the possible impact of SARS on China's fast-growing economy. Our Group took an aggressive approach in negotiating competitive prices with our suppliers and worked in a concerted effort with our staff throughout this difficult period. In the same year, we established a company in Wuhan, the PRC (the "Wuhan Company"), with a view to exploring business opportunities related to the travel industry in Wuhan. The Wuhan Company was principally engaged in the provision of travel information and related travel services. We chose Wuhan due to the relatively low operation cost as rental and staff costs were low there. Furthermore, we had planned to leverage on the business network of a staff who used to work in a travel agency in Wuhan.

In February 2006, a group reorganisation was conducted whereby the shareholdings of the principal operating company of the Group, TEL, and other operating companies, TEBSL, TEOL and TECL, were reorganised to be held under an investment holding company, TEEL, which in turn was wholly owned by TEHL. Before such reorganisation, Mr. Ko and Mrs. Ko held directly, or indirectly via their interests in Kowen, a majority of equity interest in TEL, TEBSL, TECL and TEOL, and Mr. Chan, Mr. Cheung, Ms. Chang and Ms. Ho also held equity interests in those companies. The shareholders of TEL, TEBSL, TECL and TEOL had a preliminary idea of preparing for the listing of the travel business operated by TEL. TEEL and TEHL were formed to be the holding companies of a group comprising principally TEL, TEBSL, TECL and TEOL to rationalise the interest amongst Mr. Ko, Mrs. Ko, Mr. Chan, Mr. Cheung, Ms. Chang and Ms. Ho taking into account their respective contribution to such group of companies.

Following the financial tsunami in 2008 and a slowdown in the global economy, Hong Kong's economy suffered a heavy blow in the latter half of 2008. The global financial markets were under exceptional stress and credit conditions were unusually tight. The management team of our Group continued to steer our Group's business with prudence and seized competitive pricing opportunities offered by suppliers to endure the crisis. In the same year, we ceased our operation in Wuhan to focus on our business in Hong Kong. The cessation of the business of the Wuhan Company was not

related to any regulatory non-compliance and the dissolution procedure was completed on 2 February 2008. As the Wuhan Company was dissolved prior to the commencement of the Reporting Period, the financial results of the Wuhan Company do not contribute to our consolidated financial statements and have not been reflected in the Accountants' Report. Our Group worked with various tourism boards to promote travel to certain countries of tourism and was appointed as one of the 'Philippines Tourism Buddies' by the Philippines Department of Tourism. In 2009, we began a joint campaign with the Korea Tourism Organisation to promote Korea travel programmes.

With 25 years of experience by 2011, our Group has become one of the leading travel agents in Hong Kong, employing over 400 staff and operating more than 50 retail shops in easily accessible locations such as shopping arcades, MTR stations, core business districts and large housing estates. In addition to our conventional service offerings in respect of FIT, we now provide a wider variety of products and services including services targeted for corporate travellers, small escorted tailor-made group tours, cruise vacations, car rental, transportation arrangements, admission tickets, travel insurances and visa processing.

MATERIAL DEVELOPMENT MILESTONES

1986	TEL was founded in Central, Hong Kong.
1988	We started using a GDS which enabled us to access the most up-to-date schedules, retrieve air and non-air information and conduct transactions.
1990	Our first branch was established in Tsim Sha Tsui, Hong Kong.
1992	TEL was accredited with IATA membership.
1993	We adopted the Chinese name 專業國際旅運有限公司 for TEL.
	We hired external training consultants to design a systematic in-house customer service training programme.
2000	We reengineered the remuneration packages by calculating commission based on profitability performance of frontline staff.
2004	We opened five more retail shops within a year.
2007	We started using SAP, an international business management system, which enabled our Group to improve our operational and management efficiency.
	We established our Kowloon flagship shop in Mongkok, Hong Kong and our New Territories flagship shop in Shatin, Hong Kong.
2009	We established our Hong Kong Island flagship shop in Central.
2010	TEBSL was accredited with IATA membership.

TEL

TEL was incorporated in Hong Kong on 20 June 1986 under the name Jumbo Resources Investment Limited and was then owned by Action Line (Nominees) Limited and Action Right (Nominees) Limited as to 50% and 50% respectively. TEL changed its name to Travel Expert Limited in May 1988 and adopted its Chinese name in June 1993.

On 27 June 1986, Action Line (Nominees) Limited transferred its share in TEL to Mrs. Ko for a consideration of HK$1.00 and Action Right (Nominees) Limited transferred its share in TEL to Ms. Leung for a consideration of HK$1.00. As a result, TEL was owned by Ms. Leung and Mrs. Ko as to 50% and 50% respectively.

On 2 July 1986, Mr. Chan, Mr. Lee, Ms. Leung and Mrs. Ko increased the paid-up share capital of TEL from HK$2 to HK$250,000 by the allotment and issue of 249,998 new shares of HK$1.00 each, resulting in Mr. Chan, Mr. Lee, Ms. Leung and Mrs. Ko holding 40%, 20%, 20% and 20% in TEL respectively.

On 31 August 1987, TEL increased its paid-up capital from HK$250,000 to HK$300,000 by the allotment and issue of 50,000 new shares of HK$1.00 each to all of its shareholders on a pro-rata basis.

On 27 January 1989, Mr. Chan, Mr. Lee and Ms. Leung transferred 40,000 shares, 35,000 shares and 35,000 shares respectively, to Mrs. Ko at a consideration of HK$40,000, HK$35,000 and HK$35,000 respectively, resulting in Mr. Chan, Mr. Lee, Ms. Leung and Mrs. Ko holding 26.7%, 8.3%, 8.3% and 56.7% in TEL respectively.

On 17 January 1990, Mrs. Ko transferred 5,000 shares in TEL to Mr. Lee at a consideration of HK$5,000 and transferred 5,000 shares in TEL to Mr. Cheung at a consideration of HK$5,000. At the same time, Mr. Chan transferred 10,000 shares in TEL to Mr. Cheung at a consideration of HK$10,000. As such, TEL was owned by Mr. Chan, Mr. Lee, Ms. Leung, Mrs. Ko and Mr. Cheung as to 23.3%, 10.0%, 8.3%, 53.4% and 5.0% respectively.

On 6 August 1990, TEL increased its paid-up capital from HK$300,000 to HK$500,000 by the allotment and issue of 200,000 new shares of HK$1.00 each to Mr. Chan as to 47,000 shares, Mr. Lee as to 20,000 shares, Ms. Leung as to 16,000 shares, Mrs. Ko as to 107,000 shares and Mr. Cheung as to 10,000 shares. As a result, Mr. Chan, Mr. Lee, Ms. Leung, Mrs. Ko and Mr. Cheung owned TEL as to 23.4%, 10.0%, 8.2%, 53.4% and 5.0% respectively.

On 15 November 1991, Mr. Lee transferred his entire equity interest in TEL to Ms. Chang at a consideration of HK$50,000. On the same date, Ms. Leung transferred her entire equity interest in TEL to Ms. Chang as to 38,000 shares at a consideration of HK$38,000 and to Mr. Chan as to 3,000 shares at a consideration of HK$3,000. At the same time, Mrs. Ko transferred her entire equity interest in TEL to Kowen as to 255,000 shares at a consideration of HK$255,000 and to Ms. Chang as to 12,000 shares at a consideration of HK$12,000, and Mr. Cheung transferred his entire equity interest in TEL to Ms. Chang at a consideration of HK$25,000. As a result, TEL was owned by Mr. Chan, Kowen and Ms. Chang as to 24.0%, 51.0% and 25.0% respectively.

On 20 May 1993, TEL increased its paid-up share capital from HK$500,000 to HK$800,000 by the allotment and issue of 300,000 new shares of HK$1.00 each to all of its shareholders on a pro-rata basis. In the same year, TEL adopted its Chinese name.

On 3 September 1996, Mr. Chan transferred 72,000 shares of TEL to Mr. Cheung at a consideration of HK$244,285.71 and 40,000 shares of TEL to Ms. Ho at a consideration of HK$135,714.29, resulting in Mr. Chan, Mr. Cheung, Kowen, Ms. Chang and Ms. Ho holding 10.0%, 9.0%, 51.0%, 25.0% and 5.0% respectively in TEL.

On 23 June 1997, TEL increased its paid-up share capital from HK$800,000 to HK$1,500,000 by the allotment and issue of 700,000 new shares of HK$1.00 each to all of its shareholders on a pro-rata basis.

On 15 June 1998, TEL increased its paid-up share capital from HK$1,500,000 to HK$2,000,000 by the allotment and issue of 500,000 new shares of HK$1.00 each to all of its shareholders on a pro-rata basis.

On 8 November 2000, TEL increased its paid-up share capital from HK$2,000,000 to HK$2,500,000 by the allotment and issue of 500,000 new shares of HK$1.00 each to all of its shareholders on a pro-rata basis.

On 18 July 2002, TEL increased its paid-up share capital from HK$2,500,000 to HK$3,000,000 by the allotment and issue of 500,000 new shares of HK$1.00 each to all of its shareholders on a pro-rata basis.

On 29 July 2004, TEL increased its paid-up share capital from HK$3,000,000 to HK$4,000,000 by the allotment and issue of 1,000,000 new shares of HK$1.00 each to all of its shareholders on a pro-rata basis.

On 29 November 2004, TEL increased its paid-up share capital from HK$4,000,000 to HK$5,000,000 by the allotment and issue of 1,000,000 new shares of HK$1.00 each to all of its shareholders on a pro-rata basis.

On 10 September 2005, TEL increased its paid-up share capital from HK$5,000,000 to HK$6,000,000 by the allotment and issue of 1,000,000 new shares of HK$1.00 each to all of its shareholders on a pro-rata basis.

On 15 February 2006, Mr. Chan transferred his entire equity interest in TEL to TEEL at a consideration of HK$1,800,000 whilst Mr. Cheung transferred his entire equity interest in TEL to TEEL at a consideration of HK$1,620,000. On the same date, Kowen transferred its entire equity interest in TEL to TEEL at a consideration of HK$9,180,000 and Ms. Chang transferred her entire equity interest in TEL to TEEL at a consideration of HK$4,500,000. At the same time, Ms. Ho transferred her entire equity interest in TEL to TEEL at a consideration of HK$900,000, of which one share was held by Mrs. Ko on trust for TEEL. As a result, TEL was then wholly-owned by TEEL with one share held by Mrs. Ko on trust for TEEL.

On 11 May 2006, TEL increased its paid-up share capital from HK$6,000,000 to HK$7,000,000 by the allotment and issue of 1,000,000 new shares of HK$1.00 each to TEEL.

On 28 December 2006, TEL increased its paid-up share capital from HK$7,000,000 to HK$9,000,000 by the allotment and issue of 2,000,000 new shares of HK$1.00 each to TEEL.

On 16 October 2007, TEL increased its paid-up share capital from HK$9,000,000 to HK$11,000,000 by the allotment and issue of 2,000,000 new shares of HK$1.00 each to TEEL.

On 20 July 2010, TEL increased its paid-up share capital from HK$11,000,000 to HK$13,000,000 by the allotment and issue of 2,000,000 new shares of HK$1.00 each to TEEL.

On 17 June 2011, TEL increased its paid-up share capital from HK$13,000,000 to HK$15,500,000 by the allotment and issue of 2,500,000 new shares of HK$1.00 each to TEEL. As at the Latest Practicable Date, TEL was wholly-owned by TEEL, of which one share was held by Mrs. Ko on trust for TEEL.

TEHL

TEHL was incorporated in Hong Kong on 6 January 2006 under the name T.E. (Holdings) Limited and was then wholly-owned by Kowen. On 22 July 2008, it adopted its Chinese name, 尊業(集團)有限公司 which was subsequently removed on 10 March 2011.

On 15 February 2006, TEHL increased its paid-up share capital from HK$1 to HK$10,000 by the allotment and issue of 9,999 new shares of HK$1.00 each to Kowen as to 5,250 shares, Ms. Chang as to 2,574 shares, Mr. Chan as to 734 shares, Mr. Cheung as to 927 shares and Ms. Ho as to 514 shares. As a result, TEHL was held by Kowen, Ms. Chang, Mr. Chan, Mr. Cheung and Ms. Ho as to 52.51%, 25.74%, 7.34%, 9.27% and 5.14% respectively.

On 28 June 2006, TEHL increased its paid-up share capital from HK$10,000 to HK$24,556 by the allotment and issue of 14,556 new shares of HK$1.00 each to Kowen as to 7,644 shares, Ms. Chang as to 3,747 shares, Mr. Chan as to 1,066 shares, Mr. Cheung as to 1,349 shares and Ms. Ho as to 750 shares. As a result, TEHL was held by Kowen, Ms. Chang, Mr. Chan, Mr. Cheung and Ms. Ho as to 52.51%, 25.74%, 7.33%, 9.27% and 5.15% respectively.

On 30 March 2007, TEHL increased its paid-up share capital from HK$24,556 to HK$24,556,410 by the allotment and issue of 24,531,854 new shares of HK$1.00 each to all its shareholders on a pro-rata basis.

On 27 November 2009, Ms. Chang as the vendor; Kowen as the purchaser; and Mr. Ko and Mrs. Ko as the guarantors entered into the SP Agreement for the sale and purchase of 6,321,225 shares of TEHL, pursuant to which Ms. Chang transferred her entire equity interest in TEHL to Kowen for a consideration of HK$20,000,000 resulting in Kowen holding 78.25% of the paid-up share capital of TEHL. According to the SP Agreement, Kowen undertook among other things to cause our Company to issue to Ms. Chang on or before 31 December 2010, such number of Shares equivalent to 4% shareholding in our Company upon completion of the Listing. Failing which, Kowen shall pay to Ms. Chang an additional sum of HK$10,000,000. Subsequently, Kowen paid the additional sum of HK$10,000,000 and on 1 November 2010, the parties entered into a supplemental agreement to the SP Agreement, pursuant to which, among other things, Kowen's undertaking to Ms. Chang relating to the issuing of shares equivalent to 4% shareholding in our Company was deleted and became null and void and of no effect.

On 23 December 2009, Mr. Chan transferred 1,227,821 shares in TEHL to Kowen for a consideration of HK$6,557,962.95, Mr. Cheung transferred 1,227,821 shares in TEHL to Kowen for a consideration of HK$7,127,228.95 and Ms. Ho transferred 736,693 shares in TEHL to Kowen for a consideration of HK$4,367,854.13. As a result, TEHL was held by Kowen, Mr. Chan, Mr. Cheung and Ms. Ho as to 91.25%, 2.33%, 4.27% and 2.15% respectively.

Pursuant to the Reorganisation, TEHL, Evergood, Wealth Asia and CCIL, being investment companies holding investments in real properties which our Group rents to use as office and shops, were transferred out of our Group.

TEEL

TEEL was incorporated in Hong Kong on 6 January 2006 and was then wholly owned by Mrs. Ko. On 15 February 2006, Mrs. Ko transferred her share in TEEL to TEHL for a consideration of HK$1.00, resulting in TEEL being wholly owned by TEHL. Pursuant to the Reorganisation, TEHL transferred its entire equity interest in TEEL to TEEBVIL. In consideration of the foregoing, the Company allotted and issued 575 Shares, 8,821 Shares, 314 Shares and 289 Shares to Mr. Cheung, Kowen, Mr. Chan and Ms. Ho respectively representing approximately 5.75%, 88.22%, 3.14% and 2.89% interests in the Company respectively. RTA has granted its approval in principle in relation to such change of shareholder/control of TEEL. Such shareholding in TEEL has remained unchanged as at the Latest Practicable Date.

TEBSL

TEBSL was incorporated in Hong Kong on 24 March 1994. Kowen and C&H were the founding shareholders and owned TEBSL as to 50% and 50% respectively. TEBSL's original name was Colvin & Horne (HK) Limited which was changed to Travel Free Holidays Limited on 24 July 2002 and then changed to its present name on 13 June 2008.

On 5 December 2003, the paid-up share capital of TEBSL was increased from HK$2 to HK$90 by the allotment and issue of 88 new shares of HK$1.00 each; to Kowen as to 49 shares, to Ms. Chang as to 25 shares, to Mr. Cheung as to 9 shares and to Ms. Ho as to 5 shares. TEBSL was then owned by Kowen, Ms. Chang, Mr. Cheung, Ms. Ho and C&H as to 55.56%, 27.78%, 10.00%, 5.56% and 1.10% respectively. On 15 February 2006, Kowen, Ms. Chang, Mr. Cheung and Ms. Ho transferred their entire equity interests in TEBSL to TEEL for a consideration of HK$50, HK$25, HK$9 and HK$5 respectively. On the same date, C&H transferred its entire equity interest in TEBSL to Mrs. Ko for a consideration of HK$1.00, which was held by Mrs. Ko in trust for TEEL. On 24 August 2006, the paid-up share capital of TEBSL was increased from HK$90 to HK$500,000 by the allotment and issue of 499,910 new shares of HK$1.00 each to TEEL. As at the Latest Practicable Date, TEBSL was wholly-owned by TEEL, of which one share was held by Mrs. Ko in trust for TEEL.

TEOL

TEOL was incorporated in Hong Kong on 4 July 1989. Realty Dragon Limited and Onglory Company Limited, both independent third parties, were the founding shareholders. TEOL's original name was Hinlen Industrial Limited which was changed to T. Expert Properties Limited on 23 July 1996 and then changed to T. Expert Agency Limited on 19 June 2002. Its present name was adopted on 30 April 2010. On 30 August 1989, the paid-up share capital of TEOL was increased from HK$2 to HK$10,000 by the allotment and issue of 9,998 new shares of HK$1.00 each to Ms. Dorothy Catherine Olaes as to 4,999 shares and to Mr. Cheung as to 4,999 shares. Ms. Dorothy Catherine Olaes held the said shares in trust for Mr. Ko. TEOL was then owned by Realty Dragon Limited, Onglory Company Limited, Ms. Dorothy Catherine Olaes (in trust for Mr. Ko) and Mr. Cheung as to 0.01%, 0.01%, 49.99% and 49.99% respectively. Ms. Dorothy Catherine Olaes was an employee of Michael Tsoi & Co., Certified Public Accountants which handled the incorporation of TEOL. She was a nominee shareholder and did not hold any position in TEOL. Ms. Dorothy Catherine Olaes held the shares in TEOL as trustee for Mr. Ko.

On 1 September 1989, Realty Dragon Limited and Onglory Company Limited each transferred its respective equity interest in TEOL to Mr. Cheung and Ms. Dorothy Catherine Olaes respectively for a consideration of HK$1.00 each. As a result, TEOL was owned by Ms. Dorothy Catherine Olaes (in trust for Mr. Ko) and Mr. Cheung as to 50.0% and 50.0% respectively.

In February 1990, Ms. Dorothy Catherine Olaes transferred her entire equity interest in TEOL to Ms. Chang as to 4,900 shares and to TEL as to 100 shares at a consideration of HK$4,900 and HK$100 respectively. At the same time, Mr. Cheung transferred his entire equity interest in TEOL to TEL at a consideration of HK$5,000. As a result, TEOL was owned by TEL and Ms. Chang (in their own capacities as shareholders and not in trust for Mrs. Ko) as to 51% and 49% respectively.

According to the audited financial statements of TEOL for the period from 1 April 1993 to 31 March 2006, TEOL was dormant with Ms. Chang and Mrs. Ko as its directors during the aforesaid period.

On 15 February 2006, TEL transferred its entire equity interest in TEOL to TEEL for a consideration of HK$5,100 and Ms. Chang transferred her entire equity interest in TEOL to TEEL for a consideration of HK$4,900, of which one share was held by Mrs. Ko in trust for TEEL. As a result, TEOL was wholly owned by TEEL with one share held by Mrs. Ko in trust for TEEL. On 14 May 2010, TEOL increased its paid up share capital from HK$10,000 to HK$500,000 by the allotment and issue of 490,000 new shares of HK$1.00 each to TEEL. As at the Latest Practicable Date, TEOL was wholly-owned by TEEL, of which one share was held by Mrs. Ko in trust for TEEL.

TECL

TECL was incorporated in Hong Kong on 13 October 1999. Gateway Registrations Limited and Fortune Corporate Services Limited were the founding shareholders. TECL's original name was Charm Victory Investment Limited which was changed to Travel E. Agency Limited on 8 September 2004 and then changed to its present name on 30 April 2010. On 21 December 1999, Gateway Registrations Limited transferred its share in TECL to Mr. Chiu Sun Ting for a consideration of HK$1.00 whilst Fortune Corporate Services Limited transferred its share in TECL to Mr. Ko for a consideration of HK$1.00. As a result, TECL was owned by Mr. Chiu Sun Ting and Mr. Ko as to 50% and 50% respectively.

On 11 October 2004, TECL increased its paid-up share capital from HK$2 to HK$10 by the allotment and issue of 8 new shares of HK$1.00 each to Travel Expert (Holdings) Limited, resulting in Travel Expert (Holdings) Limited, Mr. Chiu Sun Ting and Mr. Ko holding 80%, 10% and 10% of TECL respectively. Travel Expert (Holdings) Limited, which subsequently changed its name to DKIC 1234 Limited on 15 October 2009, was owned by Mr. Ko and Kowen as to 50% each. DKIC 1234 Limited was dissolved on 24 December 2010.

On 28 February 2005, each of Mr. Chiu Sun Ting and Mr. Ko transferred their shares in TECL to Travel Expert (Holdings) Limited at a consideration of HK$1.00 each resulting in TECL being wholly owned by Travel Expert (Holdings) Limited.

On 15 February 2006, Travel Expert (Holdings) Limited transferred its entire equity interest in TECL to TEEL, of which one share was held by Mrs. Ko in trust for TEEL, at a consideration of HK$10. As such, TECL was wholly owned by TEEL with one share held by Mrs. Ko in trust for TEEL. As a result of our Group's expansion and development of our cruise travel business, our Group set up a cruise centre at Central in December 2009. On 14 May 2010, TECL increased its paid-up share capital from HK$10 to HK$500,000 by the allotment and issue of 499,990 new shares of HK$1.00 each to TEEL. On 20 January 2011, TECL increased its paid-up share capital from HK$500,000 to HK$1,000,000 by the allotment and issue of 500,000 new shares of HK$1.00 each to TEEL. As at the Latest Practicable Date, TECL was wholly owned by TEEL, of which one share was held by Mrs. Ko in trust for TEEL.

A group reorganisation was conducted in February 2006 whereby the shareholdings of the principal operating company of the Group, TEL, and other operating companies, TEBSL, TEOL and TECL, were reorganised to be held under an investment holding company, TEEL, which in turn was wholly owned by TEHL. Before such reorganisation, Mr. Ko and Mrs. Ko held directly, or indirectly via their interests in Kowen, a majority equity interest in TEL, TEBSL, TECL and TEOL, and Mr. Chan, Mr. Cheung, Ms. Chang and Ms. Ho also held equity interests in those companies. TEEL and TEHL were formed to be the holding companies of a group comprising principally TEL, TEBSL, TECL and TEOL to rationalise the interest amongst Mr. Ko and Mrs. Ko, Mr. Chan, Mr. Cheung, Ms. Chang and Ms. Ho taking into account their respective contribution to such group of companies.

PEIL

PEIL was incorporated in Hong Kong on 5 August 2010 under the name Power Empire Investments Limited and was wholly owned by Fernside Limited. On 24 September 2010, Fernside Limited transferred its share in PEIL to TEEL for a consideration of HK$1.00. Pursuant to the Reorganisation, on 30 March 2011 TEEL transferred its share in PEIL to TEEBVIL for a consideration of HK$1.00. PEIL has been set up to hold our Group's registered trademarks. As at the Latest Practicable Date, PEIL was wholly owned by TEEBVIL.

TMHL

TMHL was incorporated in Hong Kong on 21 September 2010 and 500,000 shares of HK$1.00 each of TMHL were allotted and issued to TEEL as founder member. TMHL was wholly owned by TEEL as at the Latest Practicable Date. TMHL has been set up as a new brand name in our Group.

CGL

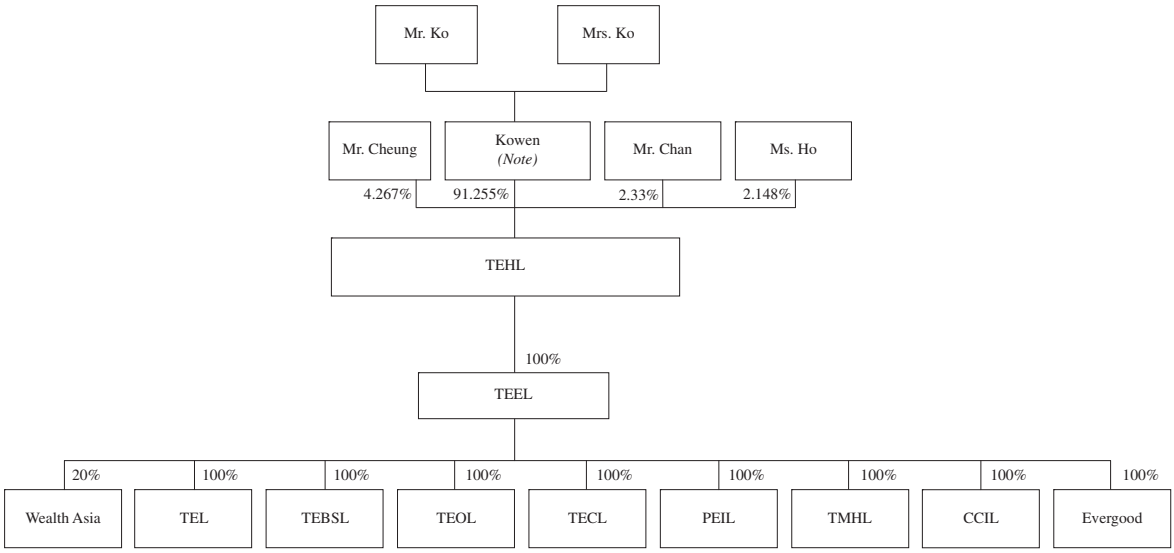
CGL was incorporated in Hong Kong on 27 January 2011 and was wholly owned by Ready-Made Incorporations Limited. On 8 April 2011, Ready-Made Incorporations Limited transferred its share in CGL to TEEL for a consideration of HK$1.00. CGL has been set up to be the property holding comapny in our Group. As at the Latest Practicable Date, CGL was wholly owned by TEEL.

As at the Latest Practicable Date, TEL, TEBSL, and TECL were travel agents licensed with the RTA under licence numbers 350709, 353211 and 353495 respectively.

We have been advised by our Hong Kong Legal Adviser that we have obtained all requisite permits and licences from the relevant authorities to legitimately conduct our businesses and operations in Hong Kong and all such permits and licences continued to be valid as at the Latest Practicable Date.

CORPORATE STRUCTURE

The following chart shows the corporate structure of TEEL and its associated companies immediately before the Reorganisation, the Share Offer and the Capitalisation Issue.



Note: Kowen is owned as to approximately 40% by Mrs. Ko and approximately 60% by Mr. Ko, both of whom are our Controlling Shareholders and executive Directors.

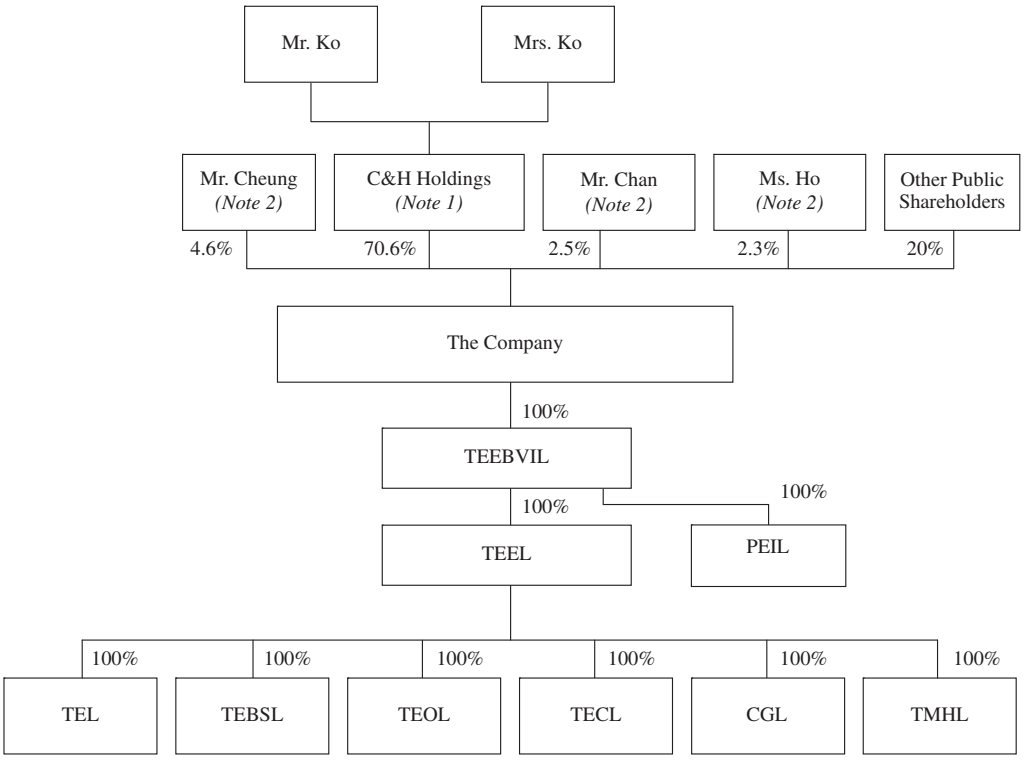
Pursuant to the Reorganisation, TEEL and its subsidiaries which are engaged in the travel related business owned by TEHL were transferred to the Company. Pursuant to the Reorganisation, TEHL, Evergood, Wealth Asia and CCIL, holding investments in real properties which our Group rents as office and shops, are excluded from our Group. The Reorganisation included, among other things, the following steps:

1. TEHL acquired 100% of the issued shares in Evergood from TEEL at a consideration equal to Evergood's net asset value. After that, Evergood acquired 20% of the issued shares in Wealth Asia from TEEL at a consideration equal to 20% of the latter's net assets value.

2. Mr. Cheung, Colvin & Horne Assets Management Limited, Mr. Chan and Ms. Ho acquired 5.75%, 88.22%, 3.14% and 2.89% of the issued shares in CCIL from TEEL at a consideration equal to CCIL's pro rata net asset value. Colvin & Horne Assets Management Limited was at the date of transfer wholly owned by Mr. Kelvin Ko.

3. TEHL and TEEBVIL entered into a share swap agreement for the transfer of 100% of the issued shares in TEEL from TEHL to TEEBVIL. The Company allotted and issued 575 Shares, 8,821 Shares, 314 Shares and 289 Shares, credited and fully paid, to Mr. Cheung, C&H Holdings, Mr. Chan and Ms. Ho respectively representing approximately 5.75%, 88.22%, 3.14% and 2.89% interests in the Company respectively as consideration for such transfer.

The following chart shows the corporate structure of our Group immediately after completion of the Reorganisation, the Share Offer and the Capitalisation Issue (but without taking into account the Shares to be allotted and issued upon the exercise of any options granted under the Pre-IPO Share Option Scheme and any options which may be granted under the Share Option Scheme or any allotment and issue and/or repurchase of Shares by our Company under the general mandates as referred to in the paragraph headed "Resolutions of the Shareholders" in appendix V to this prospectus).



Notes:

1. C&H Holdings is owned as to 40% by Mrs. Ko and 60% by Mr. Ko, both are our Controlling Shareholders and executive Directors.

2. Mr. Cheung, Mr. Chan and Ms. Ho are not connected persons of the Company for the purpose of Rule 8.24 of the Listing Rules and are treated as members of the public for the purpose of satisfying the minimum public float requirement under the Listing Rules.

DESCRIPTION OF BUSINESS

Introduction

We are one of the long-established travel agents and travel consulting companies in Hong Kong. It is our corporate mission to provide our customers with personalised advice and professional services to meet their holiday and travelling requirements. We are committed to the provision of high quality services to our customers and our mission statement is "Exceeding Customer Expectation Sets Us Apart".

We consider ourselves as a one-stop travel management and services group offering a wide range of travel packages, products and services. Our services principally include the provision of FIT packages which include any one or more of airline ticketing, outbound air-plus-hotel holiday packages, cruise holidays, other transportation arrangements in respect of outbound travelling including car rentals and bookings for ferries, buses, trains, and airport express, hotel and accommodation bookings, and escorted tours bookings. Our services in respect of local travelling include theme parks ticketing and other entertainment, leisure and incidental activities bookings. We also provide other travel related services such as visa processing and travel insurance processing. We focus on the FIT market and position ourselves as a FIT specialty travel agent. FIT refers to "frequent individual traveller", which generally means an individual or a small group of travellers who plan their own travel itinerary instead of purchasing packaged holidays or tour packages through tour operators or tour agents. The components of the itinerary may resemble a package, but the itinerary is custom-built for the traveller. FIT packages, comprising air-plus-hotel booking, flights only booking and hotel only booking, are non-tour travel solutions, in contrast with traditional packaged holidays which include a travel itinerary, tour guides, pre-arranged group meals, designated travel dates, transportation and accommodation.

Our outbound air-plus-hotel holiday packages can be categorised into tailor-made packages and preset packages including airline packages and wholesale packages. We develop our own packages by incorporating into a holiday package, travel arrangements such as air tickets and ferry tickets, hotel accommodation, featured activities such as golfing and spa treatments and related services such as airport pick-up and transfer. We also customise packages according to the specifications prescribed by our customers.

Airline packages are in-house travel products of airlines which combine a choice of selected hotels for particular destinations with the airlines' own flights. Examples of airline packages suppliers include Cathay Holidays Limited and Dragonair Holidays. Wholesale packages are designed and sold by wholesale agents to retail agents. We act as a retail distributor for airline and wholesale packages. We have been appointed as one of the preferred sales agents of Cathay Holidays Limited, Charming Holidays, Jetour, Club Med and Satellite Travel, all of which are major four operators in Hong Kong.

Our marketing slogan in Chinese is "自由自在去旅行，專業旅運自由行", which expresses our commitment in helping our customers to enjoy independence and freedom when travelling on our FIT packages. We believe that non-escorted, customised trips are best suited to our targeted customers' travelling needs. Our customers enjoy the flexibility, independence and freedom of non-escorted travel. Travellers are simply not satisfied with the standard tour sights, but want and desire the fun, adventure and experience gained from their customised journeys.

Retail sales is one of our key business strengths. As at the Latest Practicable Date, we employed a total of 360 sales staff working at more than 50 retail shops located in different areas in Hong Kong, including outlets located in MTR stations, shopping malls and high streets with excellent pedestrian traffic and visibility.

We have established good relationships with many major airlines operating in Hong Kong and we are able to reliably secure seats and obtain air tickets directly from those airlines.

TEL and TEBSL are IATA accredited agents. Only IATA accredited agents are allowed to represent the member airlines of IATA to sell international air passenger ticketing. IATA is the administrator of the IATA Passenger Agency Programme which is a global programme designed to facilitate the secure distribution and sale of air tickets through a network of reliable accredited sales channels. To maintain our IATA accreditation we have to satisfy certain criteria and qualifications including maintaining the facilities to issue travel tickets through the use of an approved electronic ticketing system, and meeting IATA training and qualification standards. These criteria and qualification are set out in detail under the paragraph headed "IATA accreditation" of this section.

Usually, we do not keep a stock of travel related products on hand. Apart from Airport Express tickets, Ocean Park tickets and Hong Kong Disneyland Park tickets, we do not purchase package holidays, air tickets, hotel accommodation or other travel related products from our suppliers unless an order has been placed by a customer with us.

Pricing policy

Our Group uses a cost-plus model in the pricing of our packages. Our Group's travel consultants are provided with information on the costs of the relevant travel products and a list of recommended sales margin amounts which is prepared, and reviewed from time to time, by the management of our Group having considered (among other things) the prevailing market conditions and prices of competitors. For customers who purchase preset travel packages with specified travel products and quoted prices as set out in our Group's printed flyers or similar marketing materials, the gross sales proceeds payable by our Group's customers are based on such quoted prices subject to the terms and conditions referred to in the flyers. For customers who purchase tailor-made packages according to their specific requirements, our Group's travel consultants are responsible for determining the total gross sales proceeds payable by the customers on the transaction based on factors such as the costs of relevant travel products, our Group's recommended sales margin amounts in respect of the travel products and other marketing considerations including the business relationship and future business potential with the customers. Our Group monitors the gross margin of the transaction as a whole. The gross sales proceeds and the gross margins are not segregated into the underlying travel products in each transaction. Our Group's booking system controls the gross margin percentage of all transactions within a pre-approved range as determined by the management of our Group. Sales transactions with gross margin percentages which are outside the pre-approved range can only be completed subject to the prior approval of the counter manager at the branch concerned.

The sales price of tailor-made packages is subject to certain discretion by our Group's travel consultants. Our Group's travel consultants are motivated to maximise the gross margin as our Group's travel consultants' remuneration packages also include an incentive scheme whereby commission will be calculated based on each travel consultant's profitability performance. In order to keep the pricing competitive, our Group's travel consultants would try all possible means to identify the most economical supply of travel products to maximise the gross margin of the transactions.

In cases where we provide travel related services other than the sale of travel packages, for example visa processing and certain ticketing services, we may charge our customers service fees. The amount of these service fees are based on the directives issued by TIC from time to time. As detailed in the "Government regulations, licences and permits" section of this prospectus, as at the Latest Practicable Date, we are guided by TIC's Directives No. 75, 112, 140 and 190 in respect of the amount of service fees we may charge for each specified service. Save for Directive No. 190 which represents a general guideline, the service fees stipulated by TIC in the other directives are mandatory requirements. During the Reporting Period and as at the Latest Practicable Date, our travel consultants are allowed the discretion to waive part or all of the service fees on a case by case basis having considered the business relationship and future business potential with the customers. Save as disclosed in the following table, the maximum amount of service fees charged to our customers does not normally exceed the amount stipulated in TIC's Directives No. 75, 112, 140 and 190.

		Recommended service fee under TIC's Directive No. 190 (effective 1 November 2010)	**Service fee charged by our Group (as at 31 July 2011)**
1.	Provision of ticketing services		
	a. Processing and handling of partial ticket refunds	HK$250 per ticket or transaction (whichever is applicable)	HK$0 to HK$2,000 per ticket
	b. Issuing of zero-commission or low-cost-carrier air tickets		The higher of HK$250 per ticket and 5% of the face value of the ticket
2.	Processing and handling of visa applications	HK$200 per visa	HK$200 to HK$500 per visa
3.	Processing and handling of urgent visa applications or provision of other passport-related services (passport renewal, student/employment passes, etc.)	HK$400 per visa	HK$400 to HK$800 per visa

PRODUCTS AND SERVICES

Leisure travel (retail)

Retail sales are the primary focus of our Group. As at the Latest Practicable Date, we operate more than 50 retail shops across Hong Kong, including our flagship stores in Central, Mongkok and Shatin, and our cruise centre in Central. Approximately 92.8%, 93.0% and 94.5% of our gross sales proceeds were generated from retail sales for the years ended 31 March 2009, 2010 and 2011 respectively.

In addition to our retail shops, our official website also serves as a selling platform and provides information to our customers. We have recently made available an instant ordering function electronically via the Internet to suit the needs of contemporary technology-savvy users. This online reservation platform is supported by our travel consultants who call potential customers in response to their electronic enquiries for follow up service and feedback. We believe that such inclusion of a customer focused and "human interaction" component enhances our service quality and helps differentiate us from our competitors. In addition, there is a live chat feature on the website, where customers can communicate with our travel consultants real-time electronically. Additionally, we also utilise electronic social media (such as Facebook) as a publicity and communication platform.

We place considerable emphasis on developing new packages in three major themes: ecology packages, adventure packages, and modern China packages.

Ecology packages include locations that are renowned for environmental exploration and which enable travellers to experience life in a pristine and natural form. Packages to these destinations of natural beauty may feature optional tours to natural attractions or activities such as island hopping, hiking, bird-watching, etc.

Adventure packages are designed for customers who would like to travel to destinations that involve substantial real life experiences like staying in "minshuku", hostels, farms and cottages. We are devoted to introducing packages and optional tours that involve unique experiences. Farm-stay packages, minshuku-stay packages, dolphin-feeding tours, white water rafting tours, mountain climbing tours and glider-riding tours are all elements of our adventure packages.

We have developed packages with the aim of promoting vacationing in Mainland China. Some examples are Banyan Tree packages to Lijiang and Shangri La, ski trips in Harbin, river cruises along the Yangtze River, beach and golfing tours to Hainan Island and trips to western China (for example: Kashgar and Urumqi).

Contemplating the potential growth in the fledgling cruise market, our new cruise centre commenced operations in December 2009, providing an additional product for our retail customers to choose from. As at the Latest Practicable Date, our Group was the preferred sales agent of MSC Cruises, Norwegian Cruise Line, Star Cruises, Royal Caribbean International, Celebrity Cruises, Azamara Club Cruises, Cunard Line and Princess Cruises; the selected partner of Cruise Sensations for Uniworld River Cruises and Disney Cruise Line; and the sales agent of Holland America Line and Carnival Cruise Lines. We understand that travel agents who have strong sales network and reputation

may be invited by the cruise line operators to become their respective preferred sales agent. We are of the view that being a preferred sales agent is relatively important as a preferred sales agent would normally be offered higher incentive reward by the cruise line operators as compared to that of a normal agent.

We can arrange pre-cruise and post-cruise air-plus-hotel packages to enable our customers to enjoy a short trip before they board the cruise and/or after docking. We can also arrange land tours for our customers when the cruise docks at the designated ports.

Corporate travel

During the Reporting Period, business travel has been the secondary focus of our Group. We had about 221, 217, 196 corporate customers as at 31 March 2009, 2010 and 2011 respectively, of which more than 90% are recurring customers. We have had more than three years of relationship with our corporate customers and the number of transactions which they book through our Group averages to more than 30 during each of the three years ended 31 March 2011. Our corporate sales accounted for approximately 7.2%, 7.0% and 5.5% of our Group's gross sales proceeds for the years ended 31 March 2009, 2010 and 2011 respectively. The number of corporate customers and their contribution to our Group's gross sales proceeds declined during the Reporting Period as we focused our resources to develop our retail sales network.

Our Directors consider that the development of the corporate sales segment would strengthen our Group's revenue base. Accordingly, we have set up a business services team. The members of this team are well experienced and skilled in their area of expertise. They are provided with on-going training and regular travel information updates. We expect our business services team to be capable of providing fully integrated travel services to our corporate clients.

Our Directors expect that development of the corporate sales segment will not only increase our Group's revenue but may also more than proportionally increase our Group's incentive income. As explained under the heading "GDS" in this section of this prospectus, we earn incentive income from our GDS providers and the amount of incentive income is calculated based on the number of air ticket segments booked through our Group with the GDS. We also earn incentive income from airlines and hotel operators and the amount of incentive income is generally calculated with reference to the amount and/or volume of sales transactions booked through our Group with the relevant travel suppliers. The incentive systems are functional on progressive rates which means that a higher percentage of incentive (subject to certain maximum percentage) may be payable to us as the sales and/or volume turnover increases to the next higher sales and/or volume turnover band booked through our Group. Any increase in the scale of our sales and/or volume turnover would contribute to maximising the incentive income rates receivable by our Group.

COMPETITIVE ADVANTAGES

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

We are one of the long-established travel agents and travel consulting companies in Hong Kong. We position ourselves as an FIT specialty travel agent providing customers with high quality travel information and facilitating all necessary bookings for their customised itineraries conveniently and efficiently at one stop. The retail travel agency business is the core market of our business. We believe that our high visibility and established brand name are important factors which have enabled us to stand out from our competitors.

TEL, the principal subsidiary of our Company, was incorporated in Hong Kong in 1986 and commenced operations in the same year. Since commencing operations in 1986, we have established ourselves as a popular brand in the travel industry in Hong Kong and we intend to remain strongly rooted in Hong Kong. We have been one of the pioneers in the development of air-plus-hotel outbound packages in Hong Kong, which enables our customers to enjoy the pleasure of out-bound travelling with customised itineraries and budgets.

TEL possesses 25 years of travel industry experience in Hong Kong by 2011, and as such, we consider that we have an in-depth understanding of the travel industry which gives us a competitive advantage over less experienced competitors. TEL has developed its business through economic booms and downturns, like the latest global economic turmoil, the Asia financial crisis, the SARS outbreak and the swine flu outbreak. TEL believes that it is well-placed to weather any future economic storms and to grow its business in the coming years.

The Directors consider that around twenty years ago, Hong Kong residents were still rather conservative about travelling abroad. At that time, TEL spotted the potential in the Hong Kong travel industry given its proximity to other destination (eg: Mainland China, Singapore and Taiwan). Our Group started arranging tickets and hotel reservation services for independent travellers, laying the foundation for our business to evolve into its proven model as it is today. Steadfast in achieving our goal of becoming a travel service expert, our Group serves customers who place high demand on the quality of their travel experience and want to make their own decisions about their tours. Our management believes that independent travel is attractive because it gives consumers freedom to choose their own carriers, travelling schedules, accommodation, transportation mode, sights to visit and cost, making it suitable for people with different preferences and budgets.

We expensed approximately HK$9,053,000, HK$10,781,000 and HK$12,105,000 in advertising and promotion for each of the years ended 31 March 2009, 2010 and 2011 respectively. We have advertised on TVB, the dominant free-to-air television broadcasting company in Hong Kong. Our television advertisements have featured a local artiste, Mr. Wong Cho Lam (王祖藍), and we have sponsored various television programmes on TVB, such as "Scoop" (東張西望), "Born Rich" (富貴門), "The Seventh Day" (最美麗的第七天), "Hot Shot" (籃球火), "Last Paradise" (現代塵世美), "Season of Love" (愛的季節) and "Something about Love" (你們我們他們).

We have an extensive distribution network in Hong Kong

We have more than 50 retail shops situated all over Hong Kong. We believe by locating our branches at the busier streets, high density residential areas, MTR stations and even satellite towns, the accessibility of our outlets is superior to our competitors. In addition, a number of our retail shops open 365 days a year to serve our customers' travel needs. We seek to gain greater access into the community and introduce a travel convenience store experience to our customers.

With our sales network spanning Hong Kong Island, Kowloon and the New Territories, we are capable of offering our customers convenient, professional and specialised services, which are consistent with our service commitment of "We do the best in delivering the most comprehensive services to you" ("更全面旅遊服務, 我哋為您做得到!").

We have explored the development of our distribution network through the Internet. Promoting our services through this vast public platform helps to effectively spread our product information to all walks of life efficiently, thereby allowing us to seize additional market opportunities. Additionally, the word-of-mouth positive service experience among our consumers is also a powerful marketing tool that we focus upon. Our sales team is committed to providing quality services that encourage customer loyalty and thus generating a positive image about our Group in the market place.

Our Directors believe serving customers with "professionalism" is the best way to win their support and trust over time. Our dedication to providing professional services is also the philosophy underscoring our Group's operations over the years.

The number of travellers we serviced increased from approximately 235,000 headcounts for the year ended 31 March 2009 to approximately 270,000 headcounts for the year ended 31 March 2010 and then to approximately 320,000 headcounts for the year ended 31 March 2011. We believe that the increasing trend was partly a result of the increase in our number of retail shops and consumer recognition of our brand name and services.

Our management and staff provide quality services and understand the market and customers' needs

Our business is highly service-oriented. It is our corporate mission to provide our customers with the best travel experience. At our outlets, our professional consultants are capable of putting together a personalised itinerary for every customer. We ensure our customers are provided with all necessary information and are provided with information in respect of various value-added travel options as well. We are committed to being a FIT specialty travel agent who constantly aims to exceed customers' expectation.

Our management team, including Mr. Ko and Mrs. Ko (who have been working in the travel industry for over 10 years and over 25 years respectively) has extensive experience and in-depth knowledge of the travel industry and market. Our management team is responsible for the implementation of our strategic goals and policies, with the essential support of our dedicated staff. We were one of the first companies in Hong Kong to promote, design and sell FIT packages which can be customised based on the specific requirements of our customers.

Our business is customer-oriented. To help us understand our customers' needs by various means, we launched a live chat service on our website in 2010. Our customers can send their queries electronically via our Internet live chat service. Our travel consultants are available to answer queries real-time. Our Directors are of the view that the live chat service allows our customers to conveniently communicate with our travel consultants who should provide them with relevant and timely response on travel related information.

Our travel consultants, supported by our Product Development Division, are provided with the most up-to-date travel related information including destination information and carrier policies via our Intranet system. This facilitates our travel consultants to provide quality information to assist our customers in deciding their travel plans.

We believe that such initiatives help us to differentiate ourselves from our competitors and enable us to maintain a competitive edge in a highly competitive market.

We have established excellent business relationships with airlines

Instead of only relying on wholesale agents authorised by airline operators to supply us with air tickets, we have established direct sale and purchase relationships with the major airlines, including Cathay Pacific Airways, Hong Kong Dragon Airlines, Hongkong Airlines, American Airlines, Eva Airways, Air China, China Southern Airlines, Continental Airlines, Delta Air Lines, Emirates Airlines, Korean Air, Malaysia Airlines, China Eastern Airlines, Air New Zealand, Orient Thai Airlines, Asiana Airlines, Bangkok Airways, Philippine Airlines, Qantas Airways, SriLankan Airlines, Vietnam Airlines, Jet Airways, British Airways, Thai Airways and Lufthansa. We believe that this provides us with a competitive cost advantage against those travel agents which only rely on wholesale agents authorised by airline operators to supply them. Most of the major airlines also provide us with block seats in advance from time to time which enables us to develop good value travel packages and to complete sales of travel packages or air tickets more efficiently as we have a higher degree of control over the quantity and pricing of seats available to us on the designated flights.

We earn incentive income from airlines and the amount of incentive income is generally calculated with reference to the amount of sales transactions booked through our Group with the airlines. The incentive system is functional on progressive rates which means that a higher percentage of incentive (subject to certain maximum percentage) may be payable to us as the sales and/or volume turnover increases to the next higher sales and/or volume turnover band booked through our Group. Any increase in the scale of our sales and/or volume turnover would contribute to maximising the incentive income rates.

We have established excellent long-term business relationships with hotels and land agents

We have established business relationships with many hotels and land agents located in various popular travel destinations. Accordingly, most of these hotels and land agents offer credit terms and competitive rates to us. These hotels and land agents also provide us with allotments from time to time which has enabled us to establish a niche in designing travel packages of good value and completing sales of travel packages or hotel bookings more efficiently as we have a higher degree of control over the quantity and pricing of hotel room nights available to us subject to the allotment arrangement.

We earn incentive income from certain hotels and land agents, and the amount of incentive income is generally calculated with reference to the amount and/or volume of sales transactions booked through our Group with the hotels and the land agents. The incentive system is functional on progressive rates which means that a higher percentage of incentive (subject to certain maximum percentage) may be payable to us as the sales and/or volume turnover increases to the next higher sales and/or volume turnover band booked through our Group. Any increase in the scale of our sales and/or volume turnover would contribute to maximising the incentive income rates receivable by our Group.

We have established good strategic relationships with tourism boards

We nurture and develop strategic relationships with tourism boards of destinations popular with Hong Kong residents, as this enhances our competitiveness and our level of current travel information. We have established relationships with, amongst others, KTO and the Taiwan Tourism Bureau.

In May 2009, we entered into a memorandum of understanding with KTO pursuant to which we mutually agreed with KTO to develop strategic relations on the following terms:

(a) KTO fully supports the information and brochures for developing new Korea travel programmes.

(b) KTO fully supports the promotion of our Group's Korea travel programmes.

(c) Our Group actively develops and sells various Korea travel programmes.

The memorandum of understanding entered into by our Group with KTO is not exclusive to us and it is not a prerequisite for us to conducting travel business in Korea.

In 2008, the Taiwan Tourism Bureau bestowed an award on us in recognition of our contribution towards the provision of travel information about Taiwan. We continue to promote Taiwan as a travel destination for Hong Kong residents. The Taiwan Tourism Bureau also provides us with the latest information regarding their Taiwan marketing campaigns.

We offer diversified products

Our extensive range of products enables us to meet the market needs of consumers comprehensively. On top of our core products, we, as an appointed agent of various associations, provide other transportation arrangements (including car rentals, bookings for ferries, buses and airport express service), cruise bookings, escorted tour bookings, local theme park tickets, visa processing, travel insurance and other activities bookings to the public. Above and beyond these services, we also provide theme-type packages, such as weddings, wellness and other activities, and eco-tourism. By providing these products and services, we aim to further strengthen our position as a one-stop-shop FIT specialist who has the widest range of products to attend to the needs of our travellers.

We have established a stringent quality control system

Our principal products are travel services, such as air tickets, train tickets, ferry tickets, cruise bookings, car rental bookings, the booking for hotels and other accommodation, and the reservation of leisure activities. We place our utmost emphasis on providing the highest quality of our product offerings, and adopt stringent quality control assessment procedures. We aim to provide the best-value air tickets available subject to a customer's budget and strive to provide quality accommodation at competitive prices from reliable suppliers. Our management believes that our commitment to the quality of our services differentiates us from our many of competitors.

We have managed our cashflow carefully

We usually do not keep an excessive level of inventories which ties up our funds. We only purchase from the suppliers when customers place an order with us.

We analyse our business income and payables patterns periodically. We believe that it helps us to ensure that a sufficient level of liquidity is maintained at all times. Moreover, we keep a minimal debt gearing and have recorded an insignificant amount of bad debts or write-offs.

We have established competitive prices

We believe that we are able to offer our travel products and quality services at very competitive prices due to the following factors:

(i) we aim at keeping our labour costs competitive;

(ii) we aim at keeping our advertising and rental costs low through our cost control measures;

(iii) we have an established market presence and an increasing trend of client base;

(iv) we operate under relatively low debt gearing and therefore incur relatively low financial costs;

(v) we maintain relatively high levels of liquidity;

(vi) we operate with low levels of inventories (comprised largely of transportation tickets and amusement park tickets) as we normally only place orders for carrier seats and hotel accommodation when we receive orders from customers; and

(vii) we have very low levels of bad debts from our clients during the Reporting Period.

We are committed to staff training and development

Talents with expertise and job related knowledge are our assets. We have established an in-house training centre with a team of experienced travel specialists as coaching staff. Such arrangements allow us to accurately and comprehensively cater for the different training needs of our staff. We have appointed external professionals to train our in-house trainers and deliver regular seminars to our staff.

We have an intensive and standardised in-house training programme to train our new joiners. The programme does not take into account their previous knowledge and experience, and the length of training will not be modified at the discretion of our trainer. This allows all staff to gain an understanding of the core techniques at the first opportunity and, more importantly, allows us to hire talents regardless of their experience.

We have adopted an assessment scheme to systematically review and appraise the skills and knowledge development of our travel consultants. The assessment scheme provides an important reference for the management team to evaluate the performance and potential of our travel consultants.

Our employees are our most valuable asset

We firmly believe that our employees are our most valuable asset. A majority of our senior management staff have worked with our Group for 15 years or more. Amongst our total work force exceeds 470 as at the Latest Practicable Date, approximately one fourth of our total work force have worked with our Group for five years or more. Our Directors believe that these employees are experienced in their respective area of specialisation and have offered invaluable insights which assisted the Company to shape its success over the years. These employees are considered the lead staff members in our workforce.

We have realised the need to utilise the wisdom of professionals to improve our operation process. We thus recruited professionals as our functional heads. They have a firm understanding of the success of other firms and have brought in new elements to our Group. Senior department managers have been encouraged to study for higher education programmes in business or related subjects.

A number of management trainees have been recruited to bring new business ideas to the table. Being young and energetic, they are ready to respond quickly to the current dynamic marketplace. Their fresh ideas are definitely beneficial for moving the business forward.

We are committed to continuous improvement in our information system

To cope with our business expansion, we have to keep upgrading our IT infrastructure. These include the purchase of computer hardware and software, server upgrades and the establishment of an always-on network. We house our servers in a managed data centre, so that stability of these servers can be assured. In addition, we have also implemented technology in response to changing business conditions. Such solutions include our front-end Point-of-Sales System, Integrated Mid-Office System and Enterprises Resources Planning (ERP) System. These systems have assisted us in streamlining our operation process and support our goals cost-effectively.

SALES CHANNELS

Our travel packages and related products are currently offered on-site through more than 50 retail shops as supported by an electronic platform. The number of retail shops is based on the number of TAR branch office certificates issued to our Group. As set out in the paragraph headed "Travel Industry Council of Hong Kong" under the "Government regulations, licences and permits" section of

this prospectus, each branch office requires an additional paid-up capital of HK$250,000. As at the Latest Practicable Date, our network of more than 50 retail shops had approximately 360 sales staff including district managers, counter managers, account managers, travel consultants and travel service consultants providing travel consultancy, booking services, and related services to our customers. Amongst the above sales staff, we have a team of designated account executives who specialise in servicing our corporate clients and a team of cruise experts who specialise in servicing our cruise customers. Our retail shops are strategically located in or near residential areas, shopping arcades, core commercial districts and selected MTR stations.

It is our strategy that our frontline travel consultants are trained to provide a one-stop service and follow through the whole sale process. A portion of our sales are attributable to recurrent customers and referrals by existing customers. Our frontline travel consultants are encouraged to build up client relationships.

As at the Latest Practicable Date, about half of the number of our sales staff were registered with the IARB as insurance agents to sell travel insurance products to our travel customers. The commission income attributable to the sale of travel insurance did not represent a significant proportion of our Group's revenue during the Reporting Period. The availability of such service has provided flexibility and convenience to those customers who need it. The selling of travel insurance is subject to compliance with the ICO. Our Group has established formal policies and procedures to ensure compliance with applicable regulations which includes, establishing a control mechanism in our operations systems whereby only travel consultants with a valid registration with the IARB are authorised to sell travel insurance to our customers. Our human resources department maintains a list of travel consultants with valid registrations with the IARB and is responsible for monitoring the registration of our staff with the IARB and updating our operations systems with the respective registration numbers and corresponding expiry dates, as and when necessary.

MARKETING AND PROMOTION

Our marketing initiatives include attending trade fairs, exhibitions and forums, promotion of our services on our corporate website, our marketing department and media advertising.

Our total advertising and promotion related expenses was approximately HK$9,053,000, HK$10,781,000 and HK$12,105,000 for the years ended 31 March 2009, 2010 and 2011 respectively, accounting for approximately 8.3%, 9.5%, and 8.7% respectively, of our total selling and distribution costs for the relevant periods. During the Reporting Period, some independent tourism organisations have cooperated with us to participate in promotional events and we received certain sponsorship/subsidies from them. The joint advertising income represented approximately 3.1%, 25.0% and 40.4% of our other income for each of the years ended 31 March 2009, 2010 and 2011 respectively.

Trade fairs, exhibitions and forums

We regularly participate in travel trade fairs, exhibitions and forums. Participation in such travel trade fairs, exhibitions and forums allows retail and corporate customers to review our full range of services. We believe it provides us with customer exposure which we would not be able to achieve solely through media marketing campaigns.

We participate in fairs and exhibitions which have included the Korean Food and Travel Festival and the Korean White Festival in 2009, 荷里活廣場2010, 台灣農莊美食節~DIY親子之旅 (2010 Taiwan Food Fair in Plaza Hollywood*), the One Malaysia Fair and the International Travel Expo which was held in Hong Kong in 2010. These fairs and exhibitions allow us to increase our presence in the travel industry and increase the market awareness of our packages and services.

Corporate websites

Our customers can obtain information on pricing of air tickets, hotel rooms and packaged tours, purchase air tickets via our website and contact us electronically to make reservations. To ensure that we are able to provide the packages and services required by our customers when they visit our website, our webmaster has been constantly working to ensure that competitive rates and appropriate products are offered on our website. We have also launched a live chat service on our website in 2010 to allow our travel consultants to provide our customers with immediate travel related information. The address/URL of our website is: http://www.travelexpert.com.hk (information contained in the website does not form part at this prospectus).

We maintain visibility on the Internet such as through search engines which we believe is a cost-effective way to reach targeted customers on the Internet. Our webpage is easily accessible via a number of major search engines and we constantly monitor our positioning on such search engines and make modifications to our webpage to maintain our accessability via search engines. To ensure that we are able to provide the packages and services required by our customers when they visit our website we are constantly working to ensure that updated information is provided on our website.

Marketing department

Our Marketing Department is responsible for formulating marketing strategies. The department carries out market researches and surveys, and the conduct of marketing activities to promote our packages and services.

Our Marketing Department carries out market research by itself or through independent research consultants to gather intelligence for the origination of ideas for new businesses. Over the Reporting Period, we have studied customers' perception on us and the buying patterns of customers, which allow us to develop packages to match customers' requirements. We regularly modify our travel packages so that we can accommodate the changing demands of our existing customers and appeal to new customers.

* *For identification purpose only*

Media advertising

We advertise through a variety of channels including newspapers, magazines, distribution of flyers, emails to our customers, television commercials and by sponsoring television programmes. In June 2009, we appointed Mr. Wong Cho Lam (王祖藍), a local artiste, as a celebrity endorser for our packages and services.

We send flyers containing information on our packages and services via direct mailing campaigns by post or electronic means. We also display such flyers at prominent visible areas in our premises and retail shops. We intend that all of our retail shops are strategically located to maximise our visibility to target customers.

SEASONAL FACTORS

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

IMPACT OF CHANGES IN ECONOMIC CONDITIONS

Our Group's business is largely dependent on the outbound travel decisions and preferences of our customers which in turn are affected by changes in the global economic conditions. During the 2008/2009 global financial crisis, cost-cutting measures were quickly adopted by local businesses and outbound travel for businesses experienced negative growth whilst Hong Kong leisure travellers opted for discounted travel and short-haul, low duration trips to neighbouring countries, resulting in a relatively stagnant growth in total leisure travel departures from 2008 to 2009. Despite the global financial crisis, our Group's management team continued to steer our Group's business with prudence and seized competitive pricing opportunities offered by suppliers to endure the crisis. As a result, our Group managed to record a minimal increase in revenue for the year ended 31 March 2010 of approximately 1% compared to the year ended 31 March 2009. However, overall our Group suffered a decrease in net profit for the year ended 31 March 2010 of approximately 3.9% compared to the previous year.

IMPACT OF CATASTROPHIC EVENTS

Our business is susceptible to the impact of any catastrophic events including natural disasters and terrorist attacks, particularly in countries which are popular travel destinations for our customers. Recent events such as the earthquake and subsequent tsunami, and the nuclear radiation leaks which struck north eastern Japan in March 2011, the hostage crisis in the Philippines involving tourists from Hong Kong in August 2010 and the political crisis in Thailand since 2008 may have, to a certain extent, impacted our business operations.

Shortly after and in the months following the earthquake in Japan, our Group experienced a decrease in the number of Japan hotel bookings and air ticket bookings between Japan and Hong Kong. In the months of March, April and May 2011, the number of our Group's hotel room night bookings in Japan decreased by approximately 79%, 92% and 66% respectively as compared to the corresponding months in 2010 whilst our Group's air ticket bookings between Japan and Hong Kong for the months of March, April and May 2011 decreased by approximately 38%, 86% and 69% respectively as compared to the corresponding months in 2010.

Notwithstanding the earthquake and the nuclear radiation leaks which struck north eastern Japan in March 2011, TEL's revenue was not materially affected when compared to the previous corresponding period. Our Directors consider that our customers who decided not to go to Japan soon after the Japan crisis in March 2011 did not give up on travelling, but rather chose different travel destinations instead. Thailand and South Korea were two of the most popular alternative travel destinations following the Japan crisis in March 2011.

In the months of March, April and May 2011, the number of our Group's hotel room night bookings in Thailand increased by approximately 72%, 202% and 382% respectively as compared to the corresponding months in 2010 whilst our Group's air ticket bookings between Thailand and Hong Kong for the months of March, April and May 2011 increased by approximately 55%, 158% and 448% respectively as compared to the corresponding months in 2010.

In the months of March, April and May 2011, the number of our Group's hotel room night bookings in South Korea increased by approximately 79%, 89% and 84% respectively as compared to the corresponding months in 2010 whilst our Group's air ticket bookings between South Korea and Hong Kong for the months of March, April and May 2011 increased by approximately 27%, 45% and 36% respectively as compared to the corresponding months in 2010.

Similarly, shortly after and in the months ensuing the hostage crisis in Philippines in 2010 and the outburst of the political unrest in Thailand, we experienced decreases in our hotel room bookings and air ticket bookings with the Philippines and Thailand as the travel destinations respectively. However, during the same period of time, our Group's hotel room and air ticket bookings to other destinations increased: (1) in the case of the hostage crisis in Philippines, our travel bookings to Taiwan increased relatively more, whilst (2) in the case of the political crisis in Thailand, our travel bookings to Singapore increased relatively more.

As seen from above, catastrophic events may cause a decline in our Group's travel bookings to the affected destination but such negative impact is often partly offset by an increase in travel bookings to other destinations. It is our Group's objective that whenever there is a catastrophic event in, or an outbound travel alert is issued on, the intended destination, we would sort out a list of our customers who are at that time travelling in the affected destination and our staff in our sales department would try to contact those customers by phone call, email or short message service. When there is a catastrophic event, our Group's crisis and emergency management team comprising representatives from various departments, as led by our Chief Operating Officer and the Division Head - Product Development, would meet to discuss the possible ways to cope with the event. We will contact the local land agents and operators and hotels to provide assistance to customers including transportation and hotels. We will also provide customers with a local emergency contact number. TIC has issued directives in relation to the procedures to be adopted by TIC members in handling cancellation and refunds in the event of catastrophic events in respect of package tours but presently, there is no specific directive for FIT travel packages. As such, in respect of customers who have been confirmed with their travel bookings to an affected destination and made full payment to us, we normally follow the instructions from the respective travel product suppliers as the applicable cancellation and refund policies and procedures may differ among airlines and hotels. Generally, in cases of catastrophic events, we may, subject to the refund policies of our travel product suppliers, offer our customers a full refund of the amount paid to us or to reschedule their travel dates and/or arrange for travel packages to alternative destinations. We may charge our customers service fees in accordance with the directives issued by TIC, depending on the type of service(s) required. In respect of the earthquake and subsequent tsunami which struck north eastern Japan in March 2011, we offered our customers who had been confirmed with their travel bookings to Japan and made full payment to us, an option of either obtaining a full refund of the amount paid to us (after deducting any applicable handling fees) or to reschedule their travel dates and/or arrange for travel packages to alternative destinations of their choice. In cases where our customers opted for the latter, we waived our handling fees. As for the hostage crisis incident in the Philippines which occurred in August 2010, our travel consultants were instructed to assist our affected customers upon their request, to obtain refund of the amount paid or to reschedule their travel dates and/or arrange for travel packages to alternative destinations and charged customers with applicable handling fees. In respect of (i) the Japan earthquake, (ii) the hostage crisis in Philippines and (iii) the political unrest in Thailand, our Group charged handling fees to the customers who successfully requested for a cancellation of package bookings comprising flight and/or hotel bookings. Our Group's travel consultants considered the cancellation requests on a case by case basis and having regard to compliance with TIC's Directive No. 75 in respect of the maximum amount of HK$300 of service fee charged for cancellation of unused air tickets, waived part or all of the handling fees in some cases. The amount of handling fees charged was dependent on a number of factors including how far the affected suppliers accepted the customers' requests to cancel the confirmed bookings and our Group's business relationship with the affected customers. We are not aware of any relevant TIC's directives regarding handling fees in respect of refunds of unused air tickets under these special situations other than TIC's Directive No. 75 which we have complied with. Our Group's handling fees on services other than cancellation of unused air tickets as determined by our Group were in the range of HK$0 to HK$1,500 per person in respect of the aforementioned catastrophic events.

CUSTOMERS

During the Reporting Period and as at the Latest Practicable Date, our Group provided customised services and travel advice to retail customers as well as to corporate customers which look for solutions to meet the travelling needs of their business executives. During the Reporting Period, (i) retail sales contributed over 90% of our Group's gross sales proceeds, and (ii) corporate sales contributed less than 10% of our gross sales proceeds.

For the years ended 31 March 2009, 2010 and 2011, sales to our top five customers accounted for less than 5% of our total gross sales proceeds.

SUPPLIERS

Airlines, hotels, cruise operators and consolidators are our major suppliers. We have established direct business relationship with airlines, hotels and cruise operators to purchase our travel related products (namely air tickets, hotel rooms and cruise tickets) after a customer has placed an order for our travel packages which encompass various combinations of any one or more of the travel related products. Sometimes we source our travel related products, in particular air tickets and hotels, from consolidators, who act as wholesale agents for airlines and hotels. Over the years, we have been able to establish satisfactory business relationships with major airlines thereby enabling us to source air tickets at competitive prices. This upstream penetration enables us to better control our costs of sales and our sales margin without sacrificing our competitiveness in pricing and service quality. Other than the purchase of air tickets and hotel accommodation, which will be purchased only when we receive orders from customers, we keep some inventory of transportation tickets and theme park tickets which are purchased from suppliers such as MTR, Hong Kong International Theme Parks Limited and Ocean Park Corporation. As at 31 March 2009, 2010 and 2011, our inventory of these tickets amounted to HK$554,000, HK$431,000 and HK$640,000 respectively and represented approximately 90.1%, 92.1% and 88.5% respectively of our total inventory. As per an arrangement with these suppliers and subject to certain conditions, these tickets are exchangeable once for new tickets in case they are not sold prior to their expiry date. During the Reporting Period, none of these were written off.

For the years ended 31 March 2009, 2010 and 2011, purchases from our top five suppliers was HK$404.0 million, HK$371.3 million and HK$473.4 million respectively representing approximately 46.4%, 43.2% and 43.8% respectively of our total cost of travel related products respectively. The top five suppliers of the Group during the Reporting Period comprised airlines and wholesale agents for air tickets and hotel accommodation.

During the Reporting Period, our Group did not experience any material service failure or suspension by our suppliers which caused operational or financial damages to our Group.

Purchases from our single largest supplier for each of the years ended 31 March 2009, 2010 and 2011 accounted for approximately 25.1%, 21.8% and 23.1% of our total cost of sales.

None of our Directors or their respective associates, or any of our existing shareholders who own more than 5% of our issued share capital, has any interest in any of our five largest suppliers during our Reporting Period.

During the Reporting Period and as at the Latest Practicable Date, a number of airlines including, but not limited to, Cathay Pacific Airways Limited and Hong Kong Dragon Airlines Limited have provided us with incentive reward schemes pursuant to which we have received incentive rewards upon meeting or exceeding certain specified volume and/or sales targets. During the Reporting Period and as at the Latest Practicable Date, our GDS providers have also provided us with incentive reward schemes pursuant to which we have received incentive rewards upon meeting or exceeding certain specified volume targets. We are offered different credit periods by different suppliers, which may be up to 30 days, which provides us with payment flexibility.

In addition to airlines, hotels and cruise operators, we also maintain business relationships with a number of overseas land agents in various locations whom we consider to be credible and competitive in the travel industry. These land agents are holders of relevant licences according to their local jurisdictions and are capable of handling inbound tourism services. We arrange escorted tours only at the request of our customers. We may be liable for the misconduct of service providers, so we only engage licensed travel agents as service providers for escorted tours. Before engaging any of these agents, we would obtain verbal reference from relevant tourism boards. In addition, our staff accompanying the escorted tours would monitor the quality of arranged transportation, hotel, restaurant, food and service of the local tour guide during the trip, and make sure that the route and the standard of services and products provided comply with the itinerary and the terms agreed with our customers. If there is any problem, our staff will communicate this to the service provider to work out a solution immediately.

In case the customers have any complaints about quality of product and services provided by the service providers and things purchased by customers during the trip, we will help customers to claim for compensation according to the applicable local regulations.

During the Reporting Period, escorted tours only contributed an immaterial part of the business of our Group, no claim has been made by our customers against any service providers of escorted tours and we have not been held liable for the misconduct of service providers.

RMB Settlement Arrangements

During the Reporting Period, our Group was involved in certain payment and receipt of money in RMB with parties in the PRC. We set out below a summary of the relevant information.

1. Transactions with Suppliers in the PRC

During the Reporting Period, TEL sourced Supply from the Suppliers to provide the Booking Service. TEL settled payments to the Suppliers as follows:

(1) TEL provided the Booking Service to customers in Hong Kong and received payment in Hong Kong dollars.

(2) The Suppliers billed TEL the Accounts Payable.

(3) TEL settled the Accounts Payable by the following methods:

(i) TEL remitted an amount in Hong Kong dollars equivalent to the Accounts Payable to a Hong Kong bank account designated by the HK Company, which is an independent third party, to settle the Accounts Payable. The HK Company then instructed the PRC Parties to remit an amount equivalent to the Accounts Payable in RMB to the PRC bank accounts of the Suppliers. A service fee of HK$100 was payable by TEL to the HK Company in respect of each settlement completed as described above. TEL has ceased this arrangement since 15 March 2011.

(ii) TEL remitted an amount in Hong Kong dollars equivalent to the Accounts Payable to the bank account designated by the HK Company in Hong Kong. The HK Company then instructed the PRC Parties to remit an amount equivalent to the Accounts Payable in RMB to Mrs. Ko's PRC Bank Account. Subsequently, Mrs. Ko remitted the Accounts Payable to the bank accounts of the Suppliers in the PRC on behalf of TEL. A service fee of HK$100 was payable by TEL to the HK Company in respect of each settlement completed as described above. Mrs. Ko did not receive any interest or benefit relating to the settlement. Mrs. Ko ceased this arrangement (代付行為) since 4 November 2010.

(iii) In December 2010, TEL gave RMB in cash to a staff in Hong Kong to settle certain Accounts Payable. The staff brought the money in RMB into the PRC and settled such Accounts Payable. TEL no longer used this arrangement after December 2010.

Our Group has no longer settled any Accounts Payable using the ways as described in (i), (ii) or (iii) above. TEL has requested the Suppliers to bill TEL in foreign currencies and has settled the Suppliers' bills by making remittance via financial institutions which are licensed to conduct cross-border remittance business.

2. The settlement of amounts receivable from the SZ client

TEL provided services including hotel bookings and airline ticketing to the SZ Client. The SZ Client remitted the amounts payable to TEL in RMB into Mrs. Ko's PRC Bank Account instead of TEL's bank accounts in Hong Kong. TEL and Mrs. Ko confirmed that such arrangement was made at the request of the SZ Client. Mrs. Ko did not transfer the money received from the SZ Client outside of the PRC. She had only used the money in Mrs. Ko's PRC Bank Account to settle the Accounts Payable in the PRC as instructed by TEL. We have ceased the aforesaid arrangement since October 2010.

3. The settlement of the Service Fee Payable to the Service Provider/PRC IT Consultants

TEL instructed Mr. Cheung to set up the Service Provider to provide computer system development and maintenance services to our Group. The main reason for TEL to instruct Mr. Cheung to set up the Service Provider instead of TEL setting it up directly was due to the fact that the setting up of a sole proprietorship is administratively simpler than setting up a wholly foreign-owned entity. The reason the Company opted to set up the Service Provider in Shenzhen was due to the relatively

lower operation cost, ease of recruitment of suitably qualified staff and its proximity to Hong Kong. The Service Provider was set up in January 2009 and provided services to our Group, including enhancement of our website, development of the air ticket online booking system which enables customers to make bookings through our website and development of the hotel reservation system used by our frontline staff.

We had planned to set up the WFOE with a view to exploring business opportunities in the PRC. In view of such plans and in order to strengthen our internal control over our Group's operations, we decided to wind up the Service Provider. As such, the Service Provider was voluntarily wound up and deregistered on 17 November 2010. In the interim, pending completion of the registration of the WFOE, in order for our Group to maintain the services of the PRC IT Consultants TEL had, on 18 November 2010, entered into service agreements with the PRC IT Consultants to continue the computer system development and maintenance services to our Group. Prior to the dissolution of the Service Provider on 17 November 2010, TEL settled the Service Fee Payable to the Service Provider as follows:

(1) TEL gave an amount equivalent to the Service Fee Payable to a few of our staff in cash in Hong Kong dollars in Hong Kong. After converting the money from Hong Kong dollars to RMB, our staff brought the money in RMB to Shenzhen, the PRC through the customs without making any declaration to the customs to settle the Service Fee Payable. Our staff confirmed that the amount of money in RMB was not greater than RMB20,000 in all of such trips to Shenzhen.

(2) TEL remitted an amount equivalent to the Service Fee Payable in Hong Kong dollars to a Hong Kong bank account designated by the HK Company. The HK Company then instructed the PRC Parties to remit an amount equivalent to the Service Fee Payable in RMB to Mrs. Ko's PRC Bank Account. Subsequently Mrs. Ko remitted the RMB payments to the bank accounts of the employees of the Service Provider in the PRC as settlement of the Service Fee Payable. Mrs. Ko did not receive any interest or benefit in respect of this arrangement. The Company ceased this arrangement since 4 November 2010.

During 1 December 2010 to 9 June 2011, TEL gave cash in RMB to a few of our staff in Hong Kong to bring the money to the PRC to settle the Service Fee Payable to the PRC IT Consultants. Our staff brought the money in RMB to Shenzhen, the PRC through the customs without making any declaration to the customs. Our staff confirmed that the amount of money in RMB was not greater than RMB20,000 in all such trips to Shenzhen. Since 9 June 2011, TEL ceased this payment arrangement and settled the Service Fee Payable to the PRC IT Consultants by making remittance via financial institutions which are licensed to conduct cross-border remittance business.

The annual aggregate amount and the maximum amount of a single settlement involved for each type of RMB settlement arrangements in each of the three years ended 31 March 2011 are summarised below:

		Year ended 31 March		
		2009	**2010**	**2011**
		RMB	*RMB*	*RMB*
		('000)	*('000)*	*('000)*
(1)	Accounts Payable:			
	Settlement via Mrs. Ko's PRC Bank Account			
	Annual aggregate amount	2,476	2,270	1,649
	Maximum amount in a single transaction	131	97	83
	Settlement via cash brought over by our Group's staff			
	Annual aggregate amount	—	—	16
	Maximum amount in a single transaction	—	—	10
	Settlement through the HK Company			
	Annual aggregate amount	—	—	586
	Maximum amount in a single transaction	—	—	71
(2)	Amounts receivable from the SZ Client:			
	Banked into Mrs. Ko's PRC Bank Account			
	Annual aggregate amount	—	730	351
	Maximum amount in a single transaction	—	332	142
(3)	Service Fee Payable:			
	Settlement via Mrs. Ko's PRC Bank Account			
	Annual aggregate amount	—	184	294
	Maximum amount in a single transaction	—	39	57
	Settlement via cash brought over by our Group's staff			
	Annual aggregate amount	96	267	181
	Maximum amount in a single transaction	61	48	37

4. PRC Legal Counsel's View

Our PRC Legal Counsel is of the view that:

- TEL did not violate the Chinese laws and regulations in settlement of the Accounts Payable and the Service Fee Payable, and in receipt of payment from the SZ Client;

- Mrs. Ko did not violate the Chinese laws and regulations to receive payment from the SZ Client; and

- Mrs. Ko breached the Foreign Exchange Regulations in settlement of the Accounts Payable and the Service Fee Payable. According to the relevant laws and regulations, Mrs. Ko's breaches will not result in any criminal liability on Mrs. Ko but may result in an administrative penalty on her. The maximum of the administrative penalty faced by Mrs. Ko will be the amount equivalent to the lump sum paid by Mrs. Ko within the two years preceding the date when the foreign exchange authority discovers such transactions. Based on the total RMB payments made by Mrs. Ko in the two years prior to the Latest Practicable Date and in accordance with the aforesaid principles, the maximum of the administrative penalty faced by Mrs. Ko amounts to approximately RMB3.2 million (equivalent to approximately HK$3.9 million).

Our PRC Legal Counsel's view is summarised as follows:

(1) *TEL did not violate the Chinese laws and regulations in settlement of Accounts Payable and Service Fee Payable*

According to TEL entrusted the HK Company, Mrs. Ko and our staff to make payments to the Suppliers and the Service Provider/PRC IT Consultants, and TEL paid to the HK Company and our staff in Hong Kong and not in the PRC. The Foreign Exchange Regulations, the Criminal Law and other relevant Chinese laws and regulations did not apply to TEL.

TEL was a third party independent from the HK Company and was not in any way involved in the cross-border activities engaged in by the HK Company. Even if the HK Company violated Chinese laws and regulations, TEL shall not be charged with any corresponding offence or bear any corresponding legal liability in the PRC.

(2) *Mrs. Ko's acts were separate from the HK Company*

Mrs. Ko was not involved in any cross-border activities engaged in by the HK Company, therefore Mrs. Ko shall not be charged with any corresponding offence or bear any corresponding legal liability in the PRC even if the HK Company violated Chinese laws and regulations.

(3) *Mrs. Ko's breach of the Foreign Exchange Regulations in settlement of Accounts Payable and Service Fee Payable*

Mrs. Ko paid the Accounts Payable and the Service Fee Payable through Mrs. Ko's PRC Bank Account. According to the interpretation of the SAFE, the act of paying constituted an Arbitrage under the Foreign Exchange Regulations. As to TEL, since the interpretation provides that a subject of the Arbitrage should be in the PRC and TEL did not conduct its operations in the PRC, TEL cannot be a subject of the Arbitrage.

(4) *The potential liability of Mrs. Ko*

According to the Foreign Exchange Regulations, the Criminal Law, the Decision of the Standing Committee of the National People's Congress of the PRC on the Punishment of Crimes of the Purchase of Foreign Currencies by Deceitful Means, the Foreign Exchange Evasion and Illegal Buying and Selling of Foreign Currencies (全國人民代表大會常務委員會關於懲治騙購外匯、逃匯和非法買賣外匯犯罪的決定) and the Interpretation issued by the Supreme People's Court of the People's Republic of China on Adjudicating Criminal Cases of the Purchase of Foreign Currencies by Deceitful Means, and Illegal Buying and Selling of Foreign Currencies (最高人民法院關於審理騙購外匯，非法買賣外匯刑事案件具體應用法律若干問題的解釋), a subject of the Arbitrage will not be charged with criminal liability. However, the Foreign Exchange Regulations provide that the foreign exchange authority has the power to order the funds involved in the Arbitrage to be reconverted and to impose a fine of not more than 30 percent of the amount of foreign exchange involved in the Arbitrage; if the circumstances are serious, a fine of not less than 30 percent of the amount of foreign exchange involved in the Arbitrage but not more than the total amount involved shall be imposed. Therefore, Mrs. Ko may be subject to an administrative penalty, but will not be subject to any criminal liability in the PRC.

(5) *The limitation of the administrative penalty is two years*

The Administrative Punishment Law of the People's Republic of China provides that unless otherwise specified by law, a person whose unlawful acts are not discovered within two years from the date the relevant acts were committed is not subject to any administrative punishments. The Procedures of the State Administration of Foreign Exchange on Examining Handling Cases of Acts Violating Foreign Exchange Rules provides that unless otherwise specified by law, a person whose acts violate the administration of foreign exchange but are not discovered within two years from the date the relevant acts were last committed (in the case where such acts were committed on a recurring basis) is not subject to any administrative punishments. The maximum of the administrative penalty faced by Mrs. Ko will be the amount equivalent to the lump sum paid by Mrs. Ko within the two years preceding the date when the foreign exchange authority discovers such transactions. Based on the total RMB payments made by Mrs. Ko in the two years prior to the Latest Practicable Date and in accordance with the aforesaid principles, the maximum of the administrative penalty faced by Mrs. Ko amounts to approximately RMB3.2 million (equivalent to approximately HK$3.9 million).

(6) *TEL and Mrs. Ko did not violate the Chinese laws and regulations to receive payment from the SZ Client through Mrs. Ko's PRC Bank Account*

According to the interpretation of the SAFE, each of TEL and Mrs. Ko did not constitute a subject of the Arbitrage as they were payees and not payers when receiving payment from the SZ Client. Both TEL and Mrs. Ko did not violate the Foreign Exchange Regulation and other relevant regulations. The services were provided by TEL's staff located in Hong Kong and as such were not subject to the laws and regulations of the PRC on the provision of travel products and services.

(7) *Our staff carrying cash in RMB into the PRC did not violate Chinese laws and regulations*

According to the Announcement of the General Administration of Customs (No.72 [2007]), it was not necessary for our staff to make any declaration to customs since the cash in RMB carried by them during each trip to the PRC was not greater than RMB20,000.

5. Subsequent Action

As disclosed above, TEL no longer settles or receives RMB payments via the HK Company, Mrs. Ko's PRC Bank Account or bringing RMB in cash from Hong Kong into the PRC pursuant to the general exemption threshold of up to RMB20,000 per trip. After that, TEL made remittance via financial institutions which are licensed to conduct cross-border remittance business to settle RMB bills in foreign currencies with the Suppliers and the Group has not received any payments of RMB in the PRC.

During 10 June 2011 to 31 August 2011, the Group has paid the PRC IT Consultants and the Suppliers via financial institutions which are licensed to conduct cross-border remittance business. We have not received any negative feedback from the Suppliers nor the PRC IT Consultants and the business relationships with the Suppliers and the PRC IT Consultants continue to be satisfactory. The aggregate amount of RMB payments made via licensed financial institutions was less than RMB340,000 during the aforesaid period which is relatively immaterial to the Group as a whole. In view of the satisfactory business relationships and the relatively immaterial transaction costs despite the new RMB settlement methods, the Directors consider that the changes to the RMB settlement methods have immaterial impact on the Group's operational and financial aspects.

We have not informed the PRC foreign exchange authority of the aforementioned settlement arrangements involving the Group and Mrs. Ko after considering the following:

- TEL did not violate any Chinese laws and regulations;
- The amount of payment paid and received through Mrs. Ko's PRC Bank Account was immaterial and the acts have been discontinued; and
- Mrs. Ko, even if subject to the Foreign Exchange Regulations, will not be charged with any criminal liability. The limitation period of the administrative penalty of foreign exchange transactions is two years. Mrs. Ko may be subject to an administrative penalty only for those foreign exchange transactions which occurred within the limitation period.

Our PRC Legal Counsel has advised us that according to the General Principles of the Civil Law of the PRC, the Company Law of the PRC, the Administrative Punishment Law of the PRC, the Regulation of the PRC on Foreign Exchange Administration, the Procedure of State of Administration on Foreign Exchange on Inspection Handling Cases of Acts Violating Foreign Exchange Rules, and other relevant laws and regulations,

1. the WFOE to be established by the Group in the PRC being a legal person has the capacity for civil rights and the capacity for civil conduct since its establishment, and it independently enjoys civil rights and assumes civil obligations in accordance with the laws of the PRC. The WFOE's capacity for civil rights and its capacity for civil conduct shall commence when it is established and shall end when it is wound up.

2. Even though the WFOE may be associated with Mrs. Ko, the WFOE is still an independent legal person under the laws of the PRC and shall only bear civil liability for its own operational activities. Assuming Mrs. Ko was subject to administration penalty in the future, according to the current laws and regulations of the PRC, this would not have any adverse legal impact (whether directly or indirectly) on the WFOE.

Our PRC Legal Counsel concludes that the use of the RMB settlement arrangements utilised by TEL in the past will not have any legal impact on the WFOE, and the potential administration penalty on Mrs. Ko will also not have any adverse legal impact (whether directly or indirectly) on the WFOE. The WFOE: (i) will not bear any legal liabilities as a result of the activities conducted by TEL and Mrs. Ko; (ii) will not undertake any joint liabilities for the activities of TEL and Mrs. Ko; and/or (iii) will not bear any legal liabilities for TEL and Mrs. Ko.

GDS

Our Group relies on a GDS to operate our business on a day-to-day basis. A GDS provides us with information on rates and availability of flights, hotel rooms, car rental and cruises. When our customers make a travel inquiry with us, through a GDS we are able to access information on air, lodging, ground transportation and cruises across thousands of travel suppliers and advise our customers accordingly by providing information regarding the options available to them at the quoted prices. In a dynamic marketplace where the products, services and prices may vary with the slightest adjustment of any number of parameters, a GDS is essential in our business as it delivers accurate schedules, fares, availability and with an instant booking capability at the point-of-sale.

As at the Latest Practicable Date, our Group has entered into long term service agreements for no less than five years with two independent third party GDS providers. Pursuant to our GDS service agreements, fees in respect of information access, booking access, hardware usage and services are payable by us to our Group's GDS providers. Both GDS service agreements require us to meet minimum GDS bookings and segments and at the same time provide us with incentive rewards upon meeting or exceeding certain specified GDS bookings and segments volume. The incentive system is functional on progressive rates which means that a higher percentage of incentive (subject to certain maximum percentage) may be payable to us as the sales turnover increases to the next higher sales turnover band booked through our Group. Any increase in the scale of our sales turnover would

contribute to maximising the incentive income rates. During the Reporting Period, our Group has exceeded the prescribed GDS bookings percentage and the yearly minimum segments. For the twelve months ended 31 December 2010, our Group exceeded the minimum annual segments by more than 100%.

Our Group's aggregate committed minimum segments under the GDS agreements in 2012 represent an increase of approximately 13% over that in 2011 and in 2013 will increase further by approximately 90% over the aggregate committed minimum segments in 2012. As disclosed in the "Business" and the "Futures plans and use of proceeds" sections, our Group plans to develop our corporate sales segment which will not only increase our Group's revenue but may also more than proportionally increase our Group's incentive income. TEBSL is the company in our Group which is used to create a separate corporate identity for developing the corporate business. Our Group's plan to develop the corporate sales segment comprises the strengthening of human resources as supported by information system catering to the needs of the corporate sales business. It is further disclosed in the "Futures plans and use of proceeds" section that our Directors have been looking for opportunities to scale our operations vertically and/or horizontally. Our Directors envisage that our Group may expand geographically out of Hong Kong with a priority in Asia (including the PRC) by way of acquisitions, franchise or forming joint ventures with strategic partners. TEL has received an opinion letter dated 26 July 2011 issued by the tourism bureau in the Guangdong province affirming that the tourism bureau agrees with TEL's application for setting up a wholly foreign owned travel agency in Shenzhen, the PRC.

Our Directors expect that the development of the corporate sales business and our possible regional expansion will contribute to a surge of the Group's GDS bookings and segments in 2012 and even more in 2013. In light of our Group's track record in meeting the minimum annual segments, the quantum by which our Group had exceeded the minimum annual segment for the twelve months ended 31 December 2010 and our Group's future growth drivers attributable to the development of the corporate sales business and possible regional expansion, our Directors consider that our Group would be able to meet the committed minimum annual segments and avoid any monetary compensation resulting from failure to meet the committed minimum annual segments.

In the event of early termination by our Group of the GDS agreement(s) or if our Group fails to satisfy the very substantial GDS bookings percentage or the yearly minimum segments, as agreed between our Group and the respective GDS providers, our Group is obliged to pay monetary compensation to the GDS providers according to the GDS service agreements. Such monetary compensation may adversely affect our financial condition. There may also be consequential negative impact to our Group's operations and reputation. The risks associated with our commitment to our GDS providers have been disclosed in the "Risk factors" section of this prospectus. During the Reporting Period, our Group continued to meet the GDS bookings percentage and yearly minimum segments imposed under the relevant GDS agreement and hence was not required to pay any compensation for any shortfall. Our Group also did not pay any liquidated damages for early termination of the GDS agreements during the Reporting Period.

During the Reporting Period and as at the Latest Practicable Date, our GDS providers supplied us with substantially all of our hardware and maintenance requirements in connection with the information technology system used in our business. We provide all of our travel consultants and account executives with access to our hardware and software to process air travel bookings and issue air tickets through the GDS which we use.

During the Reporting Period, our Group did not experience any interruption or failure in GDS services.

INFORMATION TECHNOLOGY

We have developed an in-house software to interface with other external travel booking platforms used by our Group, including the two GDS stated above. We are committed to ensure that such in-house software is up-to-date from time to time.

Our information technology department is responsible for ensuring all systems and applications are running at their optimal levels. Our information technology infrastructure includes firewalls, virus protection, intrusion protection and monitoring which works in conjunction with our off-site data centre. In line with our goal of providing a more cost-effective operational support, we intend to continue to develop these systems to further improve operational efficiency.

In January 2009, TEL instructed Mr. Cheung to set up the Service Provider to provide computer system development and maintenance services to our Group including enhancement of our website, development of the air ticket online booking system which enables customers to make bookings through our website and development of the hotel reservation system used by our frontline staff. We believe that the Service Provider provides us with a solution with lower cost and flexibility on recruiting suitably qualified staff within a reasonable proximity to Hong Kong. The Service Provider was voluntarily wound up and deregistered on 17 November 2010. On 18 November 2010, TEL entered into service agreements with the PRC IT Consultants to continue the computer system development and maintenance services to our Group.

During the Reporting Period and as at the Latest Practicable Date, we maintained an Intranet for disseminating our in-house custom-made travel information among our staff. Our in-house travel information is updated by our product development division regularly. Through the Intranet system, our travel consultants are provided with up-to-date travel information which can be shared with our customers.

We believe that we can maximise our business opportunities by making use of a business-to-consumer electronic platform. We have developed a corporate Internet webpage with a live chat service which enables us to offer our customers personalised real-time service with the speed and convenience of an electronic platform. Our website enables our customers to access our packages which meet their travel needs without having to visit one of our retail shops. Our website also provides us with an enhanced market presence.

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

INTELLECTUAL PROPERTY RIGHTS

We believe that our trademarks are of substantial value to our business and are an important aspect of our business. We also believe that our business development and the future growth of our services are dependent, in part, on the recognition of our trademarks amongst our customers. We recognise the importance of protecting and enforcing our intellectual property rights. As at the Latest Practicable Date, we were aware that there was another company involved in the travel agency business in Hong Kong operating under a trading name which includes a combination of characters which is phonetically similar to a word of our trade name since about October 2009. We considered that there was no material impact resulting from such incident on the Group's operations and reputation. At this stage, we do not consider it appropriate to take legal action against the said company. We will continue to closely monitor the matter. We may take appropriate legal action should there be any infringement of our intellectual property rights by the said company. Save as aforesaid, as at the Latest Practicable Date, we were not aware of any material violations or infringement of our intellectual property rights by any third parties. As at the Latest Practicable Date, no claims or disputes of material importance have been brought by us and there is no infringement action of material importance pending against us.

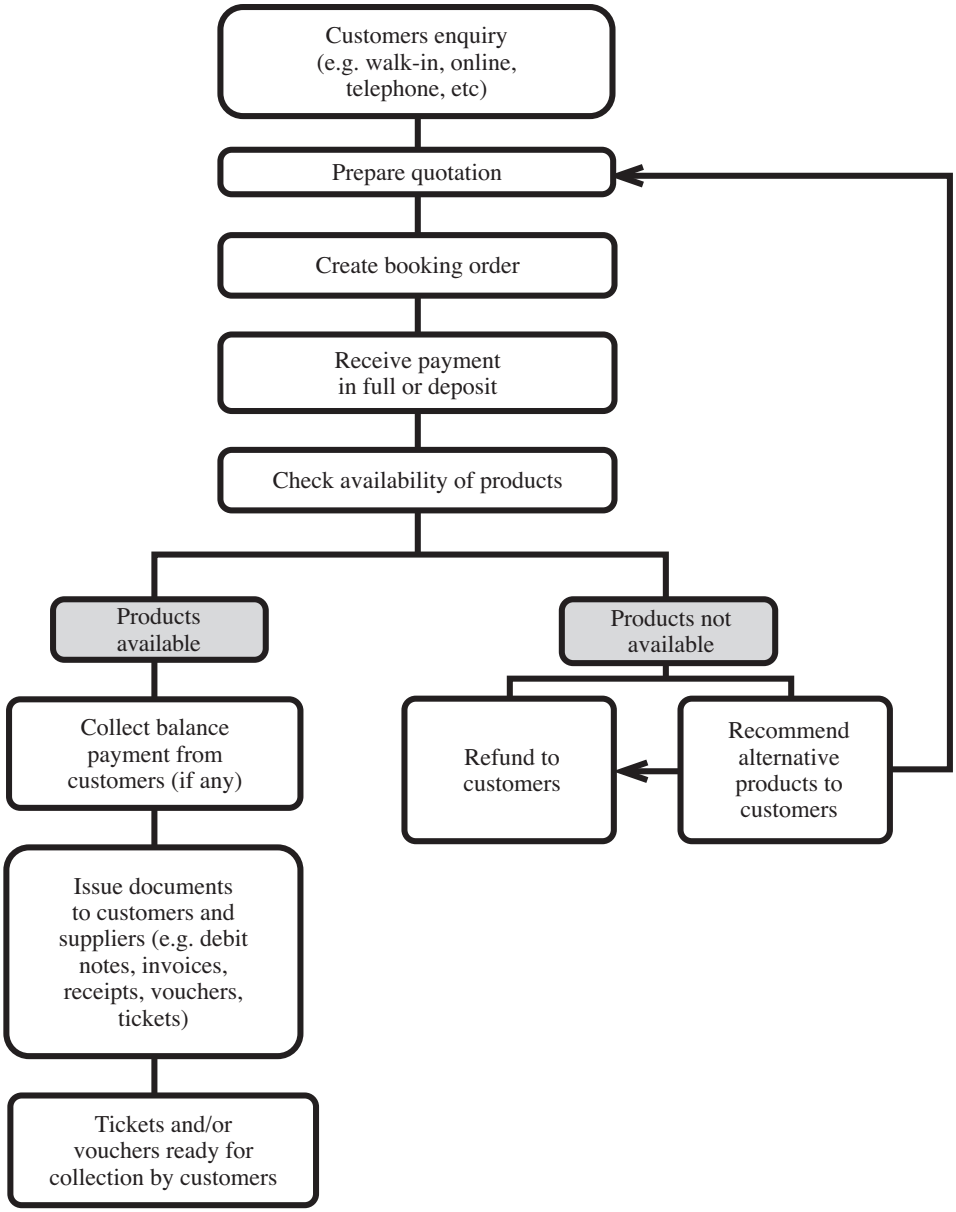
As at the Latest Practicable Date, our Group has registered eight trademarks with the relevant intellectual property authorities in Hong Kong, the PRC and Singapore. As at the Latest Practicable Date, we have filed ten trademark applications in Hong Kong. For details of our Group's registered trademarks, please refer to appendix V in this prospectus.

As at the Latest Practicable Date, the following domain names have been registered with Hong Kong Domain Name Registration Company Limited: www.travelexpert.com.hk; www.travelexpert.hk; www.專業旅運.hk; www.expertonline.com.hk; www.expertonline.hk; www.travelexpertonline.com.hk; and www.tailormadeholidays.com.hk together with the various combinations of the four Chinese characters in both traditional Chinese and simplified Chinese. Further information on our Group's intellectual property rights is set out in the "Statutory and General Information" section of this prospectus.

BUSINESS PROCESS FLOW

Our Group's business processes are the principal responsibilities of our Sales Division, Product Development Division, Talent Management Division and Marketing Department.

The chart below sets out the business process flow in respect of our Group's retail sales:



Refund to customers

Refund of deposits or full-payments made by our customers for our FIT packages may happen when the requested/booked products are not available at the specified date and price. Our Group's travel consultants would communicate with our customers of the non-availability of the requested/booked products and explore possible alternative products to satisfy the customers' needs. Some customers are willing to accept the alternative replacement FIT packages whilst some choose to have their payments refunded in which case our Group's travel consultants would proceed with the relevant procedures to request a refund cheque to be issued by our Accounts Department and delivered to the relevant branch for collection.

As set out in the "Government Regulations, Licences and Permits" section of this prospectus, TIC has issued Directive No. 166 relating to reservation of air-plus-hotel packages and the handling of refunds when TIC members are unable to provide such packages at the originally agreed price and by the relevant confirmation dates. If TIC members are unable to provide such packages at the originally agreed price and by the confirmation date, they shall refund the money paid by their customers within three working days without having to pay any compensation.

During the Reporting Period, one of the terms and conditions set out in our invoices to our customers include, in the event a travel arrangement is not confirmed by the customer after payment is made to our Group, the deposit or full-payment made will be refunded to our customers after four working days. Our Group adopted such guidelines having considered the practical time required to process a refund by our travel consultants, including to obtain approval from relevant supervisors, and the processing of required information in our operation system and the time it takes to deliver the refund cheque to the relevant branches for ease of collection by customers. Our Accounts Department would issue cheques centrally and distribute the cheques to the relevant branches for collection. Our Group could conceivably meet the three-day requirement as set out in TIC's Directive No. 166 should customers collect the cheques at our Accounts Department in Central, Hong Kong Island instead of incurring the additional time to deliver the cheques to the relevant branches. However, we would like to provide our customers with the convenience of going to the relevant nearby branches to complete the refund process instead of requiring them to go to our Accounts Department in Central, Hong Kong Island which may be inconvenient to our customers or even further delay the collection of refund by our customers. We decided to deviate slightly from the three-day requirement to better serve our customers' needs and to provide quality service and had no intention to deliberately delay the refund process. In order to comply strictly with the three-day requirement under TIC's Directive No. 166, we revised our refund process effective from 18 August 2011 to make the refund cheques available for collection at our Accounts Department in Central, Hong Kong Island on the third working day from the date customers request for a refund of money when their requested/booked FIT packages are unavailable. We would also be prepared to arrange delivery of the refund cheques to our branches subject to our customers agreeing to the additional time it may take. The terms and conditions set out in our invoices have been revised accordingly.

According to the Articles of Association of TIC, the Compliance Committee of TIC may impose any of the following penalties on a TIC member in the case of non-compliance with any directive issued by TIC:

(1) terminating its membership; or

(2) suspending its membership (for not more than two years); and/or

(3) imposing a fine on it; and/or

(4) requiring it to undertake to comply with the Articles of Association of TIC and the Codes of Conduct for Members; and/or

(5) issuing a reprimand to it.

If a TIC member violates any TIC rules during any two-year period, then the Compliance Committee of TIC may fine it up to:

(1) HK$50,000 for its first violation,

(2) HK$100,000 for its second violation, and

(3) HK$200,000 for its third violation and any subsequent violations.

When deciding on the penalty to be imposed, the Compliance Committee of TIC will consider the following:

(1) the severity of the case;

(2) the history of violation of the member within the past two years;

(3) whether it was an intended violation;

(4) in the event the TIC member has admitted violation, whether the member has expressed regret, or adopted remedial measures; and

(5) the explanations provided by the member.

The Compliance Committee of TIC may impose a fixed fine in cases of minor violations.

We have written to TIC to inform TIC that our previous refund procedures deviated from the three-day requirement under TIC's Directive No. 166. TIC confirmed to us in writing that:

(1) Up to 17 August 2011, TIC has not received any non-compliance or complaint cases against our Group regarding the violation of Directive No. 166. Therefore, TIC cannot see our Group's former inconsistent practice with Directive No. 166 having any material impact on our Group's next TIC membership renewal; and

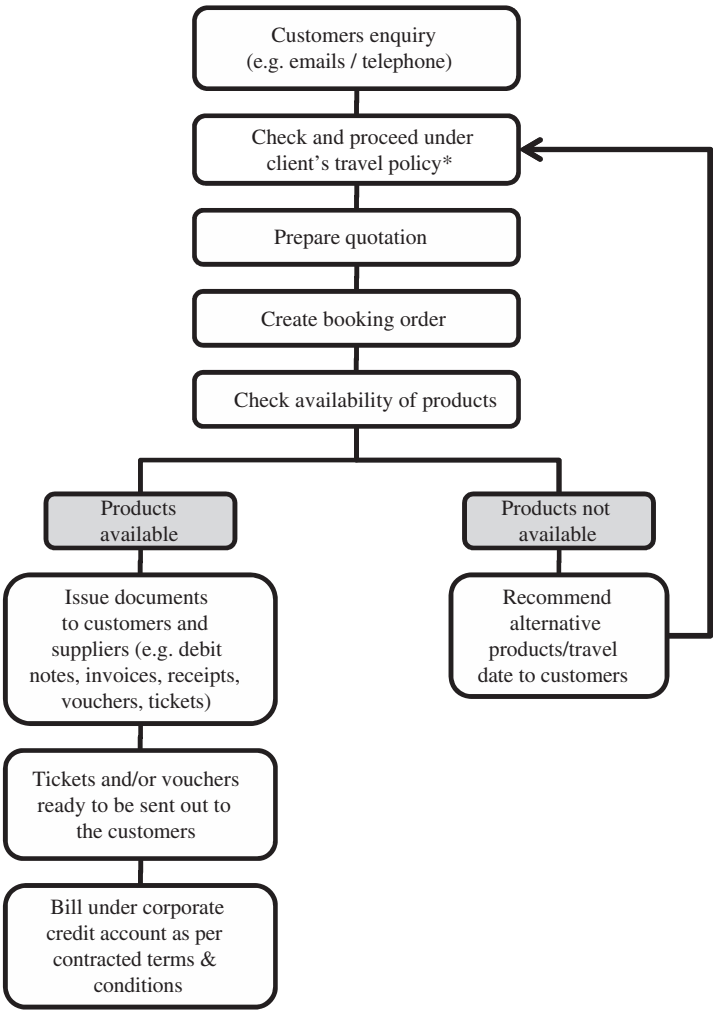
(2) According to TIC's established practice, TIC only makes reference to its member's violation record for two preceding years when necessary. In the past two years, TEL has violated clause 8(7)(a) of the Memorandum and Articles of Association of TIC for failure to notify TIC of a change of shareholders or directors within 14 days of the change and a warning letter was issued to TEL on 23 April 2010. In general, such non-compliance case may not have any material impact on TEL's TIC membership renewal.

Our Directors consider TEL's non-compliance of clause 8(7)(a) of the Memorandum and Articles of Association of TIC for failure to apply to TIC for change of shareholders or directors within 14 days of the change to be immaterial in light of TIC's response as set out in TIC's letter dated 23 April 2010.

Our Hong Kong Legal Adviser has confirmed that save as disclosed in the sections headed "Business — Compliance and Litigation" and "Business — Business Process Flow — Refund to Customers" respectively of this prospectus, our Group has complied with all applicable laws and regulations of Hong Kong in all material aspects to maintain our Group's currently effective licences and permits.

Based on our Directors' experience and TIC's written reply, our Directors consider that the deviation from Directive No. 166 is not likely to have a material impact on our Group's operations even if TIC fines our Group. The Sole Sponsor, having considered TIC's written reply, the potential penalties for non-compliance with any directive issued by TIC as set out in the Memorandum and Articles of Association of TIC, the Company's Hong Kong Legal Adviser's confirmation that our Group has complied with all applicable laws and regulations of Hong Kong in all material aspects to maintain our Group's currently effective licences and permits and our Directors' view as set out above, concurs with the Directors' view that our Group's past inconsistencies with the applicable TIC's Directives would not result in any material impact to our Group's operations as at the Latest Practicable Date.

The chart below sets out the business process flow in respect of our Group's corporate sales:



Note:

* Client's travel policy is provided by the client according to their company's internal travel programme.

Sales division

As at the Latest Practicable Date, our Sales Division consisted of approximately 360 staff who are our sales professionals. Our sales staff are provided with training on communication skills to understand customers' needs and on how to offer quality services with a view to achieving our Group's business targets and complementing our long-term development.

Product development division

As the Latest Practicable Date, our Product Development division consisted of 45 staff. The principal responsibilities of our Product Development Division are developing FIT packages as well as supporting our Group's hotel operations and ticketing functions. We have introduced thematic optional activities including visits to tourist attractions, farm visits, hiking, skiing, snorkeling, scuba diving, rafting and ecological educational tours. We have expanded our cruise packages to cover worldwide routes. Our Product Development Division represents our principal contact point with airlines and hotels to facilitate completion of our sales process and monitors the supply of block seats and hotel allotments regularly. In addition, this division is responsible for providing our travel consultants with the most up-to-date travel related information including destination information and carrier policies via our Intranet system. This facilitates our travel consultants to provide quality information to assist our customers in deciding their travel plans.

Talent management division

Our Talent Management Division is responsible for organising staff training programmes for both newly joined and existing staff. To enable our employees to enhance their knowledge of, and performance in, our Company's business and operation, we are committed to staff training and development. We have adopted an assessment scheme to systematically review and appraise the skills and knowledge development of our travel consultants. The assessment scheme provides an important reference for the management team to evaluate the performance and potential of our travel consultants.

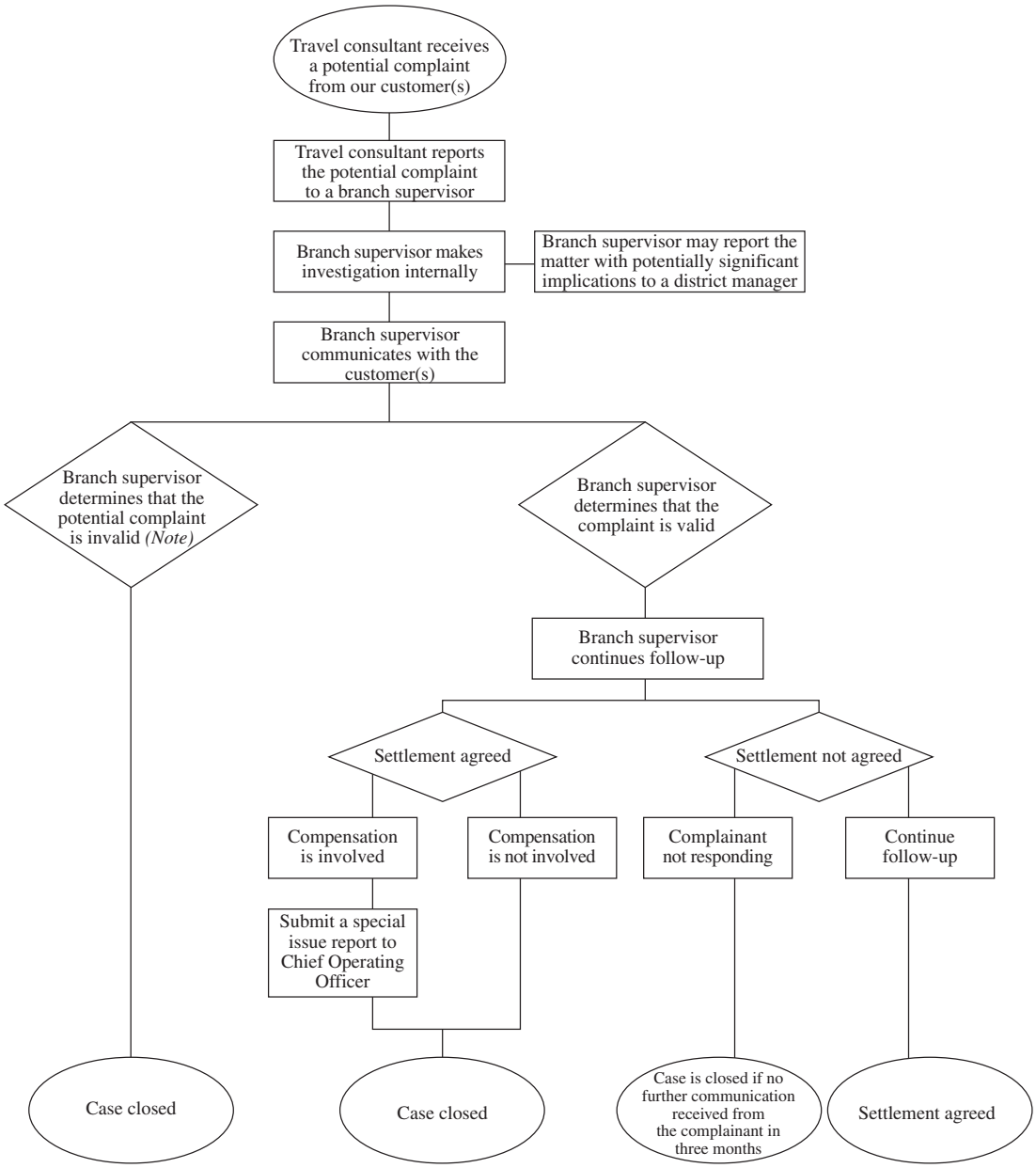
Marketing department

Our Marketing Department focuses on development of new marketing channels, media planning, management and execution of promotional campaigns, conducting market research and analysis of customers' needs so as to facilitate improvement of our service standards. It is also responsible for enhancing the market position of our Group, overseeing public relations and promotional initiatives, maintaining strong relationships with business partners and building the professional brand and corporate image of our Group.

COMPLAINTS HANDLING

During each of the years ended 31 March 2009, 2010 and 2011, we received 48, 30 and 30 cases of complaints respectively from customers directly or via TIC and Consumer Council relating to service, pricing, product quality and handling charges, none of which our Directors expect would have any material adverse effect on our operations or financial conditions.

We set out below an illustrative process flow of our Group's procedures on handling complaints received from customers directly:



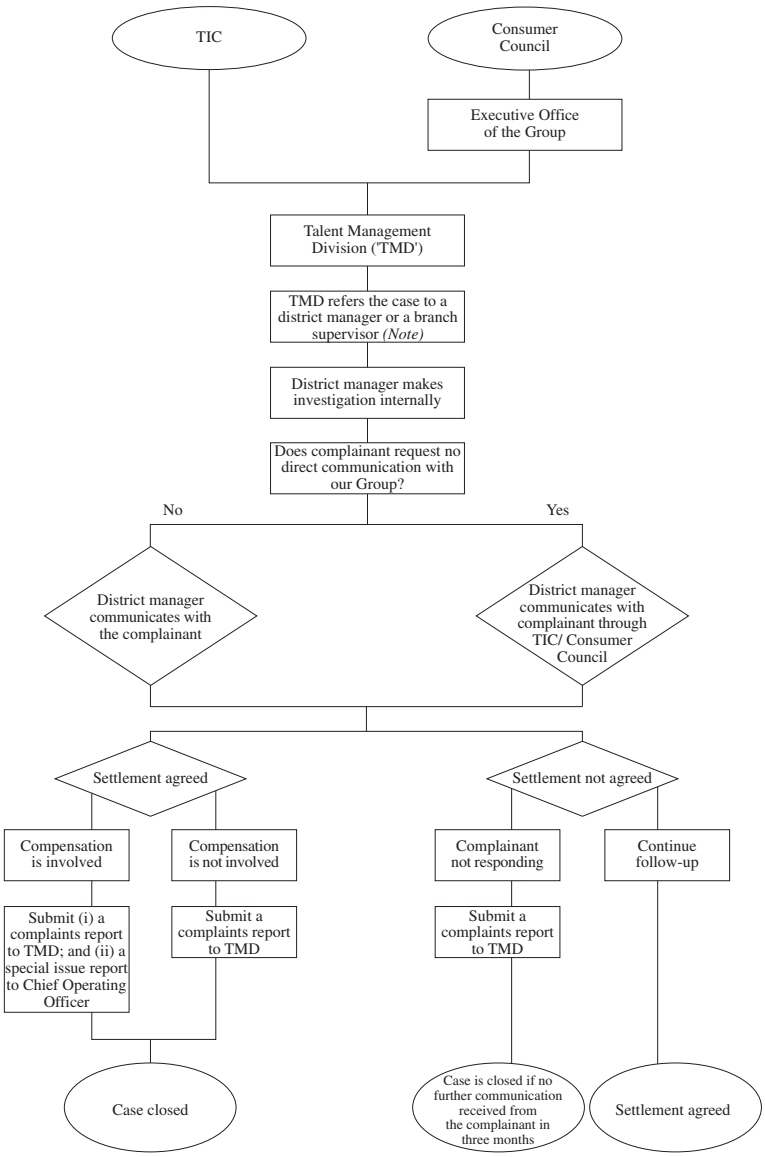
Notes:

- When the customer is no longer dissatisfied with our Group's services after the branch supervisor clarifies the customer's queries and there is no further action to take on the matter, the branch supervisor should close the case.

- Our Group may compensate to the complainants an amount mutually agreed with the complainants.

- Certain complaints may also involve requests for refund of monies paid by the complainants to our Group. In the event that the requests are acceptable to the Group and/or the relevant suppliers (if applicable), we would process the refund and would normally waive any handling fees.

We set out below an illustrative process flow of our Group's procedures on handling customer complaints received through TIC and/or Consumer Council:



Notes:

- The district manager is required to submit a progress report to TMD within seven days from the date the complaint case is received from TIC and/or Consumer Council. The district manager is also required to submit a written response to TIC and/or Consumer Council within 21 days from the date of TIC's and/or Consumer Council's written request given to our Group.

- When the customer is no longer dissatisfied with our Group's services after the branch supervisor clarifies the customer's queries and there is no further action to take on the matter, the branch supervisor should close the case.

- Our Group may compensate to the complainants an amount mutually agreed with the complainants.

- Certain complaints may also involve requests for refund of monies paid by the complainants to our Group. In the event that the requests are acceptable to the Group and/or the relevant suppliers (if applicable), we would process the refund and would normally waive any handling fees.

During the year ended 31 March 2009, we paid compensations and refunds of approximately HK$900 and HK$70,000 respectively to complainants. During the year ended 31 March 2010, we did not pay any compensation to complainants but we made refunds of approximately HK$60,000 to complainants. During the year ended 31 March 2011, we paid compensations and refunds of approximately HK$1,500 and HK$54,000 respectively to complainants.

STAFF PURCHASE POLICY

Our Directors believe that our staff play an important role in the development of our business. As such, in order to help build staff loyalty, and attract and retain high-calibre employees, we have a staff purchase policy for our Directors, staff and their direct family members. Pursuant to our Group's staff purchase policy, eligible persons are entitled to purchase travel related products from our Group, such as air tickets and hotel accommodation, throughout the year at cost plus an administrative charge.

COMPLIANCE AND LITIGATION

As at the Latest Practicable Date and during the Reporting Period, our Group was not engaged in any litigation, arbitration or claim of material importance, and there is no litigation, arbitration or claim pending or threatened by or against any member of our Group or any of our Directors, which could have a material adverse effect on our operations or financial conditions. During the Reporting Period, our Group was not subject to any third parties' claim for harm and injury in relation to the travel arrangements and products sold to customers.

After due and careful enquiry, we are of the opinion that our Group has obtained and currently maintains all necessary permits and licences which are material to our business. The RTA had never refused to, imposed any uncommon conditions or revoked the travel agent licence of any members of our Group in the past. We have been advised by our Hong Kong Legal Adviser that we have obtained all requisite permits and licences from the relevant authorities to legitimately conduct our businesses and operations in Hong Kong and all such permits and licences continued to be valid as at the Latest Practicable Date.

We have inadvertently breached certain sections of the Companies Ordinance. The table below summarises the non-compliance with the requirements of the Companies Ordinance by our Group in the past three years.

Non-compliance under Companies Ordinance

Item(s) of non-compliance	Name(s) of our Group company(ies)	Particulars of the non-compliance	Cause for the non-compliance	Remedial actions	Potential maximum penalty/fine	Statutory provisions made for any potential penalty/fine	Seriousness of Non-compliance incident
Non-compliance with section 140A(3) of the Companies Ordinance	TEL and TEOL	Late filing of notice of resignation of their auditors in 2009	During the material period, our Group companies did not have an internal company secretarial department and qualified company secretary of relevant working experience to deal with company secretarial matters and to comply with the Companies Ordinance.	Filings were made on 16 April 2010	Aggregate maximum fine of HK$300,000	Section 140A(7) of the Companies Ordinance	No material impact on the operations or financial positions of the Group
Non-compliance with section 158(4) of the Companies Ordinance	TEBSL and TEOL	Late filing in relation to change of one director and/or secretary in 2009		Filings were made on 28 December 2009	Aggregate maximum fine of HK$106,400	Section 158(8) of the Companies Ordinance	
Non-compliance with section 107 of the Companies Ordinance	TEEL	Incorrect information in 2009 and 2010 annual returns		Amended annual returns were filed on 24 May 2010	Aggregate maximum fine of HK$361,600	Section 109(4) of the Companies Ordinance	
Non-compliance with section 122 of the Companies Ordinance	TEEL, TEL, TEBSL, TECL and TEOL	Failure in laying the audited accounts at the annual general meetings within the prescribed time limit of 9 months from the relevant financial year end		An order was made by the Hong Kong Courts extending the time within which compliance should be made. Consequently, all relevant audited accounts were laid before general meetings of these Group companies in compliance with the extended time limit specified in the court orders	Not applicable	The Hong Kong Courts made an order dated 3 September 2010 to extend the time limit which compliance should be made and our Group has not received any notice of fines and/or penalties	

Our Controlling Shareholders have entered into a Deed of Indemnity whereby the Controlling Shareholders have agreed to indemnify our Group, subject to the terms and conditions of the Deed of Indemnity, in respect of any liabilities which may arise as a result of any non-compliance of our Group on or before the date on which the Share Offer becomes unconditional. Further details of the Deed of Indemnity are set out in the paragraph headed "Tax and other indemnities" in appendix V to this prospectus.

As to the non-compliance of late and incorrect filings relating to company secretarial matters with the Companies Registry, as advised by our Hong Kong Legal Adviser, the practical risk of our Hong Kong subsidiaries being penalised for their late and incorrect filing is low. Although the Companies Registry does have the right to impose fines and penalties and the Companies Ordinance specifies the relevant level of fines, we understand from our Hong Kong Legal Adviser that, based on their experience and knowledge, the Registrar of Companies does not, in all cases, prosecute late filings or levy penalties. As of the Latest Practicable Date, the relevant companies have not received any notices of any fines or penalties. The potential maximum aggregate penalties/fines, as advised by our Hong Kong Legal Adviser, are expected not to exceed HK$1,000,000. Therefore, our Directors consider such amount to be immaterial and the Reporting Accountants, BDO Limited, concurs with our Directors that the potential penalties/fines are not material to our Group's financial statements. Accordingly, no provision for the penalties/fines has been made by our Directors for the preparation of the financial statements. The Sole Sponsor is of the view our Directors' decision is reasonable given that the potential maximum aggregate penalties/fines of the non-compliance incidents is immaterial and the view of the Reporting Accountants stated above.

Non-compliance with TIC's Articles of Association

TEL has also inadvertently breached Clause 8(7)(a) of the Articles of Association of TIC for failure to notify TIC of a change of shareholders or directors within 14 days of the change. Such breach related to the appointment of Mr. Ko, Mr. Cheung and Ms. Ho to the board of directors of TEL with effect from 18 November 2009 and the resignation of Ms. Chang as a director of TEL with effect from 27 November 2009, all of which were notified by TEL to TIC on 9 March 2010. A warning letter was issued by TIC to TEL on 23 April 2010.

TIC has written to TEL and confirmed that such non-compliance case may not have any material impact on TEL's TIC membership renewal.

Other than the remedial actions as mentioned above, we have implemented specific internal control measures to prevent the future occurrence of the above non-compliances, and have taken or will take steps to incorporate corporate governance practices to ensure compliance with the various applicable rules and regulations, as set out below.

Actions to ensure future compliance

To prevent the occurrence of any non-compliance and to provide a stronger basis for detecting potential non-compliance in the future, we have taken and will take the following steps to ensure compliance with applicable laws, rules and regulations:

1. Prior to the Listing Date, our Directors received and reviewed a detailed memorandum prepared by our Hong Kong Legal Adviser setting out the requisite on-going Listing Rules and general Hong Kong company law requirements and obligations of our Directors after Listing.

2. Prior to the Listing Date, our Directors attended the training sessions conducted by our Hong Kong Legal Adviser on the on-going obligations and duties of a director of a company whose shares are listed on the Stock Exchange.

3. We have employed a company secretary who is an associate of both the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Company Secretaries. She has over 15 years of experience in company secretarial functions in various companies including listed companies and is responsible for the day-to-day compliance matters of our Group. The company secretary has access to external professionals retained by our Group from time to time, including the compliance adviser, external legal counsel, auditors and other advisers as necessary and reports the compliance matters directly to the Board on a quarterly basis.

4. Our Directors have implemented certain compliance guidelines and procedures which cover our Company's legal, operational and business requirements which includes setting up of the Company Secretarial Department which is responsible for the day-to-day compliance matters of our Group. The Company Secretarial Department is headed by the Company Secretary. In the event an employee has a compliance-related question, he should direct such question to and seek guidance from his supervisor or department head, who shall communicate the enquiry to our Company Secretarial Department. In addition to the above, we have, in consultation with our Hong Kong Legal Adviser, prepared a compliance manual to provide specific guidance to our staff in ensuring compliance with the Companies Ordinance. The Sole Sponsor is of the view that the aforesaid measures adopted by our Group will provide a stronger basis for ensuring ongoing compliance with the relevant rules and regulations under the Companies Ordinance.

5. We will review TIC directives on a monthly basis by including the review as a regular item of the meeting of functional departments held each month. At the meeting, the management will consider whether TIC directives are applicable to us and if applicable, evaluate the impact, review the operation procedure and formalities as to due compliance and decide the implementation of the relevant directives.

Our Directors believe that the above measures will enable our Group to strengthen its control environment both at the working level and at the monitoring level based upon which the Sole Sponsor considers that these measures should be adequate and effective to ensure our Group's ongoing compliance with the relevant rules and regulations in Hong Kong.

Litigation

During the Reporting Period and as at the Latest Practicable Date, we were not involved in any material litigation.

Tenancy Agreements

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

During the Reporting Period, there are certain tenancy agreements entered into by our Group which were not stamped timely in accordance with the Stamp Duty Ordinance. By 1 November 2010, we have arranged for all these unstamped tenancy agreements to be stamped and paid for the penalty. The total amount of penalty paid in respect of these agreements was approximately HK$26,100. All tenancy agreements entered into by us during the Reporting Period have been stamped. Pursuant to the Deed of Indemnity, the Controlling Shareholders have undertaken to indemnify our Group for any liabilities arising from any default, failure or delay to stamp the tenancy agreements in accordance with the Stamp Duty Ordinance. Besides the remedial actions taken above, we have designated our Company Secretary to oversee the stamping of all new tenancy agreements or renewal agreements to prevent future occurrence of the above non-compliances.

CREDIT CONTROL

Our Group's customers consist of retail and corporate customers. Retail customers are normally not provided with credit terms whilst corporate customers are normally granted credit terms of up to 30 days. Our Group has endeavoured to exercise tight credit control. Our Group's finance and

accounting department reviews the credit terms for each existing and prospective corporate customer. The settlement and credit terms granted to corporate customers are determined with reference to, among other things, (i) the length of the business relationship with our Group; (ii) the payment history of the customer; and (iii) the financial strength and creditability of the corporate customer. In respect of new corporate customers, we will normally assess their credit worthiness by conducting company searches and site visits to the prospective corporate customer's business premises. We do not require any deposits to be placed or any advance payments to be made to our Group prior to granting any credit terms to our corporate customers.

We monitor closely our outstanding trade receivables and issue written reminders to follow-up with our customers. If our Group cannot recover an outstanding trade receivable after liaison with the relevant customer, we may request our solicitors to issue a legal demand letter to such customer as and when appropriate. Under certain circumstances, our Group may consider taking legal action to recover any outstanding trade receivables.

During the Reporting Period, the majority of our customers were retail customers, contributing to over 90% of our gross sales proceeds. However, going forward, we plan to further develop the corporate sales segment which would strengthen our Group's revenue base.

Our Group's trade receivables as at 31 March 2009, 2010 and 2011 were approximately HK$7.7 million, HK$8.3 million and HK$5.3 million respectively.

During the years ended 31 March 2009, 2010 and 2011, our Group recognised impairment loss of approximately HK$36,000, HK$23,000 and Nil respectively, representing approximately 0.004%, 0.002% and Nil respectively of our Group's gross sales proceeds and approximately 0.05%, 0.03% and Nil respectively of our Group's corporate sales, which indicates that our Group's credit control policy is effective. However, in view of our plans to develop the corporate sales segment, as highlighted in the "Risk factors" section of this prospectus, our Group's exposure to credit risks in respect of corporate customers may increase. Nevertheless, we will continue to exercise tight credit screening and credit control with a view to minimising our Group's exposure to the possibility of an increase in credit risks.

CASH CONTROL POLICY

All cash proceeds must be delivered to the respective branch managers who are responsible for keeping such cash in the safe. The cash proceeds must be banked in on the next banking day and a copy of the bank-in slip must be provided to the finance and accounting department by 2:30 p.m. on the bank-in date. The accounts receivable team of our finance and accounting department is responsible for ensuring compliance to our Group's cash control policy and is tasked with checking that the copy of the bank-in slips is received timely and the amounts recorded in the bank-in slips agree with that recorded in our Group's operations system. All non-compliance cases are recorded and submitted to the Chief Operating Officer and the district managers on a monthly basis for monitoring and follow-up.

During the three years ended 31 March 2011, approximately 30.1%, 24.8% and 14.7% respectively of our gross sales proceeds were cash sales. There were no incidents of cash misappropriation reported during the Reporting Period.

COMPETITION

Competition levels in the travel agent industry are extremely high both in Hong Kong and other developed markets. The number of travel agents in Hong Kong has been gradually increasing over time, which in turn, results in increasing price and service competition in the sector. According to the TAR, as at 30 June 2011, there were approximately 1,572 licensed travel agents operating within the travel industry in Hong Kong. Furthermore, technology has provided another form of competition where consumers can book their own travel tickets and other travel related requirements over the Internet.

Despite the intense competition, our Directors are of the view that our Group is able to maintain its competitive strengths and will sustain and develop our business by being a market leader in providing new and innovative holiday solutions to satisfy our demanding and seasoned travellers as well as providing quality service to our customers. Our Group maintains its awareness of the travel market, and keeps abreast of the latest development in travel industry technologies. Our Group endeavours to continue to enhance its level of services and ensure that our customers are provided with all necessary information and are offered with various value-added travel options. Our Directors believe that our Group's commitment to assisting our customers to enjoy independence and freedom when travelling and our quality service will differentiate us from other travel agents within the industry. Please refer to "Business — Competitive Strengths" for further details.

LICENCES

As at the Latest Practicable Date, our Group holds the following licences relating to our business:

Licences	Holders of licences	Issuing organisation	Date of issue	Date of expiry
Licensed travel agent	TEL	TAR	28 August 2011	28 August 2012
Licensed travel agent	TEBSL	TAR	28 April 2011	28 April 2012
Licensed travel agent	TECL	TAR	21 January 2011	21 January 2012

As part of the licensing requirements under the RTA, our Group holds the following memberships as at the Latest Practicable Date:

Memberships	Member	Issuing organisation	Date of admission	Date of expiry
Ordinary member	TEL	TIC	28 August 1988	30 June 2012
Ordinary member	TEBSL	TIC	29 September 2008	30 June 2012
Ordinary member	TECL	TIC	21 January 2011	30 June 2012

Our management reviews our business practices regularly to ensure our Group's compliance with the RTA licensing requirements and the successful annual renewal of our Group's licences. Save and except as disclosed in the section headed "Business — Compliance and Litigation", there were no investigations conducted and no disciplinary action taken by the RTA or TIC on our Group during the Reporting Period.

To the best knowledge and belief of our Directors, there are no legal impediments for our Group's continual renewal of the above licences and memberships.

As at the Latest Practicable Date, our Group has registered with the HKFI as an insurance agency in respect of travel insurance as follows:

Name of Insurance Agency	Appointing Insurer(s)	Date of Registration	Expiry Date of Registration Fee
TEL	ACE Insurance Limited	23 June 2010	19 October 2012
	Blue Cross (Asia — Pacific) Insurance Limited	23 November 2007	
	Chartis Insurance Hong Kong Limited	19 October 2006	
TECL	ACE Insurance Limited	11 April 2011	11 April 2014
	Blue Cross (Asia — Pacific) Insurance Limited	11 April 2011	
	Chartis Insurance Hong Kong Limited	11 April 2011	
TEBSL	ACE Insurance Limited	1 September 2011	1 September 2014

IATA ACCREDITATION

In order to maintain our IATA accreditation, we have to satisfy the following criteria and qualification stipulated under the Travel Agent's Handbook issued by the IATA.

The applicant must demonstrate and/or provide evidence of compliance in respect of the following:

Registration/Licence

The applicant's business entity and/or its owners and managers must have the requisite official registration and/or licence to trade and offer travel agency services, as prescribed by applicable law.

Staff

The applicant must have in its employment competent and qualified staff able to sell international air transportation and correctly issue electronic travel documents and report these to the billing and settlement plan.

Finances

The financial stability of the applicant is assessed in relation to the funds at risk, taking into account net equity, net current assets compared to the net cash sales of an average prescribed reporting and remitting period. Such evaluation shall be in accordance with established local criteria, as adopted by the Conference and as recommended by the agency programme joint council, and published in the Travel Agent's Handbook.

The applicant must provide accounts showing a satisfactory financial standing and ability to remain solvent and pay bills. The applicant shall submit independently produced financial statements prepared in accordance with local accounting practices.

To obtain a satisfactory evaluation, the applicant may be required to provide further information or additional financial support in the form of re-capitalisation, and/or bank or insurance bonds or guarantees to cover the funds at risk.

Branch Locations in Other Countries

An applicant that opens branch locations in a country, that is different from where the head office legal entity is located, will be assessed against the financial criteria established for the country of the branch location. In such event the agent will be required to submit the financial documents of the head office legal entity. Where the agent is unable to meet the applicable local criteria of the country of the branch location, it shall be required to furnish additional security in the form of a bank or insurance bond or guarantee to cover the funds at risk for that location.

Premises

The applicant shall be identified as a place of business for a travel agency in accordance with applicable laws.

The agency and/or place of business shall not be identified, or represent itself, as an office of an airline or group of airlines, nor have a name the same as that of a member of IATA, or of IATA.

The location where business is conducted shall not be in office space jointly occupied with an airline or an airline's general sales agent. Where a location is jointly occupied with another Travel agency, each agent shall be responsible to report its sales under its separate IATA numeric code and be responsible to secure its separately allocated manual standard traffic documents.

Trading History

No person who is a director of, or who holds a financial interest or a position of management in the applicant, shall have been a director of, or had a financial interest, or held a position of management in an agent which has been removed from the agency list or is under notice of default and still has outstanding commercial debts;

The applicant may nevertheless be approved if the agency services manager is satisfied that such person was not responsible for the acts or omissions that caused such removal or default and is satisfied that the applicant can be relied upon to comply with the terms of the sales agency agreement, these rules and other resolutions of the conference;

The applicant shall not trade as a general sales agent for any air carrier in the country where it is established.

Security

An applicant shall undertake to provide sufficient protection for its business, and for the supply of industry standard traffic documents in its possession, in accordance with the relevant provisions.

The applicant shall have, at the place of business under application, the facility to issue on behalf of members/airlines participating in the billing and settlement plan, standard traffic documents through the use of an approved electronic ticketing system.

An agent is required to safeguard manual standard traffic documents in its possession by storing them in a lockable steel cabinet when not in use. An agent that does not use manual standard traffic documents is recommended to take all necessary precautions to protect its business and business applications but is not required to maintain any lockable device.

During the Reporting Period and as at the Latest Practicable Date, we have satisfactorily complied with the above criteria and qualification stipulated under the Travel Agent's Handbook issued by IATA for maintaining our IATA accreditation.

ACHIEVEMENTS AND AWARDS

In recognising our Group's outstanding sales achievements, numerous international airlines, hotel chains, land agents and tourism boards awarded us with honours over the years. The following awards illustrate that we are backed with strong partnerships and are capable to find the best rates for all our clients.

Awards	Awarded by
Top Agent Award 2004-2010	Cathay Pacific Airways Limited
Top Agent Award 2006-2010	Hong Kong Dragon Airlines Co., Ltd.
Top FIT Agent Award (H.K.) 2008/2009, 2010	China Eastern Airlines Corporation Limited
Top Agent Award 2008/2009	Hong Kong Express Airways Limited/ Hong Kong Airlines Limited
Best Performance 2009-2010	Hong Kong Express Airways Limited/ Hong Kong Airlines Limited
Gold Award 2003-2005	Malaysia Airlines
Top Performance Award 2006-2009	Malaysia Airlines
Top Agency Award 2010	Asiana Airlines
Top Agent Award 2006/2007	American Airlines, Inc.
Citation of Excellence 2009	Korean Air Lines Co., Ltd.
Top Agency Award 2001, 2003-2009	Abacus Distribution Systems (Hong Kong) Ltd.
Top Agency Award 2007, 2010 3rd Placing	Abacus Distribution Systems (Hong Kong) Ltd.
Top Agency Insurance Award 2007	Abacus Distribution Systems (Hong Kong) Ltd.
最佳2010年銷售大獎	Charming Holidays Ltd.
Top Agency Award 2005, 2006, 2008, 2009	Kuoni Travel
Top Agents Award 2006-2008, 2010	Gullivers Travel Associates (Hong Kong) Ltd.
Top Agent Award 2004-2010	Jetour Holiday (China) Ltd.
Excellent performance and service quality 2006-2007	American International Group, Inc.
Excellent performance 2009-2010	Chartis Insurance Hong Kong Ltd.
Friends of Thailand Award 2002	Tourism Authority of Thailand
旅遊台灣合作獎 2008-2009	台灣觀光協會香港辦事處
Tourism Malaysia Hong Kong 2006	Malaysia Tourism Promotion Board
Friends of Malaysia 2010	Malaysia Tourism Promotion Board
Top Selling Agent Award 2010	Club Méditerranée (Club Med) Hong Kong Ltd.
Top Sales Agency 2009-2010	Six Senses Resort & Spas
最強人氣品牌大獎2009-2010	TVB Weekly

INSURANCE

We maintain various insurance policies for our Group relating to our office premises, electronic equipment, travel responsibility and travel assurance, as well as for our employees. The coverage of these insurance policies includes losses or damages to our office and electronic equipment, public liabilities, business interruption, loss of travel fees and costs and travel liability in respect of our employees' business trips and familiarisation trips, medical benefits for our employees and employees' compensation and liability.

Our Group has purchased property all risks insurance, business interruption insurance, employees' compensation, public liability insurance, medical insurance for our employees and travel insurance for our employees.

Our Directors believe that the insurance policy specifications and insured limits of our Group are in line with the normal industry practice in Hong Kong and the existing insurance coverage is adequate for our Group's operation. Our Directors confirm that, during the Reporting Period, our Group was not subject to any material claims or liabilities arising from any accidents relating to its operations and did not have any major interruption to its operations.

PROPERTIES

As at the Latest Practicable Date, we operated our retail shops and offices through 58 leased/licensed properties in Hong Kong and the PRC. Please refer to appendix III to this prospectus for further details of our leased properties.

TEOL entered into a provisional agreement on sales and purchase on 25 March 2011 to purchase from an independent third party the whole of 9/F, Kowloon Plaza, No. 485 Castle Peak Road, Kowloon at a consideration of HK$43 million which was settled partly out of internal funds and partly by mortgage loan. On 17 May 2011, TEOL nominated CGL to take up, inter alia, the Assignment of the property and vest all the estate right title benefit of and in the property to CGL. The acquisition of this property was completed on 29 July 2011. We plan to centralise our headquarter and support functions in this premises.

LABOUR AND SAFETY MATTERS

Our Directors regard labour and safety matters as important social responsibility issues for our Group.

Accordingly, our Group will continue to dedicate adequate resources and effort to uphold and improve our Group's safety management system in order to reduce the risks relating to labour safety issues. Our Group's senior management will closely supervise the compliance of the applicable laws relating to labour and safety by our Group. Our Directors believe that these measures are adequate in addressing potential future risks associated with occupational health and safety matters relating to employees of our Group. During the Reporting Period, save as disclosed below, there has not been any material labour disputes and non-compliance of safety records reported by our Group.

Set out below are the labour disputes with four ex-employees of TEL:

(i) In July 2010, Ms. Chue, Wing Man, an ex-employee of TEL, lodged a claim with the Labour Tribunal against TEL for wages in lieu of notice and severance pay in the sum of HK$60,278 after termination of employment by TEL. It was awarded by the Labour Tribunal that TEL pay HK$7,371.50 on or before 10 August 2010 to settle all the claims of Ms. Chue. TEL has paid HK$7,371.50 to Ms. Chue in compliance with the award.

(ii) In June 2010, Mr. Tso, Kwok Kei George, an ex-employee of TEL, lodged a claim with the Labour Tribunal against TEL for wages in lieu of notice and severance pay in the sum of HK$58,010.97 after termination of employment by TEL. It was awarded by the Labour Tribunal that TEL pay HK$11,000 on or before 2 July 2010 to settle all the claims of Mr. Tso. TEL has paid HK$11,000 to Mr. Tso in compliance with the award.

(iii) In July 2009, Mr. Ting, Chi Hong, an ex-employee of TEL, lodged a claim with the Labour Tribunal against TEL for wages in lieu of notice in the sum of HK$13,903.25 after termination of employment by TEL. Subsequently, Mr. Ting withdrew his claim.

(iv) In January 2009, Mr. To, Cheuk Pan, an ex-employee of TEL, lodged claims with the District Court against TEL for damages in connection with two accidents occurred at work. The first accident occured in January 2007, Mr. To being responsible for general work was instructed to transport a photocopying machine, 3 large plastic bags of goods and a number of A4 size boxes of goods to our branch office at Wanchai by a van. In Wanchai, when he was pulling one of the large plastic bags from the car-boot, he sustained injuries to his left shoulder. Further, in January 2008, he was instructed to transport some office furniture to our branch office at Lai Chi Kok MTR station. When he was carrying the furniture from the ground to the Lai Chi Kok branch office, he sustained further injuries to his left shoulder. His claims were settled by payment of HK$60,480.26 by our employee compensation insurer in June 2009.

We have adopted written guidelines on delivery of documents and goods, and work safety matters for staff. According to our guidelines on delivery of documents and goods, our staff is required to notify our Administration Section to enlist the assistance of a transportation company when moving heavy and/or large objects.

Our Group maintains various insurance policies which cover, among other things, medical benefits for our employees and employees' compensation and liability.

Save as disclosed above, as at the Latest Practicable Date, our Group has not been involved in any labour disputes or litigation, claim, administrative action or arbitration relating to labour disputes of material importance.

CONTINUING CONNECTED TRANSACTIONS

We have entered into a number of transactions with entities which will become our Connected Persons upon Listing and such transactions will, upon Listing, constitute continuing connected transactions (as defined under the Listing Rules) for our Company. These entities which will continue to have non-exempt continuing connected transactions with our Group after the Listing include the following:

Evergood

Evergood is wholly owned by TEHL which is owned as to approximately 71% by Kowen. Kowen is owned as to approximately 60% and 40% by Mr. Ko and Mrs. Ko respectively. Evergood is an associate of Mr. Ko and Mrs. Ko. Pursuant to Rules 1.01 and 14A.11(4) of the Listing Rules, Evergood is a Connected Person of our Company.

Red & White System

Red & White System is directly owned as to 50% by Colvin & Horne Assets Management Limited which is wholly owned by Mr. Kelvin Ko. Red & White System is an associate of Mr. Ko and Mrs. Ko. Pursuant to Rules 1.01 and 14A.11(4) of the Listing Rules, Red & White System is a Connected Person of our Company.

CCIL

CCIL is directly owned as to approximately 88% by Colvin & Horne Assets Management Limited which is wholly owned by Mr. Kelvin Ko. CCIL is an associate of Mr. Ko and Mrs. Ko. Pursuant to Rules 1.01 and 14A.11(4) of the Listing Rules, CCIL is a Connected Person of our Company.

Hombest

Hombest is directly owned as to 50% by Colvin & Horne Assets Management Limited which is wholly owned by Mr. Kelvin Ko. Hombest is an associate of Mr. Ko and Mrs. Ko. Pursuant to Rules 1.01 and 14A.11(4) of the Listing Rules, Hombest is a Connected Person of our Company.

1. Lease of properties owned by connected persons of the Company ("Leases"):

a) ***Tenancy agreement with Evergood***

(i) *Tenancy agreement*

Pursuant to an agreement dated 8 November 2010 and entered into between Evergood and TEL, Evergood has agreed to lease and TEL has agreed to take the lease of Shop

D, LG/F, Splendid Place, No. 39 Taikoo Shing Road, Quarry Bay, Hong Kong with a net floor area of approximately 655 sq. ft. The property is used by our Group as one of our Group's retail shops.

ii) *Rental term and amount*

The term of the lease commenced on 1 December 2010 and will expire on 30 November 2012. The annual rental amount payable in monthly instalments in advance by our Group is HK$864,000 (exclusive of rates, electricity charges, management fee and other outgoings).

A deposit of HK$216,000 (representing three months' fixed rent) was paid to Evergood and is refundable to TEL without interest when the tenancy expires.

The terms were arrived at after arm's length negotiations between the parties and determined by reference to the market rent of the above property. CB Richard Ellis Limited, the property valuer of our Company, considers the annual rent fair and within the reasonable range of the prevailing market rental.

b) ***Tenancy agreement with Red & White System***

i) *Tenancy agreement*

Pursuant to an agreement dated 25 January 2010 and entered into between Red & White System and TEL, Red & White System has agreed to lease and TEL has agreed to take the lease of Shop 19 on 1/F, Shop 60B on G/F, Mirador Mansion, 54-64B Nathan Road, 9A Carnarvon Road, Tsim Sha Tsui, Kowloon with an aggregate lettable area of approximately 700 sq. ft. The property is used by our Group as one of our Group's retail shops.

ii) *Rental term and amount*

The term of the lease commenced on 1 February 2010 and will expire on 31 January 2012. The annual rental amount payable in monthly instalments in advance by our Group is HK$1,140,000 (exclusive of rates, water charges, electricity charges, management fee and other outgoings).

A deposit of HK$285,000 (representing three months' fixed rent) was paid to Red & White System and is refundable to TEL without interest when the tenancy expires.

The terms were arrived at after arm's length negotiations between the parties and determined by reference to the market rent of the above property. CB Richard Ellis Limited, the property valuer of our Company, considers the annual rent fair and within the reasonable range of the prevailing market rental.

c) ***1st Tenancy agreement with CCIL***

i) *Tenancy agreement*

Pursuant to an agreement dated 29 December 2009 and entered into between CCIL and TEL, CCIL has agreed to lease and TEL has agreed to take the lease of the whole first floor, Grand Building, 18 Connaught Road, Central, Hong Kong with a lettable area of approximately 4,000 sq. ft. The property is used by our Group as one of our Group's retail shops and offices.

ii) *Rental term and amount*

The term of the lease commenced on 1 January 2010 and will expire on 31 December 2011. The annual rental amount payable in monthly instalments in advance by our Group is HK$1,200,000 (exclusive of rates, electricity charges, management fee and other outgoings). A rent-free period in total of three months, being the first three months of the commencement of the lease, in an aggregate rental amount of HK$300,000 was granted by CCIL.

A deposit of HK$300,000 (representing three months' fixed rent) was paid to CCIL and is refundable to TEL without interest when the tenancy expires.

The terms were arrived at after arm's length negotiations between the parties and determined by reference to the market rent of the above property. CB Richard Ellis Limited, the property valuer of our Company, considers the annual rent to be fair and reasonable and consistent with the prevailing market rents for similar properties in similar locations.

d) ***2nd Tenancy agreement with CCIL***

iii) *Tenancy agreement*

Pursuant to an agreement dated 7 April 2010 and entered into between CCIL and TEL, CCIL has agreed to lease and TEL has agreed to take the lease of the ground floor, Far East Consortium Building, 115 Des Voeux Road, Central, Hong Kong with a lettable area of approximately 2,100 sq. ft. The property is used by our Group as one of our Group's retail shops and offices.

iv) *Rental term and amount*

The term of the lease commenced on 8 April 2010 and will expire on 7 April 2012. The annual rental amount payable in monthly instalments in advance by our Group is HK$2,160,000 (exclusive of rates, electricity charges, management fee and other outgoings). A rent-free period of one month, being the first month of the commencement of the lease, in a rental amount of HK$180,000 was granted by CCIL.

A deposit of HK$540,000 (representing three months' fixed rent) was paid to CCIL and is refundable to TEL without interest when the tenancy expires.

The terms were arrived at after arm's length negotiations between the parties and determined by reference to the market rent of the above property. CB Richard Ellis Limited, the property valuer of our Company, considers the annual rent to be fair and within the reasonable range of the prevailing market rental.

e) ***Tenancy agreement with Hombest***

i) *Tenancy agreement*

Pursuant to an agreement dated 2 August 2010 and entered into between Hombest and TEOL, Hombest has agreed to lease and TEOL has agreed to take the lease of Shops A and B, ground floor, Ngai Hing Mansion, 74-76 Hak Po Street, 2-24 Pak Po Street and 5 Yim Po Fong Street, Kowloon, Hong Kong with a net floor area of approximately 278 sq. ft. The property is used by our Group as one of our Group's retail shops.

ii) *Rental term and amount*

The term of the lease commenced on 1 September 2010 and will expire on 31 August 2012. The annual rental amount payable in monthly instalments in advance by our Group is HK$156,000 (exclusive of rates, water charges, electricity charges, management fee and other outgoings).

A deposit of HK$39,000 (representing three months' fixed rent) was paid to Hombest and is refundable to TEOL without interest when the tenancy expires.

The terms were arrived at after arm's length negotiations between the parties and determined by reference to the market rent of the above property. CB Richard Ellis Limited, the property valuer of our Company, considers the annual rent fair and within the reasonable range of the prevailing market rental.

f) Historical figures for the three years ended 31 March 2011 and the aggregate expected annual consideration payable by the Group for the two years ending 31 March 2013 are as follows:

Transactions	Year ended 31 March 2009	2010	2011	
	HK$'000	*HK$'000*	*HK$'000*	
Lease between Evergood and TEL	340	765	832	Pursuant to the agreement entered into between Evergood and TEL dated 18 November 2008, Evergood leased to the Group, Shop D, LG/F, Splendid Place for the term commenced on 1 December 2008 and expired on 30 November 2010. The monthly rental amount payable in monthly instalments in advance by our Group to Evergood was HK$85,000. Pursuant to a letter issued by Evergood to TEL on 31 December 2009, Evergood agreed to grant a rental relief to our Group for three months from 1 January 2010 to 31 March 2010. Pursuant to a letter issued by Evergood to TEL dated 1 March 2010, Evergood agreed to adjust the monthly rental to HK$68,000 per month effective from 1 April 2010 until 30 November 2010. On 8 November 2010, TEL entered into the tenancy agreement with Evergood for the lease of Shop D, LG/F, Splendid Place for the term from 1 December 2010 to 30 November 2012 at the monthly rental of HK$72,000.
Lease between Red & White System and TEL	1,140	1,080	1,140	Pursuant to the agreement entered into between Red & White System and TEL dated 31 August 2007, Red & White System leased to our Group, shop 60 on G/F, Mirador Mansion for the term commenced on 1 September 2007 and expired on 29 February 2008. The monthly rental amount payable by our Group was HK$55,000. Pursuant to the agreement entered into between Red & White System and TEL dated 28 January 2008, the monthly rental amount was adjusted to HK$95,000 effective on 1 February 2008. The term of the agreement was up to 31 January 2009. On 29 January 2009, Red & White System and TEL entered into another tenancy agreement to extend the lease on a monthly basis with effect from 1 February 2009. Pursuant to a letter issued by Red & White System to TEL dated 1 April 2009, Red & White System confirmed that the lease with our Group will not be renewed with effect from 1 May 2009.

Transactions	Year ended 31 March 2009	2010	2011	
	HK$'000	*HK$'000*	*HK$'000*	
				On 25 April 2009, TEL entered into the lease agreement with Red & White System whereby Red & White System agreed to lease to our Group, shop 59 on G/F, Mirador Mansion for the term commenced on 1 May 2009 at the monthly rental amount of HK$95,000. On 30 April 2009, Red & White System agreed to reduce the monthly rental amount from HK$95,000 to HK$75,000 effective from 1 May 2009 to 31 July 2009. The monthly rental was resumed to HK$95,000 from 1 August 2009. On 25 January 2010, TEL entered into the tenancy agreement with Red & White System for the lease of shop 19 on 1/F and shop 60B on G/F of Mirador Mansion for the term from 1 February 2010 to 31 January 2012 at the monthly rental amount of HK$95,000.
Lease between CCIL and TEL — First floor of Grand Building	2,160	1,620	1,200	Pursuant to the agreement entered into between CCIL and TEL dated 29 December 2007, CCIL agreed to lease the property located on the first floor of Grand Building to our Group for the term from 1 January 2008 to 31 December 2008 at a monthly rental amount payable by our Group of HK$180,000. The lease was extended for the term from 1 January 2009 to 31 December 2009 on 29 December 2008 at the same monthly rental amount. On 29 December 2009, CCIL and TEL agreed to adjust the monthly rental amount to HK$100,000 for the term from 1 January 2010 to 31 December 2011 and CCIL agreed to grant a three-month rent-free period to TEL from 1 January 2010 to 31 March 2010. TEL has exercised its rent-free benefit at the beginning of the current lease and pays rental of HK$100,000 per month for the remainder of the lease period. Therefore, the amount of transaction subject to the lease for the year ended 31 March 2011 was HK$1,200,000 whilst the amount of related party transactions as disclosed in note 30 to the Accountants' Report for the year ended 31 March 2011 is prepared on the basis that the rent-free entitlement is averaged over the entire lease period.

Transactions	Year ended 31 March 2009	2010	2011	
	HK$'000	*HK$'000*	*HK$'000*	
Lease between CCIL and TEL — Ground floor of Far East Consortium Building	Nil	Nil	1,939	Pursuant to the agreement entered into between CCIL and TEL on 7 April 2010, CCIL agreed to lease the property located on the ground floor, Far East Consortium Building to our Group for the term from 8 April 2010 to 7 April 2012 at a monthly rental amount payable by our Group of HK$180,000. A rent-free period of one month for the first month of the commencement of the lease was granted by CCIL. TEL has exercised its rent-free benefit at the beginning of the current lease and pays rental of HK$180,000 per month for the remainder of the lease period. Therefore, the amount of transaction subject to the lease for the year ended 31 March 2011 was approximately HK$1,939,000 whilst the amount of related party transactions as disclosed in note 30 to the Accountants' Report for the year ended 31 March 2011 is prepared on the basis that the rent-free benefit is averaged over the entire lease period.
Lease between Hombest and TEOL	Nil	Nil	91	Pursuant to the agreement entered into between Hombest and TEOL on 2 August 2010, Hombest agreed to lease Shops A and B, ground floor, Ngai Hing Mansion to our Group for the term from 1 September 2010 to 31 August 2012 at a monthly rental of HK$13,000.
Total	**3,640**	**3,465**	**5,202**	

Transactions	Year ended 31 March 2012	2013
	HK$'000	*HK$'000*
Lease between Evergood and TEL	864	576
Lease between Red & White System and TEL	950	Nil
Lease between CCIL and TEL — First floor of Grand Building	900	Nil
Lease between CCIL and TEL — Ground floor of Far East Consortium Building	2,160	42
Lease between Hombest and TEOL	156	65
Aggregate expected annual consideration payable by the Group	5,030	683

g) ***Listing Rules requirements and proposed annual cap***

All of the Leases involve the lease of properties from entities which are Mr. Ko and/or Mrs. Ko's associates. Pursuant to Rule 14A.25 of the Listing Rules, the continuing connected transactions represented by the tenancy agreements with Evergood, Red & White System, CCIL and Hombest should be aggregated and treated as if they were one transaction.

Based on the aggregate expected annual consideration payable by the Group in respect of the Leases for the year ending 31 March 2012, it is expected that the relevant percentage ratios as set out in Rule 14.07 for the Leases will be more than 0.1% but less than 5% on an aggregated and annual basis. In accordance with Rule 14A.34 of the Listing Rules, the transactions contemplated under the Leases are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the independent shareholders' approval requirement. The Company proposes an annual cap for the consideration payable by the Group in respect of the Leases to be HK$5,500,000.

Pursuant to Rule 14A.42(3) of the Listing Rules, our Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with announcement requirements under Rule 14A.47 of the Listing Rules in respect of the transaction contemplated under the Leases for the year ending 31 March 2012. In addition, we will comply with the relevant requirements as set out in Chapter 14A of the Listing Rules, including Rules 14A.35(1), 14A.35(2), 14A.36, 14A.37, 14A.38, 14A.39 and 14A.40 of the Listing Rules. In the event of any future amendments to the Listing Rules imposing more stringent requirements than those as of the date of this prospectus on the continuing connected transactions referred to in this section, we will take immediate steps to ensure compliance with such new requirements.

The aggregate expected annual consideration payable by the Group in respect of the Leases is HK$683,000 for the year ending 31 March 2013. The transactions are exempt from the reporting, annual review, announcement and independent shareholders' approval requirement under Rule 14A.33(3) of the Listing Rules.

h) ***Confirmation from our Directors***

Our Directors (including the INEDs) confirm that the continuing connected transactions with respect to and contemplated under the Leases will be carried out in the ordinary and usual course of business of our Group and are on normal commercial terms, and the terms and the proposed annual cap amounts in respect of such transactions are fair and reasonable as far as our Company is concerned and are in the interests of our Company and Shareholders as a whole.

i) ***Confirmation from the Sole Sponsor***

The Sole Sponsor is of the view that, (i) the continuing connected transactions with respect to the Leases will be carried out in the ordinary and usual course of business of our Group and are on normal commercial terms, and (ii) the terms and the proposed annual cap amount of such transactions for the year ending 31 March 2012 are fair and reasonable as far as our Company is concerned and are in the interests of our Shareholders as a whole.

j) ***Confirmation from the Property Valuer***

CB Richard Ellis Limited, an independent professional property valuer, has reviewed the tenancy agreements in respect of the Leases and confirmed that the terms of such tenancy agreements are normal commercial terms and that the rentals payable under these agreements correspond to the fair market rentals.

RELATED PARTY TRANSACTIONS

Save for the continuing connected transaction disclosed above, we also entered into certain related party transactions during the Reporting Period which are contained in Note 30 to the Accountants' Report.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Overview

Immediately following completion of the Capitalisation Issue and the Share Offer (assuming that the options which have been granted under the Pre-IPO Share Option Scheme and any options which may be granted under the Share Option Scheme are not exercised), Mr. Ko and Mrs. Ko will indirectly beneficially own in aggregate approximately 71% of our issued Shares. All their shareholding in our Company is held through C&H Holdings, a company incorporated in Hong Kong and 60% owned by Mr. Ko and 40% owned by Mrs. Ko. As such, Mr. Ko, Mrs. Ko and C&H Holdings will be our Controlling Shareholders under the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors are satisfied that we are capable of carrying on our business independently from and do not place undue reliance on our Controlling Shareholders taking into consideration the following factors:

(i) Competition

As at the Latest Practicable Date, none of our Controlling Shareholders nor any of their associates and none of our Directors was interested in any business (other than our Group) which is, directly or indirectly, in competition with our business. To ensure that competition will not exist in future, the Controlling Shareholders entered into the Deed of Non-Competition with us on 6 September 2011. Please refer to the paragraph headed "Deed of Non-Competition and Possible Conflict of Interest" below for details of the principal terms of the Deed of Non-Competition.

(ii) Management independence

Our Board comprises three executive Directors and three INEDs. Mr. Ko and Mrs. Ko, both of whom are our Controlling Shareholders, are our executive Directors and Mr. Ko is the Chairman of our Board. Each of our Directors is aware of his or her fiduciary duties as a Director of our Company which require, among other things, that he or she acts for the benefit and in the best interest of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum. Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from the Controlling Shareholders after the Share Offer.

(iii) Independence of business operations

We have established our own organisation structure comprised of individual departments, each with specific areas of responsibilities. We have also established internal control procedures to facilitate the effective and efficient operation of our business.

As at the Latest Practicable Date, our Group operated more than 50 retail shops, all of which were rented premises. Some of these premises were leased from Connected Persons of our Company and under the terms of which, our Group will continue to lease the premises as stated in the tenancy agreements. Such tenancy agreements were entered into after arm's length negotiations, the details of which are set out in the section headed "Connected Transactions" of this prospectus.

Our Directors are of the opinion that, considering alternative premises are available if necessary, our Group is not operationally dependent on the lease of the relevant premises from Connected Persons of our Company who are associates of the Controlling Shareholders.

(iv) Financial independence

Our Directors are of the view that we are able to maintain financial independence from our Controlling Shareholders. We historically have had, and will following completion of the Share Offer, continue to have our own internal control and accounting systems. Our own finance and accounting department is capable of discharging the treasury functions for cash receipts and payments, accounting, reporting and internal control independently of our Controlling Shareholders.

In October 2010, our Controlling Shareholders, Mr. Ko and Mrs. Ko, entered into certain guarantee arrangements in respect of certain banking facilities given by the banks. Details of these banking facilities guaranteed by Mr. Ko and Mrs. Ko are set out in the "Financial Information" section under the heading "Indebtedness" in this prospectus.

The aforesaid personal guarantees are expected to be released and replaced by a corporate guarantee given by the Company upon Listing. Therefore, our Directors are of the view that there is no financial dependence on the Controlling Shareholders.

DEED OF NON-COMPETITION AND POSSIBLE CONFLICT OF INTEREST

In preparation for the Listing, each of our Controlling Shareholders has entered into the Deed of Non-Competition in favour of our Company, pursuant to which they have undertaken, subject to the exceptions mentioned below, that they:

(i) shall not, except through any member of our Group, directly or indirectly (whether as principal or agent, through any body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise) carry on, engage, invest or be interested or otherwise involved in any business that is similar to or in competition with or is likely to be in competition with any business carried on by any member of our Group from time to time or in which any member of our Group is engaged or has invested or is otherwise involved in ("Restricted Business"); and

(ii) when he/she/it and/or any of his/her/its associates are offered or become aware of any new project or business opportunity directly or indirectly to engage or become interested in a Restricted Business, he/she/it (i) shall promptly notify our Company in writing, refer such project or business opportunity to our Company for consideration first and provide such information as may be reasonably required by our Company to make an informed

assessment of such project or business opportunity; and (ii) shall not, and procure that his/her/its associates shall not, invest or participate in any such project or business opportunity unless such project or business opportunity shall have been rejected by our Company and the principal terms of which he/she/it and/or his/her/its associates invest or participate are no more favourable than those made available to our Company.

The aforesaid undertakings do not apply to the holding of or interests in shares or other securities by any of the Controlling Shareholders and/or his/her/its associates in any company which conducts or is engaged in any Restricted Business, provided that, in the case of such shares, they are listed on a stock exchange and either:-

(i) the relevant Restricted Business (and assets relating thereto) accounts for less than 10% of the relevant Controlling Shareholder's consolidated turnover or consolidated assets, as shown in that Controlling Shareholder's latest audited accounts; or;

(ii) the total number of the shares held by any of our Controlling Shareholders and his/her/its associates or in which they are together interested does not amount to more than 5% of the issued shares of that class of that company, provided that any of the Controlling Shareholders and his/her/its associates, whether acting singly or jointly, are not entitled to appoint a majority of directors of that company and that at all times there is a holder of such shares holding (together, where appropriate, with its associates) a larger percentage of the shares in question than such Controlling Shareholder and his/her/its associates together hold.

The Deed of Non-Competition and the rights and obligations thereunder are subject to and conditional upon the Share Offer becoming unconditional.

The obligations of each of the Controlling Shareholders under the Deed of Non-Competition will remain in effect until:

(i) the date on which the Shares cease to be listed on the Stock Exchange; or

(ii) the date on which the relevant Controlling Shareholder and his/her/its associates and/or successors cease to hold any Shares;

whichever occurs first.

CORPORATE GOVERNANCE MEASURES

Pursuant to the Deed of Non-Competition, each of the Controlling Shareholders has undertaken:

(i) to provide our Company (including the INEDs) with all information necessary for their annual review and the enforcement of all undertakings, representations and warranties contained in the Deed of Non-Competition;

(ii) to make an annual declaration of compliance with such undertakings, representations and warranties for disclosure in our Company's annual reports; and

(iii) to abstain from voting at any general meeting of our Company if there is any actual or potential conflict of interests.

In this connection, we also intend to adopt the following corporate governance measures to manage any potential conflicts of interest arising from any future potential competing business and to safeguard the interests of our Shareholders:

(i) our INEDs shall review, at least on an annual basis, the compliance with and enforcement of the terms of the Deed of Non-Competition by the Controlling Shareholders;

(ii) we will disclose in the corporate governance report of our annual report how the terms of the Deed of Non-Competition have been complied with and enforced;

(iii) Mr. Ko and Mrs. Ko will excuse themselves from the Board meetings of our Company and abstain from voting on any Board resolutions in relation to any proposal in which Mr. Ko or Mrs. Ko would have conflicting interests to those of the other Shareholders. In such case, the other executive Directors and the INEDs, with the assistance of the senior management, will be responsible for making decisions for the Board. If necessary, our Company will engage external professionals such as auditors, valuers and other advisers to give advice;

(iv) each Director is aware of his/her fiduciary duties as a Director, which require, among other things, that he/she acts for the benefit of our Company and the Shareholders as a whole and does not allow any conflict of interests between his/her duties as a Director and his/her personal interests. If potential conflict of interest arises, the interested Director(s) will bring the matter to the INEDs and shall not be present during the discussion of the relevant resolution in which the conflict of interest may arise and shall abstain from voting on such proposed resolution;

(v) our Company will engage OSK Capital as our compliance adviser who shall ensure that our Company is properly guided and advised as to compliance with the Listing Rules and any other applicable laws and regulations;

(vi) the INEDs may engage an independent financial adviser to advise them in considering connected transactions when it is necessary;

(vii) our Directors are obliged under the Articles of Association to declare to the Board any potential conflict of interest with our Group at Board meetings. It is provided in the Articles of Association that a Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or other proposal in which he/she or any of his/her associates is materially interested. The Board (including the INEDs) will monitor the potential conflict of interest of Directors and our Directors have to submit confirmations to the Board disclosing details of any interests in competing businesses in any interim or annual reports to be issued by our Company; and

(viii) our Hong Kong Legal Adviser has provided training to all our Directors on the requirements of the Listing Rules. Formal legal advice on specific issues will be sought from time to time as and when necessary.

The declaration and disclosure regarding compliance with and enforcement of the Deed of Non-Competition shall be consistent with the principles of making voluntary disclosures in the Corporate Governance Report of our Company to be issued in accordance with appendix 23 to the Listing Rules.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between the Controlling Shareholders and their respective associates and our Group and to protect the interests of our Shareholders, in particular, the minority Shareholders.

BOARD OF DIRECTORS

Our Board currently consists of six Directors, of whom three are executive Directors and three are INEDs. The following table sets out certain information concerning our Directors.

Name	Age	Position
Mr. Ko, Wai Ming Daniel	52	Chairman and Executive Director
Ms. Cheng, Hang Fan	52	Chief Executive Officer and Executive Director
Mr. Kam, Tze Ming Alfred	52	Chief Operating Officer and Executive Director
Mr. Mak, King Sau	37	INED
Mr. Szeto, Chi Man	54	INED
Mr. Yung, Ha Kuk Victor	58	INED

EXECUTIVE DIRECTORS

Mr. Ko, Wai Ming Daniel (高偉明), aged 52, became our Chairman and executive Director on 6 September 2011 and 30 September 2010 respectively. He is the spouse of Mrs. Ko, the Chief Executive Officer and an executive Director of our Company. Mr. Ko has over 10 years of experience in the travel industry. Save for the above relationship and his interest in C&H Holdings, Mr. Ko has no relationship with any other Directors, senior management or substantial shareholders of our Company.

Mr. Ko joined our Group in January 2001. Prior to that, from July 1980 to July 1990, Mr. Ko worked in the Midland Holdings Limited group of companies where he held various positions including property consultant, sales supervisor, sales manager, district manager, director and managing director. In 1991, Mr. Ko founded C&H, a licensed real estate agency. Mr. Ko was awarded a Master of Business Administration from University of Birmingham in July 2011. He is also a director of TEEBVIL, TEEL, TEL, TECL and PEIL. Mr. Ko is primarily responsible for the overall management, strategic development and major decision-making of our Group.

Mr. Ko has not been a director of any public companies the securities of which are listed on any securities market in Hong Kong and overseas during the last three years preceding the date of this prospectus.

Ms. Cheng, Hang Fan (鄭杏芬), aged 52, is one of the co-founders of our Group and became our Chief Executive Officer and executive Director on 6 September 2011 and 30 September 2010 respectively. Mrs. Ko has over 25 years of experience in the travel industry. She is the spouse of Mr. Ko, the Chairman and an executive Director of our Company. Save for the above relationship and her interest in C&H Holdings, Mrs. Ko has no relationship with any other Directors, senior management or substantial shareholders of our Company.

Mrs. Ko co-founded our Group in June 1986, when TEL was established. Prior to that, Mrs. Ko worked in Silver Sources Limited, which was then a travel agent company operating under the business name "Kentours (健的旅行團)", from November 1983 to March 1986. Mrs. Ko was employed

by Kentours firstly as a sales supervisor and subsequently as a marketing manager. She obtained a Certificate in Tourist Business programe from Caritas Bianchi College of Careers (formerly known as Bishop Bianchi College of Careers) in 1987. She is also a director of TEEL, TEL, TEOL, TECL, TEBSL and CGL. Mrs. Ko is primarily responsible for the day-to-day management and operation, business development and strategic planning of our Group.

Mrs. Ko has not been a director of any public companies the securities of which are listed on any securities market in Hong Kong and overseas during the last three years preceding the date of this prospectus.

Mr. Kam, Tze Ming Alfred (甘子銘), aged 52, joined our Group as Chief Operating Officer in May 2010. He became our executive Director on 30 September 2010. Reporting to our Chief Executive Officer, Mr. Kam is mainly responsible for overseeing sales operations of our Group. He is also a director of TEEL, TEBSL, TEOL, TMHL and CGL. He has no relationship with any other Directors, senior management or substantial shareholders of our Company.

Mr. Kam obtained a degree of Bachelor of Arts (Honours) in Computing Studies from Hong Kong Polytechnic University in 1990 and a degree of Master of Business Administration from Heriot-Watt University, Edinburgh, UK in 1999. Mr. Kam worked for Duty Free Shoppers Hong Kong Limited for 10 years in various capacities including Merchandising Planning and Control Manager, with his last position being Information Technology Director. Before joining us, Mr. Kam was Head of Information Technology of Maxim's Caterers Limited. He has about 20 years of experience in the information technology and retail industries.

Mr. Kam has not been a director of any public companies the securities of which are listed on any securities market in Hong Kong and overseas during the last three years preceding the date of this prospectus.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Mak, King Sau (麥敬修), aged 37, was appointed as an independent non-executive Director on 29 June 2011. Mr. Mak was admitted a member of the American Institute of Certified Public Accountants in 2005. He graduated from Boston University in 1995 with a Bachelor of Science in Business Administration and in 1997 he, as an external student, was awarded a Master of Science in Financial Management from University of London. Mr. Mak has not held any positions with any member of our Group. He has no relationship with any directors, senior management or substantial shareholders of our Company.

From 1995 to 1996, Mr. Mak was employed by The Bank of East Asia Limited firstly as dealer trainee and subsequently as senior officer of the treasury department. In 1996, Mr. Mak joined BOCI Direct Investment Management Limited (a subsidiary of BOC International Holdings Limited) as an associate in the research and assessment department and was promoted to assistant vice president for project investment and management. He left BOCI Direct Investment Management Limited in 2000 and joined a group company of First Dragoncom Agro-Strategy Holdings Ltd. (stock code: 875) where he held the position of investment manager followed by chief investment officer. From 2002 to 2005, Mr. Mak was employed by Sun Hung Kai Securities Limited as associate director in the corporate

finance department. In 2006, he invested in APAC Strategic Planning Company Limited ("APAC Strategic") as a partner and was also appointed as a director. APAC Strategic became dormant in 2010 whilst Mr. Mak remains a shareholder and director of the company. In 2010, Mr. Mak joined Sino-Life (Hong Kong) Limited (a wholly-owned subsidiary of Sino-Life Group Limited) (stock code: 8296) as general manager, a position which he currently still holds.

Mr. Mak is also an independent non-executive director of Xinjiang Tianye Water Saving Irrigation System Company Limited, a company listed on the Stock Exchange (stock code: 840). Save for the above directorship, Mr. Mak has not been a director of any public companies the securities of which are listed on any securities market in Hong Kong and overseas during the last three years preceding the date of this prospectus.

Mr. Mak has entered into an appointment letter with our Company for an initial term of two years commencing on the date of Listing. Mr. Mak did not hold any shareholding interest in our Company and shall be entitled to a monthly director's fee of HK$10,000 commencing from the date of appointment.

Mr. Szeto, Chi Man (司徒志文), aged 54, was appointed as an independent non-executive Director on 20 April 2011. Mr. Szeto was awarded with a Master of International and Public Affairs by The University of Hong Kong in 2008; was conferred with a Doctor of Business Administration by University of South Australia in 2001; was admitted as a Master of Philosophy in Information Systems by City University of Hong Kong in 1996; was awarded with a Master of Applied Science by University of Technology, Sydney in 1990; and was awarded with a Higher Diploma in Mathematics, Statistics and Computing by Hong Kong Polytechnic (now Hong Kong Polytechnic University) in 1980. Mr. Szeto has not held any positions with any member of our Group. He has no relationship with any directors, senior management or substantial shareholders of our Company.

Mr. Szeto has over 10 years of experience in the development and administration of academic course and corporate training. Mr. Szeto joined Hong Kong University SPACE in 2001 and he is presently an associate head of both the Centre for Executive Development and Corporate Training of The University of Hong Kong; and the College of Life Sciences and Technology in the School of Professional and Continuing education of the University of Hong Kong. In 2004, Mr. Szeto was elected a chartered member of The British Computer Society. For about 20 years prior to joining Hong Kong University SPACE, Mr. Szeto had been engaged in the information technology field as consultant in information technology companies to provide business solutions for client enterprises on project basis and as in-house information technology professional responsible for development of business solutions.

Mr. Szeto has not been a director of any public companies the securities of which are listed on any securities market in Hong Kong and overseas during the last three years preceding the date of this prospectus.

Mr. Szeto has entered into an appointment letter with our Company for an initial term of two years commencing on the date of Listing. Mr. Szeto did not hold any shareholding interest in our Company and shall be entitled to a monthly director's fee of HK$10,000 commencing from the date of appointment.

Mr. Yung, Ha Kuk Victor (容夏谷), aged 58, was appointed as an independent non-executive Director on 20 April 2011. Mr. Yung holds a Master of Science in Corporate Governance and Directorship awarded by Hong Kong Baptist University. Mr. Yung is a fellow of The Association of Chartered CertifiedAccountants and Hong Kong Institute of Certified Public Accountants. Mr. Yung has not held any positions with any member of our Group. He has no relationship with any directors, senior management or substantial shareholders of our Company.

From June 1979 to September 1981, Mr. Yung was employed by Swire Properties Limited firstly as an assistant management accountant followed by a systems accountant. In October 1981, he worked in Goodyear Investors Limited as the assistant chief accountant and was responsible for the overall functions of the accounts department. In April 1984, Mr. Yung joined Taikoo Royal Insurance Co. Ltd. as chief accountant. In March 1986, he was seconded to Taiwan Swire Ltd., Taiwan for two years, also as chief accountant. In March 1988, Mr. Yung was transferred back to Hong Kong and appointed as general administration manager of Camberley Enterprises Ltd., a position he held until August 1988. Mr. Yung subsequently joined Wang Computer China Limited in September 1988 as financial controller, until August 1989. From August 1989 to June 1990, Mr. Yung was employed by Star Paging (Holding) Limited as group financial controller. In July 1990, he rejoined Wang Pacific Limited as financial controller for both its Hong Kong operations and China operations. Mr. Yung left Wang Pacific Limited in November 1992 to join Datacraft Asia Ltd., and worked there until January 2002. He held various positions in Datacraft Asia Ltd., first as the finance director (renamed chief financial officer in 1995), followed by director of mergers & acquisitions and finally as advisor to the chief executive officer.

Mr. Yung is also an independent non-executive director of Lippo Limited (stock code: 226), Lippo China Resources Limited (stock code: 156) and Hongkong Chinese Limited (stock code: 655), all of which are public companies the securities of which are listed on the Stock Exchange. Save for the above directorships, Mr. Yung has not been a director of any public companies the securities of which are listed on any securities market in Hong Kong and overseas during the last three years preceding the date of this prospectus.

Mr. Yung has entered into an appointment letter with our Company for an initial term of two years commencing on the date of Listing. Mr. Yung did not hold any shareholding interest in our Company and shall be entitled to a monthly director's fee of HK$12,500 commencing from the date of appointment.

Details on the aggregate emoluments and benefits in kind payable to each of the executive Directors are set out in the paragraph headed "Further information about our Directors and substantial shareholders" in appendix V to this prospectus.

Save as disclosed above, each of our Directors (i) did not hold any other positions in our Company or members of our Group as at the Latest Practicable Date; (ii) had no other relationship with any Directors, senior management or substantial shareholders of our Company as at the Latest Practicable Date; and (iii) did not hold any other directorships in listed public companies in the three years prior to the Latest Practicable Date. As at the Latest Practicable Date, save for the interests in

the Shares which are disclosed in the section headed "Persons having notifiable interests under the SFO" and the paragraph headed "Further information about our Directors and substantial shareholders" in appendix V to this prospectus, each of our Directors did not have any interest in the Shares within the meaning of Part XV of the SFO.

Directors' remuneration and/or salary

The remuneration and/or salary received by our Directors during the Reporting Period in respect of their service provided to our Group are set out below:

	Year ended 31 March			Annual remuneration after Listing
	2009	**2010**	**2011**	*(Notes)*
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive Directors:				
Mr. Ko	—	684	684	600
Mrs. Ko	—	383	852	600
Mr. Kam, Tze Ming Alfred	—	—	1,444	1,600
Independent non-executive Directors:				
Mr. Mak, King Sau	—	—	—	120
Mr. Szeto, Chi Man	—	—	—	120
Mr. Yung, Ha Kuk Victor	—	—	—	150
	—	1,067	2,980	3,190

Notes:

1. Each of our executive Directors has entered into a service agreement dated 6 September 2011 with our Company for an initial term of three years commencing from the Listing Date unless terminated in accordance with the terms of the service agreements. Each of our independent non-executive Directors has signed a letter of appointment dated 6 September 2011 with our Company under which they agreed to act as independent non-executive Directors for a period of two years unless terminated in accordance with the terms of the appointment letters. Under the current arrangement, the aggregate emoluments payable by our Group to our Directors (excluding any discretionary and non-discretionary management bonus payable by our Group) for the year ending 31 March 2012 will be HK$3,190,000 pursuant to the respective service agreements and/or letter of appointment of our Directors, which were determined with reference to the duties and responsibilities of each Director, the remuneration policy of our Company and the prevailing market conditions. Further details of the service agreements and/or letters of appointment of our Directors and their respective remuneration after Listing are set out in the section headed "Further information about our Directors and substantial shareholders" in appendix V to this prospectus.

2. During the year ended 31 March 2009, HK$2,291,551 (inclusive of a discretionary gratuity of HK$159,601 upon expiry of the agreement relating to the provision of advertising related services on 31 March 2009) was payable to C&H as a result of services provided by C&H to the Group relating to advertising and selection of new shop locations for the Group. During the year ended 31 March 2009, a further HK$84,000 was payable by the Group to C&H for the provision of operation control services. C&H was 99.98% owned by Mr. Ko and 0.02% owned by Kowen at the relevant time.

During the two years ended 31 March 2010, HK$384,000 and HK$276,000 respectively were payable to Wilken Properties Limited (now known as CB Properties Limited) as a result of services provided by Wilken Properties Limited to the Group relating to maintenance of offices and shops for the Group. Wilken Properties Limited was 79.89% owned by Kowen and 20.11% owned by Mr. Ko at the relevant time.

Save as disclosed herein, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there were no other matters with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as at the Latest Practicable Date.

During the Reporting Period, the aggregate amount of salaries and other emoluments, discretionary bonuses and contribution to retirement scheme by our Company to the five highest paid individuals (other than our Directors) of our Group was approximately HK$3.3 million, HK$2.9 million and HK$2.5 million for the years ended 31 March 2009, 2010 and 2011 respectively.

Going forward, our remuneration committee will review and determine the remuneration and compensation of our Directors with reference to salaries paid by comparable companies, time commitment and the responsibilities of our Directors, and overall performance of our Group.

Directors compensation

No remuneration was paid by our Group to our Directors or the five highest paid individual employees as an inducement to join or upon joining our Group or as a compensation for loss of office in respect of the three years ended 31 March 2009, 2010 and 2011.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments for the years ended 31 March 2009, 2010 and 2011.

SENIOR MANAGEMENT

The following table sets forth certain information concerning our senior management personnel.

Name	Age	Position
Mr. Chan, Wan Fung	42	Chief Financial Officer
Mr. Cheung, Siu Cheong	54	Division Head - Product Development
Ms. Ho, Shuk Nim Elsa	51	Division Head - Talent Management
Ms. Man, Yuk Shan	37	district manager in Kowloon West
Ms. Lo, Sau Ling	40	district manager in New Territories West
Ms. Lee, Ching Han	40	district manager in Central district of Hong Kong Island
Ms. Yu, Wai Ning	40	district manager in Mid-levels, Admiralty, Wan Chai, Happy Valley and Southern district of Hong Kong Island
Mr. So, Hing Kai	38	district manager in Kowloon East, Shatin and Ma On Shan
Mr. Chan, Hoi Chun	37	district manager in Eastern district of Hong Kong Island

Senior management of our Group

Mr. Chan, Wan Fung (陳雲峯), aged 42, joined our Group as Chief Financial Officer in May 2011. Mr. Chan is responsible for overseeing our Group's financial operations and supporting departments. Mr. Chan did not have any shareholding interest in our Company as at the Latest Practicable Date. Mr. Chan is a director of TMHL. Mr. Chan has no relationship with any other Directors, senior management, or substantial shareholders of our Company.

Mr. Chan is a qualified certified public accountant with about 20 years of finance and accounting working experience. Mr. Chan was awarded a Master of Business Administration from University of Birmingham in July 2011. He graduated from The Chinese University of Hong Kong with a degree of Bachelor of Business Administration in December 1991. Mr. Chan is an associate of the Association of Chartered Certified Accountants and a member of Hong Kong Institute of Certified Public Accountants. From June 1991 to November 1991, Mr. Chan worked in Deloitte Touche Tohmatsu. In November 1991, he joined the Inland Revenue Department of the Government of Hong Kong as assistant assessor until November 1993. From November 1993 to April 1995, Mr. Chan was employed by Miramar Hotel & Investment Company Limited as assistant accounting manager, and in April 1995 to June 1997, he worked in Gillette Far East Trading Limited firstly as management accountant followed by senior accountant. From June 1997 to December 2005, Mr. Chan was employed by Philips Electronics Hong Kong Limited where he held various positions, including senior accountant, accounting manager, regional integration IT support manager and senior manager of business process in respect of finance and accounting, Asia Pacific region. Immediately prior to joining our Group, Mr. Chan was the finance director, Asia Pacific region of Accuray Asia Limited, a position he held since December 2005.

Mr. Chan has not been a director of any public companies the securities of which are listed on any securities market in Hong Kong and overseas during the last three years preceding the date of this prospectus.

Mr. Cheung, Siu Cheong (張少昌), aged 54, is our Group's Division Head - Product Development. Mr. Cheung is primarily responsible for the strategic planning, policy formulation and daily operations of the division. Mr. Cheung will own approximately 4.6% equity interest in our Company upon the Share Offer becoming unconditional. He is the spouse of Ms. Lee, Ching Han, one of the district managers in our Company. Save as disclosed herein, he has no relationship with any other Directors, senior management, or substantial shareholders of our Company.

Mr. Cheung has over 20 years of working experience in the travel industry. He joined the Sales Department of our Group in October 1987 and was responsible for marketing, ticketing, operations and advertising. He became the head of our Marketing Department in 2003. He has been a member of TIC, outbound committee since January 2008 and ticketing committee since January 2005.

Mr. Cheung has not been a director of any public companies the securities of which are listed on any securities market in Hong Kong and overseas during the last three years preceding the date of this prospectus.

Ms. Ho, Shuk Nim Elsa (何淑拈), aged 51, is our Group's Division Head - Talent Management. Ms. Ho is primarily responsible for overseeing and monitoring the operations of the division including the training programmes for new and existing staff with a view to enhancing the service quality and industry knowledge of our staff, the human resources and administration policies and overall planning and promoting the Group's employee relations. Ms. Ho will own approximately 2.3% equity interest in our Company upon the Share Offer becoming unconditional. She has no relationship with any other Directors, senior management, or substantial shareholders of our Company.

Ms. Ho has over 20 years of experience in the travel industry. Ms. Ho joined our Sales Department in June 1990 and became the head of our Sales Department in 2003.

Ms. Ho has not been a director of any public companies the securities of which are listed on any securities market in Hong Kong and overseas during the last three years preceding the date of this prospectus.

Ms. Man, Yuk Shan (文玉珊), aged 37, joined our Group in June 1992. Reporting to the Chief Operating Officer, Ms. Man is one of our Group's six district managers, and is responsible for managing the sales operations of our retail shops in Kowloon West. Ms. Man did not have any shareholding interest in our Company as at the Latest Practicable Date. Ms. Man has no relationship with any other Directors, senior management, or substantial shareholders of our Company.

Ms. Man has not been a director of any public companies the securities of which are listed on any securities market in Hong Kong and overseas during the last three years preceding the date of this prospectus.

Ms. Lo, Sau Ling (勞秀玲), aged 40, joined our Group in November 2000. Reporting to the Chief Operating Officer, Ms. Lo is one of our Group's six district managers, and is responsible for managing the sales operations of our retail shops located in New Territories West. Prior to joining our Group, Ms. Lo worked as a customer service representative in Morning Star Travel Service Limited from 1991 to 1999. Ms. Lo did not have any shareholding interest in our Company as at the Latest Practicable Date. Ms. Lo has no relationship with any other Directors, senior management, or substantial shareholders of our Company.

Ms. Lo has not been a director of any public companies the securities of which are listed on any securities market in Hong Kong and overseas during the last three years preceding the date of this prospectus.

Ms. Lee, Ching Han (李靜嫻), aged 40, joined our Group in July 1988. Reporting to the Chief Operating Officer, Ms. Lee is one of our Group's six district managers, and is responsible for managing the sales operations of our retail shops located in the Central district of the Hong Kong Island. Ms. Lee did not have any shareholding interest in our Company as at the Latest Practicable Date. Ms. Lee is the spouse of Mr. Cheung, our Group's Division Head - Product Development. Save as disclosed herein, she has no relationship with any other Directors, senior management, or substantial shareholders of our Company.

Ms. Lee has not been a director of any public companies the securities of which are listed on any securities market in Hong Kong and overseas during the last three years preceding the date of this prospectus.

Ms. Yu, Wai Ning (余偉寧), aged 40, joined our Group in May 1993. Reporting to the Chief Operating Officer, Ms. Yu is one of our Group's six district managers, and is responsible for managing the sales operations of our retail shops located in Mid-levels, Admiralty, Wanchai, Happy Valley and in the southern district of the Hong Kong Island. Ms. Yu did not have any shareholding interest in our Company as at the Latest Practicable Date. Ms. Yu is the spouse of Mr. So, Hing Kai, one of our Group's district managers. Ms. Yu has no relationship with any other Directors, senior management, or substantial shareholders of our Company.

Ms. Yu has not been a director of any public companies the securities of which are listed on any securities market in Hong Kong and overseas during the last three years preceding the date of this prospectus.

Mr. So, Hing Kai (蘇慶佳), aged 38, joined our Group in March 1999. Reporting to the Chief Operating Officer, Mr. So is one of our Group's six district managers, and is responsible for managing the sales operations of our retail shops located in Kowloon East, Shatin and Ma On Shan. Mr. So did not have any shareholding interest in our Company as at the Latest Practicable Date. Mr. So is the spouse of Ms. Yu, Wai Ning, one of our Group's district managers. Mr. So has no relationship with any other Directors, senior management, or substantial shareholders of our Company.

Mr. So has not been a director of any public companies the securities of which are listed on any securities market in Hong Kong and overseas during the last three years preceding the date of this prospectus.

Mr. Chan, Hoi Chun (陳海春), aged 37, joined our Group in December 1995. Reporting to the Chief Operating Officer, Mr. Chan is one of our Group's six district managers, and is responsible for managing the sales operations of our retail shops located in the eastern district of the Hong Kong Island. Prior to joining our Group, Mr. Chan worked in CAAC Holidays Limited and Hong Thai Travel Service Limited. Mr. Chan did not have any shareholding interest in our Company as at the Latest Practicable Date. Mr. Chan has no relationship with any other Directors, senior management, or substantial shareholders of our Company.

Mr. Chan has not been a director of any public companies the securities of which are listed on any securities market in Hong Kong and overseas during the last three years preceding the date of this prospectus.

COMPANY SECRETARY

Ms. Cheng, Yin Wah (鄭燕華), aged 41, was appointed as the company secretary of our Company on 20 April 2011. Ms. Cheng was awarded a bachelor degree in Language Studies (Translation and Interpretation) from the City University of Hong Kong in 2008. Ms. Cheng is an

associate of the Institute of Chartered Secretaries and Administrators and an associate of the Hong Kong Institute of Company Secretaries. Ms. Cheng has over 15 years of working experience in secretarial functions in various companies, the shares of which are listed on the Main Board of the Stock Exchange.

HUMAN RESOURCES

Overview of the number of staff

As at the Latest Practicable Date, our Group had a total of 473 permanent full-time staff based in Hong Kong.

Set out below is a departmental breakdown of our staff as at the Latest Practicable Date:

	Number of full-time staff employed by our Group
Executive Office	6
Corporate Finance & IT Division	20
Finance and Accounting Department	
Company Secretarial Department	
IT Department	
Talent Management Division	22
Human Resources Department	
Employee Relations Department	
Employee Development Department	
Sales & Marketing Division	380
Marketing Department	
Sales Operation Department	
Product Development Division	45
Hotel Operation Department	
Ticketing Department	
Total number of employees	473

Relationship with staff

Save as disclosed below, our Group has not experienced any significant problems with its employees or disruption to its operations due to labour disputes nor has it experienced any difficulties in the recruitment and retention of experienced staff or skilled personnel during the Reporting Period.

During the Reporting Period, there were four labour dispute cases with ex-employees of TEL disclosed in the section headed "Business — Labour and Safety Matters". Save for the above, as at the Latest Practicable Date, our Group was not involved in any labour disputes or litigation, claim, administrative action or arbitration relating to labour disputes of material importance.

We review the performance of our employees annually, the results of which are used in their annual salary reviews and promotion appraisals. Employees are considered for an annual bonus based on various performance criteria and their assessment results. As retention of our key employees is an important aspect of our business model, we place great weight upon this. We conduct research on remuneration packages offered for similar positions in our industry, which we believe, help us remain competitive in the labour market. Our employees are also entitled to our Group's staff purchase policy for purchasing air tickets, hotel accommodation and other travel services and to participate in the Share Option Scheme, details of which are more fully set out in appendix V to this prospectus.

Staff Training

Our Group usually conducts our staff training internally. However, we also invite other travel industry professionals to conduct training sessions for our employees as appropriate when new packages or promotional campaigns are released.

The training programmes that our Group provides to our staff include:

1. Orientation training for new employees to walk them through our Group's operational, pricing and compliance policies, safety and quality requirements and the fundamental skills and knowledge that are relevant to their job functions.

2. Internal training of staff is conducted with the aid of educational training materials. Travel industry related training is conducted on an ongoing basis for our staff.

3. Resources management training for our management staff which focuses on human resources management, time management, work management and organisation management. Senior department managers have been encouraged to study for higher education programmes in business or related subjects.

4. Occupational safety training is provided to our staff to train them on safety precautions. This includes knowledge about emergency situations such as the occurrence of accidents or fires or other situations that may require medical attention.

We have adopted an assessment scheme to systematically review and appraise the skills and knowledge development of our travel consultants. The assessment scheme provides an important reference for the management team to evaluate the performance and potential of our travel consultants.

Mandatory Provident Fund contributions

All of our employees in Hong Kong have joined a mandatory provident fund scheme (the "MPF Scheme"). The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance, Chapter 485 of the Laws of Hong Kong. Our Group has complied with all of the relevant laws and regulations, and can confirm that the relevant contributions have been paid by our Group in accordance with the aforesaid laws and regulations.

Our contributions to MPF funds for each of the years ended 31 March 2009, 2010 and 2011 amounted to approximately HK$2.9 million, HK$3.1 million and HK$3.7 million respectively.

AUDIT COMMITTEE

Our Company established an audit committee on 20 April 2011 with written terms of reference in line with the provisions of the Code on Corporate Governance Practices set out in appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of our Group. The audit committee currently has three members comprising Mr. Mak, King Sau, Mr. Szeto, Chi Man and Mr. Yung, Ha Kuk Victor, all being INEDs. The chairman of the audit committee is Mr. Yung, Ha Kuk Victor.

REMUNERATION COMMITTEE

Our Company established a remuneration committee on 20 April 2011 with written terms of reference which are in line with the provisions of the Code on Corporate Governance Practices set out in appendix 14 to the Listing Rules. The remuneration committee shall make recommendations to the Board on, among other matters, our Company's policy and structure for the remuneration of all Directors and senior management and shall be delegated by the Board the responsibility to determine on behalf of the Board the specific remuneration packages for all executive Directors and senior management. It has four members comprising Mrs. Ko, Mr. Mak, King Sau, Mr. Szeto, Chi Man and Mr. Yung, Ha Kuk Victor. The chairman of the remuneration committee is Mrs. Ko.

NOMINATION COMMITTEE

The Company established a nomination committee on 20 April 2011 with written terms of reference which are in line with the provisions of the Code on Corporate Governance Practices set out in appendix 14 to the Listing Rules. The nomination committee is mainly responsible for making recommendations to the Board on the appointment of Directors and the management of Board succession. The nomination committee has four members comprising Mr. Ko, Mr. Mak, King Sau, Mr. Szeto, Chi Man and Mr. Yung, Ha Kuk Victor. The chairman of the nomination committee is Mr. Mak, King Sau.

COMPLIANCE ADVISER

The Company will appoint OSK Capital, who is also the Sole Sponsor for the Listing, as its compliance adviser pursuant to Rule 3A.19 of the Listing Rules. The material terms of the compliance adviser's agreement to be entered into by our Company and OSK Capital include the following:

(a) OSK Capital will be appointed by our Company as its compliance adviser for the purpose of Rule 3A.19 of the Listing Rules for a period commencing on the Listing Date and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date; and

(b) pursuant to Rule 3A.23 of the Listing Rules, OSK Capital will advise our Company on the following circumstances:

(1) before the publication of any regulatory announcement, circular or financial report;

(2) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;

(3) where our Company proposes to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where the business activities, developments or results of our Company deviate from any forecast, estimate, or other information of this prospectus; and

(4) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares.

The term of the appointment shall commence on the Listing Date and end on the date on which our Company distributes its annual report in respect of its financial results for the first full financial year commencing after the Listing Date.

SHARE OPTION SCHEMES

Our Company has conditionally adopted the Share Option Scheme which, in the opinion of our Directors, will enable our Group to recruit and retain the services of high-calibre employees, suppliers, customers, persons or entities that provide research, development or other technological support, shareholders or participants who contribute to the development and growth of our Group or any invested entity and attract human resources that are valuable to our Group or any entity in which our Group holds any equity interest. Our Company has also adopted the Pre-IPO Share Option Scheme, pursuant to which options to subscribe for an aggregate of 23,704,000 Shares have been conditionally granted by our Company to management and employees of our Group as at the date of this prospectus. The principal terms of the Share Option Scheme and the Pre-IPO Share Option Scheme are summarised in the paragraph headed "Share Option Scheme" and "Pre-IPO Share Option Scheme" respectively in appendix V to this prospectus.

INTERESTS DISCLOSURE UNDER THE SFO

Interests and the short positions of our Directors in the shares, underlying shares or debentures of our Company and its associated corporations

Immediately following completion of the Share Offer and the Capitalisation Issue (not taking into account of any Shares which may be issued upon the exercise of options granted under the Pre-IPO Share Option Scheme or to be granted under the Share Option Scheme), our Directors will have the following interests and short position in the shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules, to be notified to our Company and the Stock Exchange, once the Shares are listed:

(i) *Our Company*

Interests in Shares

Name	Nature of Interest	Position	Number of Shares	Percentage of shareholding
Mr. Ko	Corporate *(Note)*	Long	352,880,000	70.58%
Mrs. Ko	Corporate *(Note)*	Long	352,880,000	70.58%

Note:

These Shares will be owned by C&H Holdings, which is owned as to 60% and 40% by Mr. Ko and Mrs. Ko respectively.

(ii) *Interest in underlying Shares of equity derivatives of our Company*

Name of Director	Nature of Interest	Description of equity derivatives	Number of Underlying Shares
Mr. Ko	Beneficial Owner	Share Option *(Note 1)*	500,000
Mr. Ko	Family interest	Share Option *(Note 2)*	500,000
Mrs. Ko	Beneficial Owner	Share Option *(Note 1)*	500,000
Mrs. Ko	Family interest	Share Option *(Note 2)*	500,000
Mr. Kam Tze Ming, Alfred	Beneficial Owner	Share Option *(Note 1)*	5,000,000

Notes:

1. The share options were granted under the Pre-IPO Share Option Scheme.

2. Each of Mr. Ko and Mrs. Ko was granted options under the Pre-IPO Share Option Scheme to subscribe for 500,000 Shares. Mr. Ko and Mrs. Ko are spouses. Pursuant to Part XV of the SFO, Mr. Ko is deemed to be interested in the Shares subject to the share option granted to Mrs. Ko and Mrs. Ko is deemed to be interested in the Shares subject to the share option granted to Mr. Ko.

(iii) *Interest in securities of associated corporations*

Name of Director	Name of Associated Corporation	Nature of Interest	Number of Shares of Associated Corporation	Approximate Percentage of Shareholding
Mr. Ko	C&H Holdings	Beneficial Owner	3	60.00%
Mr. Ko	C&H Holdings	Family Interest	2	40.00%
Mrs. Ko	C&H Holdings	Beneficial Owner	2	40.00%
Mrs. Ko	C&H Holdings	Family Interest	3	60.00%

Mr. Ko and Mrs. Ko are spouses. Pursuant to the Part XV of the SFO, Mr. Ko is deemed to be interested in the shares owned by Mrs. Ko and Mrs. Ko is deemed to be interested in the shares owned by Mr. Ko.

Interests and/or short positions discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders

So far as is known to our Directors, immediately following completion of the Share Offer and the Capitalisation Issue (but without taking into account of any Shares which may be issued upon the exercise of options granted under the Pre-IPO Share Option Scheme or to be granted under the Share Option Scheme), the following persons (not being a Director or chief executive of our Company) will have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of our Group:

Name of Shareholders	Capacity	Number of Shares	Approximate percentage of shareholding
C&H Holdings *(Note)*	Beneficial owner	352,880,000	70.58%

Note: C&H Holdings is owned by Mr. Ko and Mrs. Ko as to 60% and 40% respectively.

RESTRICTIONS ON DISPOSAL OF SHARES

Pursuant to Rule 10.07(1) of the Listing Rules, each of C&H Holdings, Mr. Ko and Mrs. Ko has undertaken to our Company, the Stock Exchange, the Sole Sponsor and the Joint Lead Managers (for themselves and on behalf of the Underwriters) that, save as pursuant to the Share Offer, they will not directly or indirectly and will procure the relevant registered holder of the Shares not to:

(i) in the First Lock-up Period, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares (or any interest therein) in respect of which he/she or they are shown in this prospectus to be the beneficial owner(s) immediately after completion of the Share Offer; and

(ii) in the Second Lock-up Period, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, the Shares (or any interest therein) in respect of which he/she or they are shown in this prospectus to be the beneficial owner(s) if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, the taken as a whole would cease to be a Controlling Shareholder.

Each of C&H Holdings, Mr. Ko and Mrs. Ko has also undertaken to our Company, the Stock Exchange, the Sole Sponsor and the Joint Lead Managers (for themselves and on behalf of the Underwriters) that, within the 12 months from the Listing Date, he/she/it will:

(1) when he/she/it or the registered owner pledges or charges directly or indirectly any securities or interests in the securities of our Company beneficially owned by him/her/it, whether directly or indirectly, in favour of an authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules immediately inform our Company, the Stock Exchange, the Sole Sponsor and the Joint Lead Managers (for themselves and on behalf of the Underwriters) in writing of such pledge or charge together with the number of securities so pledged or charged; and

(2) when he/she/it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of our Company will be directly or indirectly disposed of, immediately inform our Company, the Stock Exchange, the Sole Sponsor and the Joint Lead Managers (for themselves and on behalf of the Underwriters) in writing of such indications and the number of shares involved.

Our Company will inform the Stock Exchange as soon as practicable after it has been informed of the matters referred to in (1) or (2) above by any of C&H Holdings, Mr. Ko and Mrs. Ko and disclose such matters by way of an announcement in compliance with the Listing Rules.

SHARE CAPITAL

The following table is prepared on the basis that the Share Offer has become unconditional. This table, however, takes no account of any Shares which may be allotted and issued by our Company pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme and options which may be granted under the Share Option Scheme and of any Shares which may be allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of Shares granted to our Directors as referred to below.

The authorised and issued share capital of our Company is as follows:

Authorised:		*HK$*
2,000,000,000	Shares	20,000,000

Issued and to be issued, fully paid or credited as fully paid:

10,000	Shares in issue	100
399,990,000	Shares to be issued under the Capitalisation Issue *(Note)*	3,999,900
100,000,000	Shares to be issued under the Share Offer	1,000,000
500,000,000	Shares in issue immediately upon Listing	5,000,000

Note: Pursuant to the resolutions of Shareholders passed on 6 September 2011, conditional upon the share premium account of our Company being credited as a result of the Share Offer, our 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 our 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 holders of Shares whose names shall appear on the register of members of our Company at the close of business on 7 September 2011, in proportion (as nearly as possible without involving fractions) to their respective then existing shareholdings in our Company.

ASSUMPTIONS

The above table assumes the Share Offer and the Capitalisation Issue become unconditional and the issue of Shares pursuant thereto is made as described herein.

The minimum level of public float to be maintained by our Company after the Listing is 25% of the issued capital of our Company.

RANKING

The Offer Shares will rank pari passu in all respects with all of the Shares now in issue or to be issued, and will qualify for all dividends or other distributions declared, made or paid on the Shares after the date of this prospectus, except for the entitlements under the Capitalisation Issue.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme and the Pre-IPO Share Option Scheme. Summaries of the principal terms of the Share Option Scheme and the Pre-IPO Share Option Scheme are set out in the paragraphs headed "Share Option Scheme" and "Pre-IPO Share Option Scheme" respectively in appendix V to this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Share Offer becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with a total nominal value of not more than the sum of:

(1) 20% of the aggregate amount of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding any Shares which may fall to be allotted and issued pursuant to the exercise of any options granted under the Pre-IPO Share Option Scheme and any options that may be granted under the Share Option Scheme); and

(2) the aggregate nominal amount of the Shares repurchased by our Company (if any) pursuant to the repurchase mandate (as referred to below).

Our Directors may, in addition to the Shares which they are authorised to issue under this mandate, allot, issue and deal in the Shares pursuant to a rights issue, scrip dividend scheme or similar arrangements or the exercise of any options granted under the Pre-IPO Share Option Scheme and any options that may be granted under the Share Option Scheme.

This mandate will remain in effect until:

— at the end of our Company's next annual general meeting;

— at the end of the period within which our Company is required by law or the Articles to hold its next annual general meeting; or

— when varied or revoked by an ordinary resolution of the Shareholders in general meeting,

whichever is the earliest.

For further details of this general mandate, see the paragraphs headed "Resolutions of the Shareholders" in appendix V to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Share Offer becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with a total nominal value of not more than 10% of the total nominal amount of the Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding any Shares which may fall to be allotted and issued pursuant to the exercise of any options granted under the Pre-IPO Share Option Scheme and any options which may be granted under the Share Option Scheme).

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in the paragraph headed "Repurchase of our Company's own securities" in the section headed "Further information about our Group" in appendix V to this prospectus.

This mandate will remain in effect until:

— at the end of next annual general meeting of our Company;

— at the end of the period within which the next annual general meeting of our Company is required by the Articles of Association or any applicable law to be held; or

— when varied or revoked by an ordinary resolution of the Shareholders in general meeting,

whichever is the earliest.

For further details of this general mandate, see the paragraphs headed "Resolutions of the Shareholders" in appendix V to this prospectus.

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

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

SELECTED COMBINED FINANCIAL INFORMATION

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

Combined statements of comprehensive income

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

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

Combined statements of financial position

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

BASIS OF PRESENTATION

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

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

OVERVIEW

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

RECENT DEVELOPMENTS

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

1. Reorganisation

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

2. Share option schemes

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

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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

Our business may be affected by changes in economic conditions

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

Our business is subject to seasonality factors

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

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

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

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

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

We might not be able to renew our existing regulatory licences

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

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

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

Competition from competing agents and alternative travel booking media

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

SIGNIFICANT ACCOUNTING POLICIES

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

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

Revenue recognition

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

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

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

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

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

Leases

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

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

Operating lease charges as the lessee

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Depreciation

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

Impairment of receivables

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

Income taxes

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

Impairment of non-financial assets

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

Revenue recognition

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

INVESTMENT ACTIVITIES

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

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

	Year ended 31 March 2009				
Type	**Number of Transaction**	**Trade Value**	**Average Trade Value**	**Average Holding Period (Days)**	**Gain/ (Loss) on Financial Asset (HKD)**
		Current Assets			
Forex Contracts	21			5.05	184,170.42
JPY	19	JPY 250,000,000.00	JPY 13,157,894.74	5.16	
EUR	1	EUR 100,000.00	EUR 100,000.00	4.00	
AUD	1	AUD 100,000.00	AUD 100,000.00	4.00	
Currency Options	20			14.35	127,421.91
JPY	18	JPY 545,660,029.00	JPY 30,314,446.06	14.39	
USD	2	USD 519,926.83	USD 259,963.42	14.00	
Dual Currency Investments	21			12.24	161,770.19
HKD	1	HKD 800,000.00	HKD 800,000.00	14.00	
USD	9	USD 1,706,215.80	USD 189,579.53	11.67	
JPY	11	JPY 210,386,747.00	JPY 19,126,067.91	12.55	
Total	62				473,362.52

Year ended 31 March 2010

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

Year ended 31 March 2011

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

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

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

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

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

DESCRIPTION OF THE MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

We have only one reportable revenue raising segment which is the travel agency business comprising the sales of travel packages including air tickets, hotel accommodation and other travel related products in Hong Kong. We identified our operating segment based on the regular internal financial information reported to our Group's executive Directors for their decisions about resources allocation and review of performance.

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

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

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

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

We only act as an agent for the airlines, the hotels and other service providers and no refunds will be made for any confirmed travel products and services. However, our Group, as the agent, may handle the refund procedures at our customers' request. If the suppliers agree to refund, we will collect the money from the suppliers and then deliver it to the customers. However, such refund would

exclude the portion relating to our Group's service fee. In fact, we will normally charge a handling fee to the customers for processing the refunds. Since we are entitled to receive the agency service income even if the travel products and services were cancelled, the cancellation of paid travel products and services has no impact on our Group's revenue recognition policy.

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

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

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

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

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

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

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

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

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

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

(i) Our Group has since 1 September 2011, on a trial basis, generated a new information report containing information regarding the air segments relating to all air tickets issued via the GDS providers. Our Group's new information report provides information on the number of air segments of all air tickets which have been issued during the prescribed period. Although our Group's new information report does not exactly reflect the algorithm of the GDS providers' net air segments, it provides complete information on our Group's net air segments attributable to air tickets issued via the GDS systems as derived from our Group's existing operating system. Since our new information report's algorithm and database are different from those of the GDS providers, our Group is uncertain on the verification results. The timing difference among booking, cancellation and issuing of an air ticket cannot be nullified even over time and its impact on the new information report cannot be ascertained. Our Group's new information report on air segments will be used as a basis for detecting material suspected short-fall of incentive income. Our Product Development Division is responsible to review such reports and compare to the GDS providers' monthly net air segment reports every month to detect possible discrepancy. Our executive Directors will also explore the feasibility of expanding our database to capture information on all

bookings and cancellations going forward. At this point, based on our executive Directors' discussion with external IT consultants, it is uncertain whether it is likely that such enhancement to the Group's operating system is feasible and if so, the likely implementation timeframe. Our Directors would consider the feasibility and decide the appropriate actions after weighing the cost, the benefits and the severity of potential internal control risks.

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

Other income

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

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

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

Selling and distribution costs

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

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

Administrative expenses

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

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

Income tax expense

Cayman Islands Profits Tax

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

British Virgin Islands Profits Tax

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

Hong Kong Profits Tax

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

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

Revenue

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

Other income

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

Selling and distribution costs

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

Administrative expenses

Administrative expenses for the year ended 31 March 2011 was approximately HK$30.3 million representing an increase of approximately HK$9.5 million, or 45.7% from approximately HK$20.8 million for the year ended 31 March 2010. Administrative expenses as a percentage of revenue for the year ended 31 March 2011 also increased from 12.4% for the year ended 31 March 2010 to 14.8%. The increase was mainly contributed by the increase in salaries and welfare from approximately HK$15.0 million to HK$20.1 million as a result of increase in administrative staff from 86 as at 31 March 2010

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

Income tax expense

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

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

Revenue

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

Other income

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

Selling and distribution costs

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

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

Administrative expenses

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

Income tax expense

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

ANALYSIS OF SELECTED BALANCE SHEET ITEMS

Prepayments, deposits and other receivables

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

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

Note:

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

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

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

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

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

Amount due from a Director

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

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

Amounts due from related companies

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

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

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

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

Amounts due to related companies

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

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

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

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

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

Trade receivables

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

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

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

Overdue balances were reviewed regularly by our Group's management to assess whether there was any evidence of impairment. Our trade receivables related to a large number of corporate customers that had a good track record of credit with our Group. During the years ended 31 March 2009, 2010 and 2011, our Group recognised impairment loss of approximately HK$36,000, HK$23,000 and HK$Nil respectively, representing approximately 0.004%, 0.002% and Nil respectively of our Group's gross sales proceeds and approximately 0.05%, 0.03% and Nil respectively of our Group's corporate sales, which indicates that our Group's credit control policy is effective.

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

Trade payables

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

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

Our trade payables amounted to approximately HK$59.0 million, HK$75.0 million and HK$87.6 million as at 31 March 2009, 2010 and 2011 respectively. Trade payables primarily comprise amounts payable to airlines, hotels and other suppliers. The increase in trade payables as at 31 March 2010 was mainly attributable to the increase in our purchase of travel products from suppliers to satisfy the increase in sales in the last month of the year ended 31 March 2010. Our average trade payables turnover days (being average of the trade payables at the beginning and end of the period divided by

the costs of travel related products and multiplied by 365) during the Reporting Period were approximately 26, 28 and 27 days for the years ended 31 March 2009, 2010 and 2011 respectively. We were offered different credit periods by different suppliers which may be up to 30 days. This provided us with payment flexibility.

Accrued charges, deposits received and other payables

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

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

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

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

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

INDEBTEDNESS

Bank loan

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

Banking facilities

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

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

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

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

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

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

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

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

As at 31 July 2011, the banking facilities to which (i), (ii), (iv) and (v) above relate to have expired and the related securities and guarantees released accordingly. The total banking facilities available to our Group as at 31 July 2011 amounted to HK$61,710,000 of which HK$25,650,610 was utilised for bank guarantees issued to airlines, agents, suppliers and landlords, and HK$7,000,000 was drawn down as a mortgage loan. Two independent third party banks made available to the Group banking facilities as at 31 July 2011 and one of such banking facilities were secured by (iii) and (vii) above, to the extent of HK$50,000,000; and the other banking facilities amounting to HK$21,000,000

(inclusive of a mortgage loan) were secured by the TEL guarantee and a legal charge over the Property. On 21 March 2011, the relevant lending bank agreed to release the guarantee provided by Mr. Ko and Mrs. Ko to the extent of HK$50,000,000 ((vii) above) on or about the Listing Date subject to our Company providing a corporate guarantee to replace Mr. Ko's and Mrs. Ko's guarantee.

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

Contingent liabilities

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

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

Capital commitments

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

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

Operating lease commitments

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

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

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

Off-balance sheet commitments and arrangements

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL RESOURCES

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

Cash flows

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

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

Cash generated from operating activities

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

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

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

Cash (used in)/generated from investing activities

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

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

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

Net cash used in financing activities

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

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

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

Net current assets

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

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

As at 31 March 2009, 2010 and 2011, our net current assets (working capital) amounted to approximately HK$71.3 million, HK$16.7 million and HK$7.0 million respectively. The decrease in our working capital from approximately HK$71.3 million as at 31 March 2009 to approximately HK$16.7 million as at 31 March 2010 was mainly due to the payment of dividends totalling approximately HK$84.1 million during the year ended 31 March 2010. The decrease was also attributable to the increase in trade payables. Our working capital decreased further from approximately HK$16.7 million as at 31 March 2010 to HK$7.0 million as at 31 March 2011 due to the increase in accrued charges, deposits received and other payables as a result of deposit received

but pending refund to customers because of earthquake incident in Japan in March 2011. The decrease in our working capital was also attributable to the interim dividend declared for the year ended 31 March 2011 but not yet paid of HK$10 million. Please refer to the separate descriptions on the individual major items of our current assets and current liabilities above in this section in respect of their respective fluctuations during the Reporting Period.

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

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

DISTRIBUTABLE RESERVES

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

WORKING CAPITAL

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

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

NO MATERIAL ADVERSE CHANGE

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

DIVIDENDS

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

We declared dividends of HK$2,000,000, HK$92,082,000 and HK$47,012,000 for the years ended 31 March 2009, 2010 and 2011 respectively and paid dividends of HK$2,000,000, HK$84,082,000 and HK$45,012,000 during the years ended 31 March 2009, 2010 and 2011 respectively. The dividend distribution recorded during the Reporting Period may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

PROPERTY INTERESTS

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

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISKS

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

Credit risk

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

Interest rate risk

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

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

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

Foreign currency risk

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

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

Net exposure to foreign currency risk

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

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

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

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

Liquidity risk

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

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

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

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

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

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

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

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

Notes:

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

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

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

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

FUTURE PLANS AND PROSPECTS

To maintain our position as one of the leading providers of travel related products and services in Hong Kong, we intend to capitalise on our travel expert brand recognition, enhance our competitiveness and achieve sustainable sales growth. To achieve our objectives we plan to implement the following strategies:

Development of corporate sales business

During the years ended 31 March 2009, 2010 and 2011, corporate sales contributed to approximately 7.2%, 7.0% and 5.5% respectively of our Group's gross sales proceeds. In the past 25 years, we have focused on developing our retail sales network. We have built up a strong corporate brand name and have laid a solid operating platform in the travel agency industry. We have established satisfactory business relationship with major airlines, hotels and related wholesale agents. Our Directors are confident that we are able to leverage on our existing operating platform to tap into the corporate sales segment.

Our Directors consider that the development of the corporate sales segment would strengthen our Group's revenue base. We have allocated resources to support our business services team, of which all of its members possess the relevant experience and attributes to assist the business and infrastructure development of our corporate sales business.

Our Directors expect that development of the corporate sales segment will not only increase our Group's revenue but may also more than proportionally increase our Group's incentive income. As explained under the "Business" section of this prospectus, we earn incentive income from our GDS providers and the amount of incentive income is calculated based on the number of air ticket segments booked through our Group with the GDS. We also earn incentive income from airlines, hotel operators, and land agents; the amount of incentive income is generally calculated with reference to the amount and/or volume of sales transactions booked through our Group with the relevant travel suppliers. The incentive systems are functional on progressive rates which means that a higher percentage of incentive (subject to certain maximum percentage) may be payable to us as the sales and/or volume turnover increases to the next higher sales and/or volume turnover band booked through our Group. Any increase in the scale of our sales and/or volume turnover would contribute to maximising the incentive income rates receivable by our Group. According to our suppliers' incentive schemes, our Group is not given any different treatment on our retails sales and corporate sales. Certain incentive schemes offered to us by airlines put weights on a basket of parameters such as a special incentive for meeting certain specified thresholds of normal-fare tickets. To the extent that the travelling patterns and preferences in respect of our Group's retail sales and corporate sales are different, our Group's retail sales and corporate sales may contribute differently to our Group's benefits under our suppliers' incentive schemes.

The corporate sales segment is modelled on a different working capital structure from that of the retail sales segment as it is a market practice for the travel agent to grant credit terms to corporate customers whereas retail customers are normally required to make payment in advance or upon collection of tickets and booking vouchers. Our Directors understand that it is common in the corporate sales segment to allow credit terms of up to 30 days. The corporate sales segment has so far

not been our core revenue or profit driver. Our Directors are determined to manage our operating cashflow and credit risk exposure prudently. Our Directors expect that our Group will be required to allocate an additional sum of working capital to support the operations of the corporate sales segment. The relevant risk factor relating to the development of the corporate sales segment has been set out in the "Risk factors" section of this prospectus.

In addition to the above, the business model of corporate sales differs from that of retail sales in that, prior to opening an account with us, corporate customers go through a screening process by the Group as opposed to retail customers who generally just walk in, corporate discount rates may be extended to corporate customers, incentives may be offered to corporate customers upon meeting certain sales thresholds and the provision of various value-added services to corporate customers including special servicing by an assigned team, regular visits by the sales team, complimentary delivery of travel documents and the provision of a periodic management information report used by our corporate customers to analyse their travel expenses by various parameters including by corporate account, by division or department and by individual staff, within a specified period of time.

Our Group has been established for 25 years by 2011 and operated more than 50 retail shops as at Latest Practicable Date. Our success is attributable to our strong corporate brand name, a solid operating platform, satisfactory business relationship with suppliers and a dedicated management team. We rely on our operating platform to support our future expansion. We also rely on the service quality of our staff to remain competitive. Our Directors expect that our Group's operating platform will sufficiently support our Group to meet the challenges of expanding horizontally to capture more corporate sales business.

TEBSL is the company in our Group which is used to create a separate corporate identity for developing the corporate business. The business plan for the year ending 31 March 2012 comprises the recruitment of a new full time senior executive who is responsible for leading the expansion of the corporate business for our Group and new account executives to strengthen our sales and business development capabilities with a focus on corporate customers. In parallel to strengthening our human resources, we have designed a new information system to streamline certain work procedure and enhance certain reporting functions with a view to raising our service standards for our corporate customers.

Our Directors believe that we are a long-established travel agency with a strong market presence in Hong Kong. Our sizable retail client base is a resourceful pool for cultivating potential corporate business when appropriate targeting and marketing effort is given. There are very few travel agencies in Hong Kong which specialise on corporate sales and have a network size comparable to that of our Group. Our Directors believe that our market presence in Hong Kong creates a positive influence on brand recognition and have confidence in competition with established and major players in the corporate sales market. Our Group's retail sales provide our Group with liquidity which also enhances our competitiveness over established and major players in the corporate sales market.

Exploring possible regional expansion

Our Directors have been looking for opportunities to scale our operations vertically and/or horizontally. Our Directors envisage that our Group may expand geographically out of Hong Kong with a priority in Asia (including the PRC) by way of acquisitions, franchise or forming joint ventures with strategic partners although no definitive action plans have been drawn up as at the Latest Practicable Date.

To prepare for our possible regional expansion, we have registered three trademarks in the PRC and one trademark in Singapore. Neither the PRC nor Singapore is our Group's only target expansion market. We have not formulated any other plans or a timetable relating to our regional expansion. However, we would like to earmark a certain sum of the net proceeds of the Share Offer to prepare for any attractive opportunities that may be presented to us from time to time.

TEL has received an opinion letter issued by the Tourism Administration of Guangdong Province (廣東省旅遊局) dated 26 July 2011 affirming that the Tourism Administration agrees with TEL's application for setting up a wholly foreign owned travel agency in Shenzhen, the PRC and the supporting documents are in compliance with the relevant laws and regulations in the PRC. It is also set out in the opinion letter that the English name and the Chinese name of the WFOE are Travel Expert (Shenzhen) Limited and 尊業旅行社 (深圳) 有限公司 respectively. After that, we have submitted an application to the Shenzhen Science, Industry, Trade and Information Technology Commission (深圳市科技工貿和信息化委員會) for the establishment of the WFOE. We are studying the feasibility of an e-business model of travel agency in China and promotion of quality outbound tour packages from China and Hong Kong. Our Group plans to inject registered capital of RMB500,000 (equivalent to approximately HK$0.61 million) into the WFOE as an initial funding for its operations. We have not yet drawn up any concrete business plan regarding our Group's expansion in the PRC and thus do not have any plans on any other capital expenditure as at the Latest Practicable Date. In addition to the aforesaid, our Group has submitted to the Trade and Industry Department of the HKSAR an application for certification as a Hong Kong supplier to supply travel agency services and tour operator services in Mainland China. On 21 April 2010, the Trade and Industry Department of the HKSAR issued a certificate certifying that TEL has met the standard of a Hong Kong service supplier as stipulated in the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) and its supplement(s).

Our Directors and senior management of our Group presently do not possess any relevant experience and expertise in the PRC retail and online travel agency business. However, we plan to employ suitably qualified personnel to manage our Group's businesses in the PRC once our expansion plan is in a more advanced stage.

Consolidating our operational infrastructure to prepare for future expansion

Following years of rapid business expansion, our management team has accumulated substantial managerial and technical intelligence which if utilised appropriately will produce dramatic improvements in many aspects to the efficiency of the operations of our Group. Our Directors consider that it is our priority for strengthening our operational infrastructure to enhance our Group's ability to tackle any cross-border expansion in the future.

Our Directors plan to centralise our support staff in our Group's newly acquired office premises at 9th Floor, Kowloon Plaza, No. 485 Castle Peak Road, Kowloon and consolidate our Group's operational infrastructure. Our Directors plan to allocate more resources to improve our Group's communications systems, training facilities and conferencing facilities to prepare for our Group's possible expansion in the future.

Our Directors recognise the importance and benefits of maintaining an efficient management system. Our Directors plan to upgrade our information systems to strengthen the ability of our Group to scale our management and operational efficiency. Our target objectives include:

- enhance information sharing between departments of our Group and thus allow quicker assessment and analysis of our Group's operational and financial data by our Group's management;
- establish an alternative online operation system to streamline sales workflow and minimise non-systematic errors;
- establish an advanced customer relationship management system;
- revamp our Group's human resources system to enhance the efficiency of our Group's mentoring functions; and
- enhance our Group's e-commerce capability.

Our Group plans to open more retail branches at strategic locations and to strengthen our sales teams to serve the growing customer demand. We shall equip our new office with the most up-to-date data processing and communication facilities and to connect all of our retail shops electronically by an "always-on" network, which is a network to provide data communication services between all our retail shops and our central server pool 24 hours, 7 days a week. This is important to gain our competitiveness in the travel industry whereby it is critical for information and data to be collected accurately and on a timely basis. This "always-on" network is supported by a licensed data communication provider in Hong Kong. This dedicated network will ensure the quality of the service of our retail shops which are scattered all over Hong Kong Island, Kowloon and the New Territories.

The sales activities will be pooled to our backend data warehouse system for more detailed and timely analysis. The sales data is fragmented and we have been building up the analysis tool to group the fragmented data into organised information as a data warehouse system. This is a helpful tool for our management to study the trend of our Group's different lines of business in different category of branches; and also a good tool for our management to project the sales.

With this improved infrastructure, all our retail shops and the staff in each retail shop are connected either by voice and video communication so that we can maximise our training time and results with our staff. We are also considering an e-learning system which can deliver the training in a more convenient way.

We have always emphasised strongly on staff training with respect to service quality, product knowledge and customer service. We have been using traditional classroom style training so far. With our growth in business and the increasing number of staff, the traditional classroom style training may not be sufficient to cope with the increasing training need. Therefore, we started a project to study the use of Internet and interactive teaching and coaching tools to deliver our service requirements and product knowledge to our staff through the Internet platform. This project is led by our Talent Management Division.

The setting up of the Cruise Centre has proven the success of using hotline support to sell special products. We plan to extend this method of support to our long-haul products and MICE products. Therefore, advanced telephone system will also form part of our operational infrastructure to support our future expansion.

USE OF PROCEEDS

Based on the mid price of the Offer Price range of HK$0.63 per Offer Share, the net proceeds of the Share Offer are estimated to be approximately HK$49.5 million. Our Directors presently intend to use the net proceeds for the following purposes:

- approximately HK$19.8 million (being approximately 40% of the estimated net proceeds of the Share Offer) for development of our Group's corporate sales business;

- approximately HK$19.8 million (being approximately 40% of the estimated net proceeds of the Share Offer) for exploring possible regional expansion in Asia (including the PRC);

- approximately HK$5.0 million (being approximately 10% of the estimated net proceeds of the Share Offer) for consolidating our operational infrastructure to prepare for future expansion; and

- approximately HK$4.9 million (being approximately 10% of the estimated net proceeds of the Share Offer) for the general working capital of our Group.

There are risks that we may not be able to execute our business plans or there may be changes to the timing of our plans. Please refer to the section headed "Risk factors" of this prospectus for the relevant risks.

In the event that the Offer Price is fixed at HK$0.56 or HK$0.69 (being the respective lowest and highest points of the indicative range of the Offer Price as stated in this prospectus), the net proceeds of the Share Offer will be approximately HK$42.6 million and HK$55.3 million respectively, after the deduction of all underwriting fees and expenses paid and payable by us. In the event that the net proceeds are less or more than HK$49.5 million by reason of the Offer Price being fixed at a price lower than or above HK$0.63, we intend to adjust the allocation of the net proceeds to the above uses in the proportions stated above.

To the extent, if any, that the net proceeds to us from the Share Offer are not immediately applied for the above purposes, we will deposit the net proceeds into an interest-bearing bank account or to purchase money market instruments.

None of the net proceeds will be applied towards the acquisition of any property or any company to which paragraph 12 of the Third Schedule of the Companies Ordinance applies.

We will issue an announcement in Hong Kong if there is any material change in the above-proposed use of proceeds.

UNDERWRITERS

Placing Underwriters

OSK Securities Hong Kong Limited
12th Floor
World-wide House
19 Des Voeux Road Central
Hong Kong

ABCI Securities Company Limited
Unit 1302B, 13th Floor, Fairmont House
8 Cotton Tree Drive, Central
Hong Kong

Quam Securities Company Limited
Room 3208 Gloucester Tower
The Landmark
11 Pedder Street, Central
Hong Kong

Cinda International Securities Limited
45/F., COSCO Tower
183 Queen's Road Central
Hong Kong

Public Offer Underwriters

OSK Securities Hong Kong Limited
12th Floor
World-wide House
19 Des Voeux Road Central
Hong Kong

ABCI Securities Company Limited
Unit 1302B, 13th Floor, Fairmont House
8 Cotton Tree Drive, Central
Hong Kong

Quam Securities Company Limited
Room 3208 Gloucester Tower
The Landmark
11 Pedder Street, Central
Hong Kong

Cinda International Securities Limited
45/F., COSCO Tower
183 Queen's Road Central
Hong Kong

PUBLIC OFFER UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company is offering the Public Offer Shares for subscription under the Public Offer on the terms and subject to the conditions set out in this prospectus and the related Application Forms.

Subject to (i) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, and (ii) certain other conditions set out in the Public Offer Underwriting Agreement (including, among others, OSK Securities (for itself and on behalf of all the Public Offer Underwriters) and our Company agreeing on the Offer Price), the Public Offer Underwriters have severally agreed to subscribe for or procure subscribers for, on the terms and conditions of this prospectus and the Application Forms, the Public Offer Shares which are being offered but are not taken up under the Public Offer.

Grounds for termination

The obligations of the Public Offer Underwriters to subscribe for, or to procure subscribers for, the Public Offer Shares under the Public Offer Underwriting Agreement are subject to termination by notice in writing to our Company. OSK Securities (for itself and on behalf of the Public Offer Underwriters) are entitled to terminate the Public Offer Underwriting Agreement upon the occurrence of any of the following events by notice in writing to our Company given at any time prior to 8:00 a.m. on the Listing Date (the "Termination Time") if, at any time before the Termination Time:

(a) there shall have, in the absolute opinion of OSK Securities, developed, occurred, existed or come into effect any event, series of events, matters or circumstances concerning or relating to any of the following:

    (i) any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, the Cayman Islands, the PRC, any of the jurisdictions in which our Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or any other jurisdiction relevant to our Group; or

    (ii) any change in, or any event or series of events or development resulting or likely to result in any change in the local, national, regional or international financial, currency, political, military, industrial, economic, stock market or other market conditions or prospects of Hong Kong, the Cayman Islands, the PRC, or any of the jurisdictions in which our Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or other jurisdiction relevant to our Group; or

    (iii) any change in the conditions of Hong Kong, the PRC or international equity securities or other financial markets; or

(iv) the imposition of any moratorium, suspension or material restriction on trading in securities generally on any of the markets operated by the Stock Exchange due to exceptional financial circumstances or otherwise; or

(v) any change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in Hong Kong, the Cayman Islands, the PRC, or any of the jurisdictions in which our Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or other jurisdiction relevant to our Group; or

(vi) any change or prospective change in the business or in the financial or trading position or prospects of or results of operations of our Company and/or any member of our Group; or

(vii) the imposition of economic sanctions or withdrawal of trading privileges, in whatever form, by the US or by the European Union (or any member thereof) on Hong Kong or the PRC; or

(viii) the imposition or declaration of (i) any suspension or limitation on trading in shares or securities generally on the Stock Exchange, New York Stock Exchange Inc., London Stock Exchange plc, Tokyo Stock Exchange or any other major international securities exchange or (ii) a general moratorium on commercial banking activities or foreign exchange trading or securities settlement or clearing services in the PRC, Hong Kong, New York, London, Japan or any relevant jurisdiction being declared by the relevant authorities; or

(ix) any outbreak or escalation of hostilities in or affecting any of Hong Kong, the Cayman Islands, the PRC or any of the jurisdictions in which our Group operates, the declaration by any of such jurisdictions of a national emergency or war, or other calamity or crisis in or affecting any of Hong Kong, the Cayman Islands, the PRC or any of the jurisdictions in which our Group operates or event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or

(x) any loss or damage sustained by our Group (howsoever caused and whether or not the subject of any insurance or claim against any person) which has or could be expected to have a material adverse effect on our Group; or

(xi) a petition is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or a majority of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or

(xii) any other change whether or not ejusdem generis with any of the foregoing; or

(xiii) any event which makes it inadvisable or inexpedient to proceed with the Share Offer;

and which, in each case, in the sole opinion of OSK Securities:

(aa) is or will or is likely to be materially adverse to the business, financial, trading or other conditions or prospects of the Group taken as a whole; or

(bb) has or is likely to have a material adverse effect on the success of the Public Offer and/or the Placing or the level of the Placing Shares or Public Offer Shares being applied for or accepted or the distribution of the Offer Shares; or

(cc) makes it inadvisable or inexpedient to proceed with the Placing and/or the Public Offer

(b) there comes to the notice of OSK Securities or any of the Public Offer Underwriters:

(i) any matter or event showing any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement to be untrue, inaccurate or inaccurate in any respect considered by the OSK Securities (for itself and on behalf of the Public Offer Underwriters) in its absolute opinion to be material in the context of the Share Offer; or

(ii) any of our Controlling Shareholders, our Executive Directors, and/or our Company commits any material breach of, or omits to observe in any material respect, any of the obligations or undertakings expressed to be assumed by them or it under the Public Offer Underwriting Agreement; or

(iii) any statement contained in the prospectus or the Application Forms is discovered to be or becomes in the absolute opinion of OSK Securities (for itself and on behalf of the Public Offer Underwriters), untrue, incorrect or misleading in any respect; or

(iv) any matter has arisen or been discovered which would in the absolute opinion of OSK Securities (for itself and on behalf of the Public Offer Underwriters), had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission therefrom; or

(v) any event, act or omission which gives or is likely to give rise to a liability of any of our Executive Directors and our Controlling Shareholders pursuant to the indemnities given under the Public Offer Underwriting Agreement; or

(vi) any information, matter or event which, in the absolute opinion of OSK Securities (for itself and on behalf of the Public Offer Underwriters) may lead to an adverse change in the business or in the financial or trading position of any member of our Group;

and which, in each case, in the sole opinion of OSK Securities (for itself and on behalf of the Public Offer Underwriters):

(aa) is or will or is likely to be materially adverse to the business, financial, trading or other conditions or prospects of our Group taken as a whole; or

(bb) has or is likely to have a material adverse effect on the success of the Public Offer and/or the Placing or the level of the Placing Shares or Public Offer Shares being applied for or accepted or the distribution of the Offer Shares; or

(cc) makes it inadvisable or inexpedient to proceed with the Placing and/or the Public Offer.

(c) the Placing Underwriting Agreement or the Price Determination Agreement shall not have been executed between the Company, the Joint Lead Managers, the Sole Bookrunner and the relevant Placing Underwriters (as the case may be) on or before 23 September 2011 due to any reason whatsoever.

Similar events will be contained in the Placing Underwriting Agreement that may allow OSK Securities to terminate (for itself and on behalf of the Placing Underwriters) their respective obligations thereunder.

UNDERTAKINGS

Each of C&H Holdings, Mr. Ko and Mrs. Ko has undertaken to our Company, the Stock Exchange, the Sole Sponsor, the Joint Lead Managers and the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) that:

(1) they/it shall not, and shall procure that their/its associates or companies controlled by them/it or any nominee or trustee holding in trust for them/it shall not, sell, transfer or otherwise dispose of (including without limitation the entering into agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of but save pursuant to a pledge or charge as security in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan) any of the Shares or securities of our Company owned by them/it or the relevant company, nominee or trustee (including any interest in any shares in any company controlled by them/it which is directly or indirectly the beneficial owner of any of the Shares or securities of our Company) immediately following completion of the Share Offer and the Capitalisation Issue (the "Relevant Securities") within the First Lock-up Period;

(2) they/it shall not, and shall procure that their/its associates or companies controlled by them/it or any nominee or trustee holding in trust for them shall not, within the period of a further six months immediately after the expiry of the First Lock-up Period, sell, transfer or otherwise dispose of (including without limitation, the entering into agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of but save pursuant to a pledge or charge as security in favour of an authorised institution (as

defined is the Banking Ordinance) for a bona fide commercial loan) any of the Relevant Securities, if immediately following such sale, transfer or disposal, C&H Holdings, Mr. Ko and Mrs. Ko, taken as a whole, would cease to be a controlling shareholder (within the meaning in the Listing Rules) of our Company or hold directly or indirectly a controlling interest (being an interest of over 30% or such other amount as may from time to time be specified in the Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) in our Company; and

(3) in the event of any such sale, transfer or disposal of Shares or any such interest referred to in (1) and (2) above, all reasonable steps shall be taken to ensure that such sale, transfer or disposal shall be effected in such a manner so as not to create a disorderly or false market for the Shares.

Each of C&H Holdings, Mr. Ko and Mrs. Ko has also undertaken to our Company, the Stock Exchange, the Sole Sponsor and the Joint Lead Managers (for themselves and on behalf the Public Offer Underwriters) that, within the period commencing on the date of this prospectus and ending on the date which is twelve months from the Listing Date, they/it will:

(1) when they/it or the registered owner pledges or charges any securities or interests in the securities of our Company beneficially owned by them/it, whether directly or indirectly, in favour of an authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules immediately inform our Company, the Stock Exchange, the Sole Sponsor and the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) in writing of such pledge or charge together with the number of securities so pledged or charged; and

(2) when they/it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform our Company, the Stock Exchange, the Sole Sponsor and the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) in writing of such indications.

Our Company will inform the Sole Sponsor, the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) and Stock Exchange as soon as practicable after it has been informed of the matters referred to in (1) or (2) above and shall disclose such matters by way of an announcement in compliance with the Listing Rules to the extent required by the Stock Exchange.

Our Company has also undertaken with the Stock Exchange (pursuant to Rule 10.08 of the Listing Rules), the Sole Sponsor and the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) that no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except for:

(1) the issue and allotment of Shares, the listing of which has been approved by the Stock Exchange, pursuant to the Share Option Scheme and the Pre-IPO Share Option Scheme; and

(2) any capitalisation issue, capital reduction or consolidation or sub-division of Shares.

Placing

In connection with the Placing, it is expected that our Company will enter into the Placing Underwriting Agreement with the Joint Lead Managers, the Sole Sponsor, OSK Securities and the Placing Underwriters on or before 23 September 2011, on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above. Under the Placing Underwriting Agreement, the Placing Shares are expected to be fully underwritten by the Placing Underwriters subject to the terms and conditions of the Placing Underwriting Agreement. The Placing Underwriting Agreement will contain events similar to those set out in the sub-paragraph headed "Grounds for termination" above that may allow the OSK Securities (for itself and on behalf of the Placing Underwriters) to terminate their respective obligations thereunder.

COMMISSIONS AND EXPENSES

The Public Offer Underwriters will receive an underwriting commission of 3.0% of the aggregate Offer Price payable for the Offer Shares, out of which they will pay any sub-underwriting commissions. Additionally, the Sole Sponsor will also receive a financial advisory and documentation fee. On the basis of an Offer Price of HK$0.63 per Offer Share (being the mid point of our indicative price range of the Share Offer) and the total subscription money, the established commissions and expenses relating to the Share Offer including the underwriting commission, the Stock Exchange listing fee, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees (including the fee of the Sole Sponsor), printing, and other expenses relating to the Share Offer, amount to approximately HK$13.5 million in aggregate payable by our Company out of the proceeds of the Share Offer, thus making the estimated net proceeds of the Share Offer to be approximately HK$49.5 million.

PUBLIC OFFER UNDERWRITERS' AND SOLE SPONSOR'S INTEREST IN OUR COMPANY

Save (i) as disclosed in this prospectus and (ii) for their obligations under the Public Offer Underwriting Agreement, none of the Public Offer Underwriters and the Sole Sponsor have any shareholding in our Company or any member of our Group nor any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for or purchase securities in any member of our Group.

OFFER PRICE AND OFFER PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK$0.69 and is expected to be not less than HK$0.56 per Offer Share. Based on the maximum Offer Price of HK$0.69 per Offer Share, plus 1% brokerage fee, 0.003% SFC transaction levy (per side) and 0.005% Stock Exchange trading fee (per side), the amount payable on application for one board lot of 5,000 Shares will amount to a total of HK$3,484.77.

The Offer Price is expected to be determined by our Company and OSK Securities (for itself and on behalf of the Underwriters) at 5:00 p.m. on the Price Determination Date, or such later date as may be agreed by our Company and OSK Securities (for itself and on behalf of the Underwriters) but in any event no later than Friday, 23 September 2011.

If, based on the level of interests expressed by prospective professional, institutional and other investors during the book-building process, OSK Securities (for itself and on behalf of the Underwriters, and with the consent of our Company) thinks it appropriate (for instance, if the level of interests is below the indicative Offer Price range), the indicative Offer Price range may be reduced below that as stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer.

In such case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Public Offer cause there to be published in the South China Morning Post (in English), the Hong Kong Economic Times (in Chinese) and the respective websites of the Stock Exchange (www.hkexnews.hk) and our Company (www.travelexpert.com.hk), a notice of the reduction of the indicative Offer Price range. Such notice will also include any financial information which may change as a result of any such reduction.

CONDITIONS OF THE PUBLIC OFFER

Acceptance of all applications for the Public Offer Shares will be conditional upon the satisfaction of the following conditions:

(i) the Listing Committee granting the listing of, and permission to deal in, the Shares (including any Shares which may be allotted and issued upon the exercise of any options granted under the Pre-IPO Share Option Scheme and any options that may be granted under the Share Option Scheme), and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Main Board;

(ii) the Offer Price having been duly determined and the execution and delivery of the Price Determination Agreement and the Public Offer Underwriting Agreement on or before the Price Determination Date; and

(iii) the obligations of the Underwriters under each of the Public Offer Underwriting Agreement and the Placing Underwriting Agreement becoming unconditional (including the waiver of any condition(s) by the Sole Bookrunner (for itself and on behalf of the Underwriters)) and not being terminated in accordance with the terms of the respective underwriting agreements or otherwise,

in each case on or before the dates and times specified in the relevant underwriting agreement. If these conditions are not fulfilled, all application money will be returned, without interest, on the terms set forth in the section "How to apply for the Public Offer Shares" of this prospectus. In the meantime, such application money will be held in a separate bank account with the receiving banker in Hong Kong, a bank licensed under the Banking Ordinance.

OFFER MECHANISM — BASIS OF ALLOCATION OF SHARES

The Share Offer

The Share Offer consists of the Placing and the Public Offer. The Offer Shares comprise the Placing Shares and the Public Offer Shares, both subject to re-allocation. The 100,000,000 Offer Shares will represent 20% of the enlarged number of Shares in issue immediately after completion of the Share Offer and the Capitalisation Issue but without taking into account any Shares which may be allotted and issued upon the exercise of the options granted under the Pre-IPO Share Option Scheme and any options that may be granted under the Share Option Scheme.

Initially 10,000,000 Offer Shares (of which 1,000,000 Offer Shares are made available for subscription by Eligible Employees using **PINK** Application Forms), representing 10% of the total number of Offer Shares, are offered under the Public Offer. The Public Offer is open to all members of the public in Hong Kong as well as to institutional, professional and other investors in Hong Kong. Out of the total number of 100,000,000 Offer Shares, 90,000,000 Offer Shares, representing 90% of the total number of Offer Shares, will be placed with professional, institutional and other investors in Hong Kong and elsewhere under the Placing. The Placing Shares will be offered in Hong Kong and other jurisdiction outside the United States. The Placing Shares will be allocated prior to the Listing Date. The level of indications of interest in the Placing and the level of applications of the Public Offer and the basis of allotment under the Public Offer are expected to be published in South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese), the website of our Company at www.travelexpert.com.hk and the website of the Stock Exchange at www.hkexnews.hk on or before Wednesday, 28 September 2011.

The net proceeds from the Share Offer are estimated to be approximately HK$49.5 million based upon an Offer Price of HK$0.63, being the mid-point of the Offer Price range of HK$0.56 to HK$0.69.

The Public Offer

Our Company is initially offering 10,000,000 Offer Shares (subject to re-allocation), of which 1,000,000 Offer Shares are made available for subscription by Eligible Employees using **PINK** Application Forms (not subject to re-allocation) at the Offer Price, representing 10% of the total number of Offer Shares, for subscription by way of the Public Offer. The allocation of Offer Shares between the Placing and the Public Offer is subject to re-allocation.

If the number of Offer Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the initial number of Public Offer Shares, additional Offer Shares will be reallocated to the Public Offer from the Placing so that the total number of Offer Shares available for subscription under the Public Offer will increase to 30,000,000 Offer Shares, representing 30% of the total number of Offer Shares. If the number of Offer Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the initial number of Public Offer Shares, additional Offer Shares will be reallocated to the Public Offer from the Placing so that the total number of Offer Shares available for subscription under the Public Offer will increase to 40,000,000 Offer Shares, representing 40% of the total number of Offer Shares. If the number of Offer Shares validly applied for under the Public Offer represents 100 times or more the initial number of Public Offer Shares, additional Offer Shares will be reallocated to the Public Offer from the Placing so that the total number of Offer Shares available for subscription under the Public Offer will increase to 50,000,000 Offer Shares, representing 50% of the total number of Offer Shares. If the Public Offer Shares are not fully subscribed, the Sole Bookrunner, at its discretion, may re-allocate all or any unsubscribed Public Offer Shares to the Placing. Applicants for the Public Offer Shares are required on application to pay the Offer Price plus 1% brokerage, 0.003% SFC transaction levy and 0.005% Stock Exchange trading fee.

OSK Securities is the Sole Bookrunner of the Share Offer. OSK Securities and ABCI are the Joint Lead Managers of the Share Offer. The Public Offer is fully underwritten by the Public Offer Underwriters on and subject to the terms and conditions of the Public Offer Underwriting Agreement.

Allocation of the Public Offer Shares to investors will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of the Public Offer Shares validly applied for by each applicant. When there is over subscription under the Public Offer, allocation of the Public Offer Shares may involve balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares and those applicants who are not successful in the ballot may not receive any Public Offer Shares. The results of allocations in the Public Offer and basis of allocation of the Public Offer Shares are expected to be published on the websites of our Company at www.travelexpert.com.hk and the Stock Exchange at www.hkexnews.hk on 28 September 2011, and in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on 28 September 2011.

Preferential offering to eligible full-time employees

A maximum of 1,000,000 Public Offer Shares (not subject to any reallocation), being 10% of the total number of Offer Shares initially being offered under the Public Offer, will be available for subscription by Eligible Employees who shall make their applications on the special **PINK** Application Forms on a preferential basis. As at the Latest Practicable Date, we had approximately 470 Eligible Employees. In the event of over-subscription on **PINK** Application Forms, the 1,000,000 Public Offer Shares initially available to applicants on **PINK** Application Forms will be allocated to such applicants on a pro rata basis in proportion (as nearly as possible without involving portions of a board lot) to the level of valid applications received from Eligible Employees, or balloted if there are insufficient Public Offer Shares available to **PINK** Application Form applicants. If balloting is conducted, some Eligible Employees may be allocated more Public Offer Shares than others who have

applied for the same number of Public Offer Shares. No favour will be given to employees who apply for a large number of Public Offer Shares or any employees who held a senior position within our Group. Nor will allocation be based on the length of service or the work performance of the Eligible Employees.

Applications in excess of the 1,000,000 Public Offer Shares initially available to applicants on **PINK** Application Forms will be rejected. In case not all the 1,000,000 Public Offer Shares are subscribed for by Eligible Employees, the under-subscribed Public Offer Shares will be available for subscription by the public under the Public Offer. Allocation of Public Offer Shares to applications made on **PINK** Application Forms will be based on the allocation guidelines contained in Practice Note 20 of the Listing Rules and, in case any exceptions are noted, an announcement will be made in accordance with Practice Note 20 of the Listing Rules. **Such Public Offer Shares comprise not more than 10% of the initial number of Public Offer Shares. The maximum number of Public Offer Shares will not be adjusted irrespective of any reallocation of the total number of Public Offer Shares. Any application made by an Eligible Employee for more than 100% of the Public Offer Shares being offered to Eligible Employees will be rejected.**

The Placing

Our Company is initially offering 90,000,000 Offer Shares (subject to re-allocation), representing 90% of the total number of Offer Shares, for subscription by way of the Placing. The Placing is fully underwritten by the Placing Underwriters on and subject to the terms and conditions of the Placing Underwriting Agreement.

The Placing Underwriters are soliciting from prospective professional, institutional and other investors, indications of interest in subscribing for the Placing Shares. Prospective professional, institutional and other investors will be required to specify the number of Placing Shares they would be prepared to subscribe for at the Offer Price. This process is known as "book building". In Hong Kong, retail investors should apply for the Public Offer Shares, as retail investors applying for the Placing Shares, including retail investors applying through banks and other institutions, are unlikely to be allocated any Placing Shares.

Allocation of Placing Shares is based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investor is likely to buy further and/or hold or sell its Shares after the Listing. Such allocation is generally intended to result in a distribution of Placing Shares on a basis which would lead to the establishment of a broad shareholder base to the benefit of our Company and our Shareholders as a whole.

LISTING ON ANY OTHER STOCK EXCHANGE

Our Directors are not considering any listing of our Company's securities on any other overseas stock exchange. Our Company has not submitted any application nor obtained any approval for the listing of the Shares on any other overseas stock exchange.

There are three ways to make an application for the Public Offer Shares. You may apply for the Public Offer Shares by either (i) using a **WHITE** or **YELLOW** Application Form; (ii) applying online through the designated website of the **HK eIPO White Form** Service Provider, referred herein as the "**HK eIPO White Form** Service", or (iii) by giving electronic application instructions to HKSCC to cause HKSCC Nominees to apply for the Public Offer Shares on your behalf. Eligible Employees may also make an application for the Public Offer Shares using a **PINK** Application Form. Except where you are a nominee and provide the required information in your application, **you or your joint applicant(s) may not make more than one application (whether individually or jointly) by applying using a WHITE or YELLOW Application Form or applying online through HK eIPO White Form Service or by giving electronic application instructions to HKSCC.**

Who can apply for the Public Offer Shares

(a) You, the applicant(s), and any person(s) for whose benefit you are applying, must be 18 years of age or above and must have a Hong Kong address.

(b) If you are a firm, the application must be made in the name(s) of the individual member(s), not in the firm's name.

(c) If you are a body corporate, the application must be stamped with your company chop (bearing your company name) and signed by a duly authorised officer, who must state his or her representative capacity.

(d) Save under the circumstances permitted by the Listing Rules, you cannot apply for any Public Offer Shares if you or any person(s) for whose benefit you are applying is/are:

- an existing beneficial owner of our Shares;
- the chief executive or a director of our Company or any of its subsidiaries;
- an associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of our Company or a person who will become a connected person of our Company (as defined in the Listing Rules) immediately upon completion of the Share Offer;
- a person who does not have a Hong Kong address;
- a legal or natural person of the PRC (except qualified domestic institutional investors);
- within the United States or a U.S. person(s) as defined in Regulation S of the U.S. Securities Act 1933, as amended; or
- have been allocated or have applied for or indicated an interest in any Placing Shares under the Placing.

(e) The total number of joint applicants may not exceed four (except for applications made using the **PINK** Application Form(s) where no joint application will be permitted).

If you wish to apply for the Offer Shares online through the **HK eIPO White Form** service, in addition to the above, you must also:

- have a valid Hong Kong identity card number; and
- be willing to provide a valid e-mail address and a contact telephone number.

Which application method to use

(a) ***WHITE*** *Application Form*

Use a **WHITE** Application Form if you want the Public Offer Shares to be issued in your own name.

(b) ***HK eIPO White Form***

Instead of using a **WHITE** Application Form, you may apply for the Public Offer Shares by means of the **HK eIPO White Form** service by submitting an application online through the designated website at **www.hkeipo.hk**. Use the **HK eIPO White Form** service if you want the Public Offer Shares to be registered in your own name.

(c) ***YELLOW*** *Application Form*

Use a **YELLOW** Application Form if you want the Public Offer Shares to be issued in the name of HKSCC Nominees and to be deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.

(d) Instruct HKSCC to make an electronic application on your behalf

Instead of using a **YELLOW** Application Form, you may give an electronic application instruction to HKSCC to cause HKSCC Nominees to apply for the Public Offer Shares on your behalf via CCASS. Any Public Offer Shares allocated to you will be registered in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.

(e) ***PINK*** *Application Form*

Use a **PINK** Application Form if you are an Eligible Employee, and want the Public Offer Shares to be registered in your own name and want your application to be given preferential treatment. You may not apply on behalf of other person(s) as a nominee.

Where to collect this prospectus and the Application Forms

You can collect a **WHITE** Application Form and this prospectus during normal business hours from 9:00 a.m. on 16 September 2011 until 12:00 noon on 21 September 2011 from:

(a) OSK Capital Hong Kong Limited
12th Floor
World-Wide House
19 Des Voeux Road Central
Hong Kong

(b) OSK Securities Hong Kong Limited
12th Floor
World-Wide House
19 Des Voeux Road Central
Hong Kong

(c) ABCI Securities Company Limited
Unit 1302B, 13th Floor, Fairmont House
8 Cotton Tree Drive, Central
Hong Kong

(d) or any of the following branches of Hang Seng Bank Limited:

	Branch Name	**Address**
Hong Kong Island	Head Office	83 Des Voeux Road Central
	Causeway Bay Branch	28 Yee Wo Street
Kowloon	Tsimshatsui Branch	18 Carnarvon Road
	Kwun Tong Branch	70 Yue Man Square
	Kowloon Main Branch	618 Nathan Road
New Territories	Shatin Branch	Shop 18 Lucky Plaza, Wang Pok Street, Shatin
	Yuen Long Branch	93 Castle Peak Road
	Tsuen Wan Branch	289 Sha Tsui Road, Tsuen Wan

You can collect a **YELLOW** Application Form and this prospectus during normal business hours from 9:00 a.m. on 16 September 2011 until 12:00 noon on 21 September 2011 from:

(i) the **Depository Counter of HKSCC** at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong; or

(ii) your broker, who may have such Application Forms and this prospectus available.

Each Eligible Employee can collect a **PINK** Application Form and this prospectus from our headquarters and principal place of business in Hong Kong at First Floor, Grand Building, 18 Connaught Road Central, Hong Kong.

Applying by using an Application Form

There are detailed instructions on each Application Form. You should read those instructions carefully. If you do not follow the instructions, your application may be rejected and returned by ordinary post together with the accompanying cheque(s) or banker's cashier order(s) to you (or the first-named applicant in the case of joint applicants) at your own risk at the address stated in the Application Form.

If your application is made by a person duly authorised under a power of attorney, our Company, the Sole Bookrunner or their respective agents, as agent for our Company, may accept it at their discretion and subject to any conditions as any of them may think fit, including evidence of the authority of your attorney. Our Company and the Sole Bookrunner or their respective agents have full discretion to reject or accept any application, in full or in part, without assigning any reason.

(a) You should note that by completing and submitting the Application Form, you (and if you are joint applicants, each of you jointly and severally), for yourself or as agent or nominee and on behalf of each person for whom you act as agent or nominee, amongst other things:

(i) **agree** with our Company and each Shareholder, and our Company agrees with each Shareholder, to observe and comply with the Companies Ordinance, the Companies Law, the Memorandum and the Articles of Association;

(ii) **agree** with our Company and each Shareholder that the Shares are freely transferable by the holder thereof;

(iii) **confirm** that you have received a copy of this prospectus, and have only relied on the information and representations contained in this prospectus in making your application and that you will not rely on any other information or representation save as set out in any supplement to this prospectus;

(iv) **agree** that none of our Company, the Sole Sponsor, the Sole Bookrunner and the Underwriters, any other parties involved in the Share Offer, their respective directors, officers, employees, partners, agents and advisers will be liable for any information or representations not contained in this prospectus and any supplement to this prospectus;

(v) **agree** (without prejudice to any other rights which you may have) that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(vi) (if the application is made for your own benefit) **warrant** that the application is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC via CCASS or to the **HK eIPO White Form** Service Provider via the **HK eIPO White Form** service (**www.hkeipo.hk**) (other than an application (if any) made on a **PINK** Application Form by you in the capacity of an Eligible Employee);

(vii) (if the application is made by an agent on your behalf) **warrant** that you have validly and irrevocably conferred on your agent all necessary power and authority to make the application;

(viii) (if you are an agent for another person) **warrant** that reasonable enquiries have been made of the beneficial owner that the application is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by way of giving electronic application instructions to HKSCC via CCASS or to the designated **HK eIPO White Form** Service Provider via the **HK eIPO White Form** service (**www.hkeipo.hk**) (other than an application (if any) made on a **PINK** Application Form by that person in the capacity of an Eligible Employee), and that you are duly authorised to sign the Application Form as that other person's agent;

(ix) **undertake** and **confirm** that you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, or received or been placed or allocated (including conditionally and/or provisionally) and will not apply for or take up, or indicate an interest for, any Placing Shares nor be placed or allocated, nor otherwise participate in the Placing;

(x) **warrant** the truth and accuracy of the information contained in your application;

(xi) **agree** to disclose to our Company, the Hong Kong Branch Share Registrar, the receiving banker, the Sole Sponsor, the Sole Bookrunner, the Underwriters and their respective advisers and agents any personal data or other information which they require about you or the person(s) for whose benefit you have made the application;

(xii) **agree** that the processing of your application, including the despatch of refund cheques (where applicable), may be done by any branch of our Company's receiving banker and is not restricted to the branch at which your Application Form was lodged;

(xiii) **instruct** and **authorise** our Company and/or the Sole Bookrunner (or their respective agents or nominees) to execute any transfer forms, contract notes or other documents on your behalf and to do on your behalf all things necessary to effect the registration of any Public Offer Shares allocated to you in your name(s) or the name of HKSCC Nominees, as the case may be, as required by the Memorandum and Articles of Association and otherwise to give effect to the arrangements described in this prospectus and the relevant Application Form;

(xiv) **undertake** to sign all documents and to do all things necessary to enable you or HKSCC Nominees, as the case may be, to be registered as the holder of the Public Offer Shares allocated to you, and as required by the Memorandum and Articles of Association;

(xv) **represent**, **warrant** and **undertake** that you are not restricted by any applicable laws of Hong Kong or elsewhere from making this application, pay any application monies for, or being allotted or taking up any Public Offer Shares; and you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended and you are not a U.S. person (as defined in Regulation S of the U.S. Securities Act 1933, as amended) or a person to or by whom the allotment of or application for the Public Offer Shares is made would require our Company, the Sole Sponsor, the Sole Bookrunner and/or the Underwriters to comply with any requirement under any law or regulation (whether or not having the force of law) of any territory outside Hong Kong;

(xvi) **agree** that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

(xvii) **undertake** and **agree** to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;

(xviii) **authorise** our Company to place your name(s) or the name of HKSCC Nominees, as the case may be, on the register of members of our Company as the holders(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) (where applicable) and/or any refund cheque (where applicable) to you or the first-named applicant in the Application Form (in case of joint applicants) by ordinary post at your own risk to the address stated in your Application Form (except if you have applied for 1,000,000 or more Public Offer Shares and have indicated in your Application Form your wish to collect your share certificate(s) and/or refund cheque(s) (if any) in person on Wednesday, 28 September 2011 from Tricor Investor Services Limited);

(xix) **understand** that these declarations and representations will be relied upon by our Company and/or the Sole Bookrunner in deciding whether or not to allocate any Public Offer Shares in response to your application and that you may be prosecuted for making any false declaration; and

(xx) if the laws of any place outside Hong Kong are applicable to your application, **agree** and **warrant** that you have complied with all such laws and none of our Company, the Sole Sponsor, the Sole Bookrunner and the Underwriters nor any of their respective officers or advisers will infringe any laws outside Hong Kong as a result of the acceptance of your offer to subscribe, or any actions arising from your rights and obligations under the terms and conditions contained in this prospectus.

(b) In order for the **YELLOW** Application Form to be valid:

You, as the applicant, must complete the form as indicated below and sign on the first page of the Application Form. Only written signatures will be accepted.

(i) **If the application is made through a designated CCASS Participant (other than a CCASS Investor Participant)**, the designated CCASS Participant must endorse the form with its company chop (bearing its company name) and insert its participant I.D. in the appropriate box in the Application Form.

(ii) If the application is made by an individual CCASS Investor Participant:

(a) the Application Form must contain the CCASS Investor Participant's name and Hong Kong identity card number; and

(b) the CCASS Investor Participant must insert its participant I.D. in the appropriate box in the Application Form.

(iii) If the application is made by a joint individual CCASS Investor Participant:

(a) the Application Form must contain all joint CCASS Investor Participants' names and the Hong Kong identity card numbers of all joint CCASS Investor Participants; and

(b) the participant I.D. must be inserted in the appropriate box in the Application Form.

(iv) If the application is made by a corporate CCASS Investor Participant:

(a) the Application Form must contain the CCASS Investor Participant's company name and Hong Kong business registration number; and

(b) the participant I.D. and company chop (bearing its company name) must be inserted in the appropriate box in the Application Form.

Incorrect or incomplete details of the CCASS Participant or the omission of details of the CCASS Participant including participant I.D. and/or company chop bearing its company name or other similar matters may render the application invalid.

(c) Nominees who wish to submit separate applications in their names on behalf of different beneficial owners are requested to designate on each Application Form in the box marked "For nominees" account numbers or other identification code for each beneficial owner or, in the case of joint beneficial owners, for each such beneficial owner.

(d) If you apply for the Public Offer Shares using a **YELLOW** Application Form, in addition to the confirmations and agreements referred to in (a) above, you (and if you are joint applicants, each of you jointly and severally) are deemed to do the following:

(i) **agree** that any Public Offer Shares allocated to you shall be registered in the name of HKSCC Nominees and deposited directly into CCASS operated by HKSCC for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant, in accordance with your election in the Application Form;

(ii) **agree** that each of HKSCC and HKSCC Nominees reserves the right at its absolute discretion (1) not to accept any or part of the Public Offer Shares allocated to you issued in the name of HKSCC Nominees or not to accept such Public Offer Shares for deposit into CCASS; (2) to cause such Public Offer Shares to be withdrawn from CCASS and transferred into your name (or, if you are joint applicants, to the name of the first-named applicant) at your own risk and costs; (3) to cause such allotted Public Offer Shares to be issued in your name (or, if you are a joint applicant, in the name of the first-named applicant) and in such a case, to post the certificates for such allotted Public Offer Shares at your own risk to the address stated in the Application Form by ordinary post or to make available the same for your collection;

(iii) **agree** that each of HKSCC and HKSCC Nominees may adjust the number of allocated Public Offer Shares issued in the name of HKSCC Nominees;

(iv) **agree** that neither HKSCC nor HKSCC Nominees shall have any liability for the information and representations not so contained in this prospectus and the Application Form; and

(v) **agree** that neither HKSCC nor HKSCC Nominees shall be liable to you in any way.

(e) If you apply for the Public Offer Shares using a **PINK** Application Form, in addition to the confirmations and agreements set out in (a) above, you are deemed to do the following:

(i) **warrant** that, in making such application, you are an Eligible Employee; and

(ii) **not** made more than one application using a **PINK** Application Form.

How to make payment for the application

Each completed **WHITE**, **YELLOW** or **PINK** Application Form must be accompanied by either one cheque or one banker's cashier order, which must be stapled to the top left hand corner of the Application Form.

If you pay by cheque, the cheque must:

(i) be in Hong Kong dollars;

(ii) be drawn on your Hong Kong dollar bank account in Hong Kong;

(iii) bear your account name (or, in the case of joint applicants (except for application made using the **PINK** Application Form(s) where no joint application will be permitted), the name of the first-named applicant) (either pre-printed on the cheque or endorsed on the reverse of the cheque by an authorised signatory of the bank on which it is drawn), which must be the same as the name on your Application Form (or, in the case of joint applicants (except for application made using the **PINK** Application Form(s) where no joint application will be permitted), the name of the first-named applicant). If the cheque is drawn on a joint account, one of the joint account names must be the same as the name of the first-named applicant;

(iv) be made payable to "Hang Seng (Nominee) Limited — Travel Expert Public Offer";

(v) be crossed "Account Payee Only"; and

(vi) not be post dated.

Your application may be rejected if your cheque does not meet all of these requirements or is dishonoured on first presentation.

If you pay by banker's cashier order, the banker's cashier order must:

(i) be in Hong Kong dollars;

(ii) be issued by a licensed bank in Hong Kong and have your name certified on the reverse of the banker's cashier order by an authorised signatory of the bank on which it is drawn. The name on the reverse of the banker's cashier order and the name on the Application Form must be the same. If the application is a joint application (except for application made using the **PINK** Application Form(s) where no joint application will be permitted), the name on the back of the banker's cashier order must be the same as the name of the first-named applicant;

(iii) be made payable to "Hang Seng (Nominee) Limited — Travel Expert Public Offer";

(iv) be crossed "Account Payee Only"; and

(v) not be post dated.

Your application may be rejected if your banker's cashier order does not meet all of these requirements.

The right is reserved to present all or any remittance for payment. However, your cheque or banker's cashier order will not be presented for payment before 12:00 noon on 21 September 2011. Our Company will not give you a receipt for your payment. Our Company will keep any interest accrued on your application monies (up until, in the case of monies to be refunded, the date of despatch of e-Auto Refund payment instructions/refund cheques and/or share certificates). The right is also reserved to retain any share certificates and/or any surplus application monies or refunds pending clearance of your cheque or banker's cashier order.

Applying through HK eIPO White Form

General

(i) If you are an individual and meet the criteria set out in the paragraph above headed "Who can apply for the Public Offer Shares" under this section, you may apply through **HK eIPO White Form** by submitting an application through the designated website at **www.hkeipo.hk**. If you apply through **HK eIPO White Form**, the Shares will be issued in your own name.

(ii) Detailed instructions for application through the **HK eIPO White Form** service are set out on the designated website at **www.hkeipo.hk**. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected by the designated **HK eIPO White Form** Service Provider and may not be submitted to our Company.

(iii) If you give electronic application instructions through the designated website at **www.hkeipo.hk**, you are deemed to have authorised the designated **HK eIPO White Form** Service Provider to apply on the terms and conditions set out in this prospectus, as supplemented and amended by the terms and conditions applicable to the **HK eIPO White Form** service.

(iv) In addition to the terms and conditions set out in this prospectus, the designated **HK eIPO White Form** Service Provider may impose additional terms and conditions upon you for the use of the **HK eIPO White Form** service. Such terms and conditions are set out on the designated website at **www.hkeipo.hk**. You will be required to read, understand and agree to such terms and conditions in full prior to making any application.

(v) By submitting an application to the designated **HK eIPO White Form** Service Provider through the **HK eIPO White Form** service, you are deemed to have authorised the designated **HK eIPO White Form** Service Provider to transfer the details of your application to our Company and the Hong Kong Branch Share Registrar.

(vi) You may submit an application through the **HK eIPO White Form** service in respect of a minimum of 5,000 Offer Shares. Each electronic application instruction in respect of more than 5,000 Offer Shares must be in one of the numbers set out in the table in the Application Forms, or as otherwise specified on the designated website at **www.hkeipo.hk**.

(vii) You should give electronic application instructions through the **HK eIPO White Form** service at the times set out in the paragraph headed "Time for applying for the Public Offer Shares" below.

(viii) You should make payment for your application made by **HK eIPO White Form** service in accordance with the methods and instructions set out in the designated website at **www.hkeipo.hk**. **If you do not make complete payment of the application monies (including any related fees) on or before 12:00 noon on Wednesday, 21 September 2011 or such later time as described under the paragraph headed "Effect of bad weather on the opening of the application lists" below, the designated HK eIPO White Form Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website at ww.hkeipo.hk.**

(ix) Once you have completed payment in respect of any electronic application instruction given by you or for your benefit to the designated **HK eIPO White Form** Service Provider to make an application for the Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **HK eIPO White Form** more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular payment application reference number will not constitute an actual application.

(x) Warning: The application for Public Offer Shares through the **HK eIPO White Form** service is only a facility provided by the designated **HK eIPO White Form** Service Provider to public investors. **Our Company, our Directors, the Sole Sponsor, the Sole Bookrunner and the Underwriters take no responsibility for such applications, and provide no assurance that applications through the HK eIPO White Form service will be submitted to our Company or that you will be allotted any Public Offer Shares. Please note that Internet services may have capacity limitations and/or be subject to service interruptions from time to time. To ensure that you can submit your applications through the HK eIPO White Form service, you are advised not to wait until the last day for submitting applications in the Public Offer to submit your electronic application instructions.** In the event that you have problems connecting to the designated website for the **HK eIPO White Form** service, you should submit a **WHITE** Application Form. However, once you have submitted electronic application instructions and completed payment in full using the payment reference number provided to you on the designated website, you will be deemed to have made an actual application and should not submit a **WHITE** or **YELLOW** Application Form.

Conditions of the HK eIPO White Form service

In using the **HK eIPO White Form** service to apply for the Public Offer Shares, you shall be deemed to have accepted the following conditions:

That you:

- **apply** for the desired number of Public Offer Shares on the terms and conditions of this prospectus and the designated website of the **HK eIPO White Form** service and subject to the Memorandum and the Articles of Association;

- **undertake and agree** to accept the Public Offer Shares applied for, or any lesser number allotted to you on such application;

- **declare** that this is the only application made by you or for your benefit and the only application intended by you to be made for you or for your benefit whether on a **WHITE** or **YELLOW** Application Form or by giving electronic application instruction to HKSCC or to the **HK eIPO White Form** Service Provider under the **HK eIPO White Form** service (other than an application (if any) made on a **PINK** Application Form by you in the capacity of an Eligible Employee);

- **undertake and confirm** that you (if the application is made for your benefit) or the person(s) for whose benefit you have made this application have not applied for or taken up, or indicated an interest for, or received or been placed or allocated (including conditionally and/or provisionally) and will not apply for or take up, or indicate an interest for, any Placing Shares nor otherwise participate in the Placing;

- **understand** that the declaration and representation made in your electronic application instruction submitted under the **HK eIPO White Form** service will be relied upon by our Company and the Sole Bookrunner and their respective agents or nominees in deciding whether or not to make any allotment of Public Offer Shares in response to your application;

- **authorise** our Company to place your name on the register of members of our Company as the holder of any Public Offer Shares to be allotted to you, and (subject to the terms and conditions set out in this prospectus) to send any share certificates and/or any refund cheque(s) by ordinary post at your own risk to the address specified in your electronic application instruction submitted under the **HK eIPO White Form** service except where you have applied for 1,000,000 or more Public Offer Shares and you will collect any share certificate(s) and/or refund cheque(s) in person in accordance with the procedures prescribed in the **HK eIPO White Form** designated website and this prospectus;

- **authorise** our Company to despatch any e-Auto Refund payment instructions to your application payment bank account if you have completed payment of the **HK eIPO White Form** application monies from a single bank account; or **authorise** our Company to issue and despatch any refund cheque(s) to the address specified in your electronic application instruction submitted under the **HK eIPO White Form** service if you have completed payment of the application monies from multi-bank accounts;

- **have read** the terms and conditions and application procedures set out on in this prospectus and the **HK eIPO White Form** designated website at www.hkeipo.hk and agree to be bound by them;

- **represent, warrant and undertake** that you or (if you are making the application as agent for the benefit of another person) that other person are non-U.S. person(s) outside the United States (as defined in Regulation S), when completing and submitting electronic application instruction under the **HK eIPO White Form** service or is a person described in paragraph (h)(3) of Rule 902 of Regulation S or the allotment of or application for the Public Offer Shares to or by whom or for whose benefit the application is made would not require our Company to comply with any requirements under any law or regulation (whether nor not having the force of law) of any territory outside Hong Kong; and

- **agree** that such application, any acceptance of it and the resulting contract, will be governed by and construed in accordance with the laws of Hong Kong.

Supplemental Information

If any supplement to this prospectus is issued, applicant(s) who have already submitted an electronic application instruction through the **HK eIPO White Form** service may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications through the **HK eIPO White Form** service that have been submitted remain valid and may be accepted. Subject to the above and below, an application once made through the **HK eIPO White Form** service is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

Effect of completing and submitting an application through the HK eIPO White Form service

By completing and submitting an application through the **HK eIPO White Form** service, you for yourself or as agent or nominee and on behalf of any person for whom you act as agent or nominee shall be deemed to:

- **instruct and authorise** our Company and/or the Sole Sponsor and/or the Sole Bookrunner (or their respective agents or nominees) to execute any transfer forms, contract notes or other documents on your behalf and to do on your behalf all things necessary to effect the registration of any Public Offer Shares allocated to you in your name as required by the Memorandum and Articles of Association and otherwise to give effect to the arrangements described in this prospectus and the designated website of the **HK eIPO White Form** Service Provider;

- **confirm** that you have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representation save as set out in any supplement to this prospectus;

- **agree** that none of our Company, the Sole Sponsor, the Sole Bookrunner and the Underwriters, any other parties involved in the Share Offer, their respective directors, officers, employees, partners, agents and advisers will be liable for any information or representations not contained in this prospectus and any supplement to this prospectus;

- **agree** (without prejudice to any other rights which you may have) that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

- (if the application is made for your own benefit) **warrant** that this is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the **HK eIPO White Form** Service Provider via the **HK eIPO White Form** service (other than an application (if any) made on a **PINK** Application Form by you in the capacity of an Eligible Employee);

- (if you are an agent for another person) **warrant** reasonable enquiries have been made of the beneficial owner that the application is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the **HK eIPO White Form** Service Provider via the **HK eIPO White Form** service (other than an application (if any) made on a **PINK** Application Form by that person in the capacity of an Eligible Employee), and that you are duly authorised to submit the application as that other person's agent;

- **undertake and confirm** that, you (if the application is made for your benefit) or the person(s) for whose benefit you have made this application have not applied for or taken up, or indicated an interest for, or received or been placed or allocated (including conditionally and/or provisionally) and will not apply for, take up or indicate an interest for, any Placing Shares nor be placed or allocated, nor otherwise participate in the Placing;

- **agree** that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

- **agree** to disclose to our Company, the Hong Kong Branch Share Registrar, the receiving banker, the Sole Sponsor, the Sole Bookrunner, the Underwriters and their respective advisers and agents any personal data or other information which they require about you or the person(s) for whose benefit you have made the application;

- **agree** with our Company and each Shareholder, and our Company agrees with each Shareholder, to observe and comply with the Companies Ordinance, the Companies Law, the Memorandum and the Articles of Association;

- **agree** with our Company and each Shareholder that the Shares are freely transferable by the holders thereof;

- **represent, warrant and undertake** that you are not, and none of the other person(s) for whose benefit you are applying, is a U.S. person (as defined in Regulation S);

- **represent and warrant** that you understand that the Shares have not been and will not be registered under the U.S. Securities Act and you are outside the United States (as defined in Regulation S) when completing and submitting an application through the **HK eIPO White Form** service or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

- **confirm** that you have read the terms and conditions and application procedures set out in this prospectus and the website of the designated **HK eIPO White Form** Service Provider at www.hkeipo.hk and agree to be bound by them;

- **undertake and agree** to accept the Public Offer Shares applied for, or any lesser number allocated to you under your application; and

- if the laws of any place outside Hong Kong are applicable to your application, **agree and warrant** that you have complied with all such laws and none of our Company, the Sole Sponsor, the Sole Bookrunner and the Underwriters nor any of their respective officers or advisers will infringe any laws outside Hong Kong as a result of the acceptance of your offer to subscribe, or any actions arising from your rights and obligations under the terms and conditions contained in this prospectus and the website of the designated **HK eIPO White Form** Service Provider at www.hkeipo.hk.

Our Company, the Sole Sponsor, the Sole Bookrunner, the Underwriters and their respective directors, officers, employees, partners, agents, advisers, and any other parties involved in the Share Offer are entitled to rely on any warranty, representation or declaration made by you in such application.

HOW TO APPLY BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

General

CCASS Participants may give electronic application instructions via CCASS to HKSCC to apply for the Public Offer Shares and to arrange for payment of the monies due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give electronic application instructions through the CCASS Phone System by calling 2979 7888 or CCASS Internet System at https://ip.ccass.com (according to the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input electronic application instructions for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
2/F., Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

Copies of this prospectus are available for collection from the above address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Public Offer Shares on your behalf.

You are deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application, whether submitted by you or through your broker or custodian, to our Company and the Hong Kong Branch Share Registrar.

Application for the Public Offer Shares by HKSCC Nominees on your behalf

Where a **WHITE** Application Form is signed by HKSCC Nominees on behalf of persons who have given electronic application instructions to apply for the Public Offer Shares:

(i) HKSCC Nominees is only acting as a nominee for those persons and shall not be liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees does the following things on behalf of each such person:

- **agrees** that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has input electronic application instructions on that person's behalf or that person's CCASS Investor Participant stock account;

- **undertakes** and **agrees** to accept the Public Offer Shares in respect of which that person has given electronic application instructions or any lesser number;

- **undertakes** and **confirms** that that person has not applied for or taken up any Placing Shares nor otherwise participated in the Placing;

- (if the electronic application instructions are given for that person's own benefit) declares that only one set of electronic application instructions has been given for that person's benefit;

- (if that person is an agent for another person) declares that that person has only given one set of electronic application instructions for the benefit of that other person and that that person is duly authorised to give those instructions as that other person's agent;

- **understands** that the above declaration will be relied upon by our Company, our Directors and the Sole Bookrunner in deciding whether or not to make any allotment of the Public Offer Shares in respect of the electronic application instructions given by that person and that that person may be prosecuted if he makes a false declaration;

- **authorises** our Company to place the name of HKSCC Nominees on the register of members of our Company as the holder of the Public Offer Shares allotted in respect of that person's electronic application instructions and to send share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between our Company and HKSCC;

- **confirms** that that person has read the terms and conditions and application procedures set out in this prospectus and agrees to be bound by them;

- **confirms** that that person has only relied on the information and representations in this prospectus (and any supplement thereto) in giving that person's electronic application instructions or instructing that person's broker or custodian to give electronic application instructions on that person's behalf;

- **agrees** that none of our Company, the Sole Sponsor, the Sole Bookrunner and the Underwriters, any other parties involved in the Share Offer, their respective directors, officers, employees, partners, agents and advisers will be liable for any information or representations not contained in this prospectus and any supplement to this prospectus;

- **agrees** to disclose that person's personal data to our Company, the Hong Kong Branch Share Registrar, the receiving banker, the Sole Sponsor, the Sole Bookrunner, the Underwriters and their respective advisers and agents, and other information which they may require about that person;

- **agrees** (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees is accepted, the application cannot be rescinded for innocent misrepresentation;

- **agrees** that any application made by HKSCC Nominees on behalf of that person pursuant to electronic application instructions given by that person is irrevocable before the expiration of the fifth day after the opening of the application lists or such later date as the application lists may open as described under "Effect of bad weather on the opening of the application lists" below, such agreement to take effect as a collateral contract with our Company and to become binding when that person gives the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the expiration of the fifth day after the opening of the application lists except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the end of the fifth day after the time of the opening of the application lists if a person responsible for this prospectus under section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus (for the purpose of this paragraph, the term "day" shall be construed to exclude any Saturday, Sunday or public holiday in Hong Kong);

- **agrees** that once the application of HKSCC Nominees is accepted, neither that application nor that person's electronic application instruction can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Public Offer published by our Company;

- **agrees** to the arrangements, undertakings and warranties specified in the participant agreement between that person and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of electronic application instructions relating to the Public Offer Shares;

- **agrees** with our Company and each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for our Company and on behalf of each Shareholder, with each CCASS Participant giving electronic application instructions) to observe and comply with the Companies Ordinance, the Companies Law, the Memorandum and the Articles of Association;

- **agrees** with our Company and each Shareholder that the Shares are freely transferable by the holders thereof; and

- **agrees** that that person's application, any acceptance of it and the resulting contract will be governed by and constructed in accordance with the laws of Hong Kong.

Effect of giving electronic application instructions to HKSCC

By giving electronic application instructions to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, you each jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees will be liable to our Company or any other person in respect of the things mentioned below:

- **instructed and authorised** HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;

- **instructed and authorised** HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and Stock Exchange trading fee by debiting your designated bank account and, in the case of wholly or partially unsuccessful applications and/or if the Offer Price is less than the maximum offer price per Share initially paid on application, refund of the application monies, in each case including brokerage, SFC transaction levy and Stock Exchange trading fee, by crediting your designated bank account; and

- **instructed and authorised** HKSCC to cause HKSCC Nominees to do on your behalf all the things which it is stated to do on your behalf in the **WHITE** Application Form.

Minimum subscription amount and permitted multiples

You may give or cause your broker or a custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions in respect of a minimum of 5,000 Public Offer Shares. Such instructions in respect of more than 5,000 Public Offer Shares must be in one of the numbers or multiples set out in the table in the Application Forms. No application for any number of the Public Offer Shares will be considered and any such application is liable to be rejected.

Multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any electronic application instructions to make an application for the Public Offer Share given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made. Further information in this regard is set forth under the paragraph headed "How many applications you may make" below.

Allocation of the Public Offer Shares

For the purposes of allocating the Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives electronic application instructions or each person for whose benefit each such instruction is given will be treated as an applicant.

Personal Data

The paragraph headed "Personal Data" in the Application Forms applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving banker, the Sole Sponsor, the Sole Bookrunner, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

Section 40 of the Companies Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives, or causes to give, electronic application instructions is a person who may be entitled to compensation under section 40 of the Companies Ordinance.

Warning

The application for the Public Offer Shares by giving electronic application instructions to HKSCC is only a facility provided to CCASS Participants. Our Company, our Directors, the Sole Sponsor, the Sole Bookrunner and the Underwriters take no responsibility for the application and provide no assurance that any CCASS Participants will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their electronic application instructions to HKSCC through the CCASS Phone System or CCASS Internet System, CCASS Investor Participants are advised not to wait until the last minute to input their electronic application instructions to the systems. In the event that CCASS Investor Participants have problems connecting to CCASS Phone System/CCASS Internet System for submission of electronic application instructions, they should

either (i) submit the **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an application instruction input request form for electronic application instructions before 12:00 noon on 21 September 2011 or such later time as described under the paragraph headed "Effect of bad weather on the opening of the application lists" below.

HOW MANY APPLICATIONS YOU MAY MAKE

You may make more than one application for the Public Offer Shares if you are a nominee. You may both give electronic application instructions to HKSCC (if you are a CCASS participant) and lodge more than one application in your own name if each application is made on behalf of different beneficial owners. In the box on the Application Form marked "For nominees" you must include:

(i) an account number; or

(ii) some other identification code

for **each** beneficial owner. If you do not include this information, the application will be treated as being for your benefit.

If you are an Eligible Employee using a **PINK** Application Form, you may (unless you are a director or chief executive of our Company or any of our subsidiaries, or associates of any of them or to a Connected Person of our Company) also make another application for the Public Offer Shares either on a **WHITE** or **YELLOW** Application Form or by way of giving electronic application instructions to HKSCC via CCASS (if you are a CCASS Investor Participant or act through a CCASS Clearing or Custodian Participant) or submit an application through the **HK eIPO White Form** Service Provider through the designated website at **www.hkeipo.hk**.

Except where you are a nominee and provide the information required to be provided in your application, **all** of your applications may be rejected as multiple applications if you, or you and/or your joint applicants together:

- make more than one application on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the **HK eIPO White Form** Service Provider via the **HK eIPO White Form** service (other than an application (if any) made on a **PINK** Application Form by you in the capacity of an Eligible Employee); or

- both apply (whether individuality or jointly) on one **WHITE** Application Form and one **YELLOW** Application Form or on one **WHITE** or **YELLOW** Application Form and give electronic application instructions to HKSCC or to the **HK eIPO White Form** Service Provider in the **HK eIPO White Form** service (other than an application (if any) made on a **PINK** Application Form by you in the capacity of an Eligible Employee); or

- apply on one **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the **HK eIPO White Form** Services Provider via the **HK eIPO**

White Form service for more than 100% of the Public Offer Shares initially available after deducting 1,000,000 Public Offer Shares available for subscription by Eligible Employees using **PINK** Application Forms as referred to in the section headed "Structure and conditions of the Share Offer" in this prospectus; or

- have applied for or taken up, or indicated an interest in applying for or taking up or have been allotted or will be allotted Placing Shares.

All of your applications will also be rejected as multiple applications if more than one application is made for **your benefit** (including the part of the application made by HKSCC Nominees acting on electronic application instructions) unless you are an Eligible Employee who has made an application on a **PINK** Application Form. If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company, then the application will be treated as being for your benefit.

Unlisted company *means a company with no equity securities listed on the Stock Exchange.*

Statutory control *means you:*

- *control the composition of the board of directors of that company; or*
- *control more than half of the voting power of that company; or*
- *hold more than half of the issued share capital of that company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).*

HOW MUCH ARE THE PUBLIC OFFER SHARES

The maximum Offer Price is HK$0.69 per Offer Share. You must also pay brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%. This means that for every 5,000 Public Offer Shares, you will pay HK$3,484.77. Each Application Form, has a table showing the exact amount payable for certain multiples of the Public Offer Shares. You must pay the maximum Offer Price, the brokerage, the Stock Exchange trading fee and the SFC transaction levy in full when you apply for the Public Offer Shares. Your payment must be made by one cheque or one banker's cashier order and must comply with the terms of the related Application Forms (if you apply by an Application Form). Your cheque or banker's cashier order will not be presented for payment before 12:00 noon on Wednesday, 21 September 2011. If your application is successful, the brokerage is paid to participants of the Stock Exchange, the transaction levy is paid to the Stock Exchange collecting on behalf of the SFC, and the trading fee is paid to the Stock Exchange. If the Offer Price as finally determined is less than HK$0.69 per Offer Share, appropriate refund payments (including the related brokerage, the

Stock Exchange trading fee and the SFC transaction levy attributable to the surplus application monies) will be made to applicants, without interests. Details of the procedures for refund are contained below in the section headed "Despatch/collection of share certificates, e-Auto Refund payment instructions and refund cheques".

Our Company will not issue temporary documents of title, evidence of title or receipt for payment.

TIME FOR APPLYING FOR THE PUBLIC OFFER SHARES

WHITE and YELLOW Application Forms

Completed **WHITE** or **YELLOW** Application Forms, with payment attached, must be lodged by 12:00 noon on Wednesday, 21 September 2011, or, if the application lists are not open on that day, then by the time and date stated in the paragraph headed "Effect of bad weather on the opening of the application lists".

Your completed Application Form, with payment in Hong Kong dollars for the full amount payable on application attached, should be deposited in the special collection boxes provided at any one of the branches of Hang Seng Bank Limited listed under the paragraph headed "Where to collect this prospectus and the Application Forms" above at the following times:

Friday, 16 September 2011 — 9:00 a.m. to 5:00 p.m.
Saturday, 17 September 2011 — 9:00 a.m. to 1:00 p.m.
Monday, 19 September 2011 — 9:00 a.m. to 5:00 p.m.
Tuesday, 20 September 2011 — 9:00 a.m. to 5:00 p.m.
Wednesday, 21 September 2011 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Wednesday, 21 September 2011.

PINK Application Form

Completed **PINK** Application Forms, with payment attached, must be returned to our Company secretary at our headquarters and principal place of business in Hong Kong at First Floor, Grand Building, 18 Connaught Road Central, Hong Kong by 4:00 p.m. on Tuesday, 20 September 2011.

HK eIPO White Form

You may submit your application to the designated **HK eIPO White Form** Service Provider through the designated website at **www.hkeipo.hk** from 9:00 a.m. on Friday, 16 September 2011 until 11:30 a.m. on Wednesday, 21 September 2011 or such later time as described under the paragraph headed "Effect of bad weather on the opening of the application lists" below (24 hours daily, except

on the last application day). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Wednesday, 21 September 2011, the last application day, or, if the application lists are not open on that day, then by the time and date stated in the paragraph headed "Effect of bad weather on the opening of the application lists" below.

You will not be permitted to submit your application to the designated HK eIPO White Form Service Provider through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

Electronic Application Instructions to HKSCC

CCASS Clearing/Custodian Participants can input electronic application instructions via CCASS at the following times on the following dates:

Friday, 16 September 2011 — 9:00 a.m. to 8:30 p.m.(1)
Saturday, 17 September 2011 — 8:00 a.m. to 1:00 p.m.(1)
Monday, 19 September 2011 — 8:00 a.m. to 8:30 p.m.(1)
Tuesday, 20 September 2011 — 8:00 a.m. to 8:30 p.m.(1)
Wednesday, 21 September 2011 — 8:00 a.m.(1) to 12:00 noon

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input electronic application instructions from 9:00 a.m. on 16 September 2011 until 12:00 noon on 21 September 2011 (24 hours daily, except the last application day).

The latest time for inputting your electronic application instructions (if you are a CCASS Participant) is 12:00 noon on 21 September 2011 or, if the application lists are not open on that day, by the time and date stated under the paragraph headed "Effect of bad weather on the opening of the application lists" below.

Application Lists

Subject to the events as described in the paragraph headed "Effect of bad weather on the opening of the application lists" below, the application lists will open at 11:45 a.m. and close at 12:00 noon on Wednesday, 21 September 2011.

No proceedings will be taken on application for the Public Offer Shares and no allotment of any such Public Offer Shares will be made until the closing of the application lists.

EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above, or
- a "black" rainstorm warning

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 16 September 2011.

Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon.

CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED THE PUBLIC OFFER SHARES

Full details of the circumstances in which you will not be allocated the Public Offer Shares are set out in the notes attached to the Application Forms, and you should read them carefully. You should note, in particular, the following two situations in which the Public Offer Shares will not be allocated to you:

If your application is revoked

By completing and submitting an Application Form, or by giving or submitting electronic application instructions to HKSCC or the **HK eIPO White Form** Service Provider, you agree that you cannot revoke your application or the application made by HKSCC Nominees on your behalf on or before the expiration of the fifth day after the time of the opening of the application lists.

This agreement will take effect as a collateral contract with our Company, and will become binding when you lodge your Application Form or submit your electronic application instructions to HKSCC and an application has been made by HKSCC Nominees on your behalf accordingly. This collateral contract will be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the end of the fifth day after the time of opening of the application lists except by means of one of the procedures referred to in this prospectus.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before the fifth day after time of the closing of the application lists, if a person responsible for this prospectus under section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

For the purpose of the above paragraphs, the term "day" shall be construed to exclude any Saturday, Sunday or public holiday in Hong Kong.

If any supplement to this prospectus is issued, applicants who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicants have not been so notified, or if applicants have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications that have been submitted will remain valid and may be accepted. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. Acceptance of application which are not rejected will be constituted by notification in the announcement of the results of allocation and, where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to satisfaction of such conditions or the results of such ballot, respectively.

Full discretion of our Company, the Sole Bookrunner and their respective agents to reject or accept your application

Our Company, the Sole Bookrunner and their respective agents have full discretion to reject or accept any application, or to accept only part of an application, and do not have to give any reason for any rejection or acceptance.

If your application is rejected

Your application will be rejected if:

- it is a multiple application or a suspected multiple application; or
- you or the person(s) for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have received or have been or will be placed or allotted (including conditionally and/or provisionally) Placing Shares. Reasonable steps will be taken to identify and reject applications in the Public Offer from investors who have received the Placing Shares; and to identify and reject indications of interest in the Placing from investors who have received Public Offer Shares in the Public Offer; or
- your Application Form is not completed correctly or fully completed (if you apply by an Application Form); or
- your payment is not made in the correct form or amount; or
- you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonoured upon its first presentation; or
- our Company and the Sole Bookrunner believe that by accepting your application, they would violate the applicable securities laws or other laws, rules or regulations of the jurisdiction in which your application is received or your address is located; or

- your application is for more than 9,000,000 Public Offer Shares, being 100% of the Public Offer Shares initially available for subscription under the Public Offer (after deducting 1,000,000 Public Offer Shares available for subscription by Eligible Employees using **PINK** Application Forms).

If your application is not accepted

Your application (including the part of an application made by HKSCC Nominees acting upon electronic application instructions) will not be accepted if either:

- the Public Offer Underwriting Agreement does not become unconditional in accordance with its terms and conditions; or

- the Public Offer Underwriting Agreement is terminated in accordance with its terms and conditions; or

- the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company are unable to reach an agreement on the final Offer Price by Thursday, 22 September 2011 or such later date otherwise agreed, in any event not later than Friday, 23 September 2011.

If the allotment of Public Offer Shares is void

Any allotment of the Public Offer Shares to you or to HKSCC Nominees (if you give electronic application instructions or apply by a **YELLOW** Application Form) will be void if the Stock Exchange does not grant the approval of the listing of, and permission to deal in, the Shares either:

- within three weeks from the closing date of the application lists of the Public Offer; or

- within a longer period of up to six weeks if the Listing Committee of the Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the application lists of the Public Offer.

DESPATCH/COLLECTION OF SHARE CERTIFICATES, E-AUTO REFUND PAYMENT INSTRUCTIONS AND REFUND CHEQUES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK$0.69 per Offer Share (excluding brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% thereon) initially paid on application, or if the conditions of the Public Offer are not fulfilled in accordance with the paragraph headed "Conditions of the Share Offer" under the section headed "Structure and conditions of the Share Offer" in this prospectus or if any application is revoked or any allotment pursuant thereto has become void, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and Stock Exchange trading fee, will be refunded, without interest. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

No temporary documents of title will be issued in respect of the Public Offer Shares. No receipt will be issued for sums paid on application but, subject to personal collection as mentioned below, in due course there will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on your application:

(a) for applications on **WHITE** and **PINK** Application Forms or by giving electronic application instructions through **HK eIPO White Form** service:

    (i) share certificate(s) for all the Public Offer Shares applied for, if the application is wholly successful; or

    (ii) share certificate(s) for the number of Public Offer Shares successfully applied for, if the application is partially successful; and/or

(b) for wholly successful and partially successful applications on **YELLOW** Application Forms: share certificates for the Public Offer Shares successfully applied for will be deposited into CCASS as described below; and/or

(c) for applications on **WHITE** or **YELLOW** or **PINK** Application Forms, refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) the surplus application monies for the Public Offer Shares unsuccessfully applied for, if the application is partially unsuccessful; or (ii) all the application monies, if the application is wholly unsuccessful; and/or (iii) the difference between the final Offer Price and the Offer Price of HK$0.69 per Offer Share paid on application in the event that the Offer Price is less than the offer price per Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, attributable to such refund/surplus monies but without interests; and/or

(d) for applicants applying through the **HK eIPO White Form** service by paying the application monies through a single bank account and the applicant's application is wholly or partially unsuccessful and/or the final Offer Price being different from the maximum Offer Price initially paid on the applicant's application, e-Auto Refund payment instructions (if any) will be despatched to application payment bank account on or around Wednesday, 28 September 2011; and/or

(e) for applicants applying through the **HK eIPO White Form** service by paying the application monies through multiple bank accounts and the applicant's application is wholly or partially unsuccessful and/or the final Offer Price being different from the maximum Offer Price initially paid on the applicant's application, refund cheque(s) will be sent to the address specified in applicant's application instructions to the designated **HK eIPO White Form** Service Provider on or around Wednesday, 28 September 2011, by ordinary post and at the applicant's own risk.

Subject to personal collection as mentioned below, refund cheques for surplus application monies (if any) in respect of wholly and partially unsuccessful applications and the difference between the Offer Price and the offer price per Share initially paid on application (if any) under **WHITE**, **YELLOW** or **PINK** Application Forms or by giving electronic application instructions through **HK eIPO White Form** service by paying the application monies through multiple bank accounts; and share certificates for wholly and partially successful applicants under **WHITE** and **PINK** Application Forms or by giving electronic application instructions through **HK eIPO White Form** service are expected to be posted on or around Wednesday, 28 September 2011. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s).

Pursuant to a new measure to improve security as agreed and adopted by The Hong Kong Association of Banks, the Hong Kong Monetary Authority, the Federation of Share Registrars and the SFC with effect from 2 April 2007, refund cheques will be printed with part of your Hong Kong identity card number or passport number. For joint applicants, the identity information of the first-named applicant will be printed. When a refund cheque is presented to a bank, the bank will cross-check both the name and the printed part of the Hong Kong identity card or passport number of the payee shown on the cheque against the bank's own record on the information of the account holder. If there is a discrepancy, the bank might request other proof of identity or take other steps for verification. If the bank is unable to be satisfied with the identity of the payee, the bank might reject the deposit of the refund cheque concerned. You are therefore advised to ensure that your identification numbers are accurately filled in on your Application Form to avoid delay in cashing your refund cheques. A cheque deposit might be rejected if you fail to fill in correct identity information.

Share certificates will only become valid certificates of title at 8:00 a.m. on Thursday, 29 September 2011 provided that the Share Offer has become unconditional in all respects and the rights of termination described in the paragraph headed "Grounds for termination" in the section headed "Underwriting" in this prospectus has not been exercised.

You will receive one Share certificate for all the Offer Shares issued to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by electronic application instructions to HKSCC where share certificates will be deposited in CCASS).

WHITE Application Form

If you have applied for 1,000,000 Public Offer Shares or above and have indicated on your Application Form that you will collect your Share certificate(s) (where applicable) and/or refund cheque (if any) in person, you may collect it/them from:

Tricor Investor Services Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wan Chai
Hong Kong

between 9:00 a.m. and 1:00 p.m. on Wednesday, 28 September 2011 or any other the date notified by our Company in the newspapers as the date of despatch of share certificates and refund cheques.

If you are an individual who opts for personal collection, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant which opts for personal collection, you must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives (if applicable) must, in any event, produce, at the time of collection, evidence of identity acceptable to Tricor Investor Services Limited. If you do not collect your share certificate(s) and/or refund cheque(s) (if any) within the time for collection specified above, they will be sent to you by ordinary post to the address as specified in your Application Form (or the address of the first-named applicant in case of a joint application) and at your own risk shortly after the time for collection.

If you have applied for 1,000,000 Public Offer Shares or above and have not indicated on your Application Form that you will collect your Share certificate(s) and/or refund cheque(s) (if any) in person; or if you have applied for less than 1,000,000 Public Offer Shares; or if your application is rejected, not accepted or accepted in part only; or if the conditions of the Public Offer are not fulfilled in accordance with the paragraph headed "Conditions of the Share Offer" under the section headed "Structure and conditions of the Share Offer" in this prospectus, or if any application is revoked or any allotment pursuant thereto has become void, then your Share certificate(s) (where applicable) and/or refund cheque(s) (where applicable) in respect of the application monies or the appropriate portion thereof, together with the related brokerage, Stock Exchange trading fee and SFC transaction levy (without interest) will be sent to the address on your Application Form (or the address of the first-named applicant in case of a joint application) by ordinary post and at your own risk on the date of despatch.

YELLOW Application Form

If you apply for 1,000,000 Public Offer Shares or more and you have elected on your **YELLOW** Application Form to collect your refund cheque (where applicable) in person, please follow the same instructions as those for **WHITE** Application Form applicants as described above.

If you have applied for 1,000,000 Public Offer Shares or above and have not indicated on your Application Forms that you will collect refund cheque(s) (if any) in person, or you have applied for less than 1,000,000 Public Offer Shares or if your application is rejected, not accepted or accepted in part only, or if the conditions of the Public Offer are not fulfilled in accordance with the paragraph headed "Conditions of the Share Offer" under the section headed "Structure and conditions of the Share Offer" in this prospectus, or if any application is revoked or any allotment pursuant thereto has become void, your refund cheque(s) in respect of the application monies or the appropriate parties thereof, together with the related brokerage, Stock Exchange trading fee, SFC transaction levy (without interest) will be sent to the address on your Application Form by ordinary post and at your own risk.

If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees Limited and deposited into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you on Wednesday, 28 September 2011, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees Limited.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant):

- for the Public Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of the Public Offer Shares allotted to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant:

- our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the newspaper on Wednesday, 28 September 2011. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 28 September 2011 or such other date as shall be determined by HKSCC or HKSCC Nominees Limited. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the "CCASS Phone System" and "CCASS Internet System" (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your stock account.

PINK Application Form

Share certificate(s) and/or refund cheque(s) (if any) for applications on **PINK** Application Forms will be sent to our Company on your behalf on the date of despatch and our Company will arrange for onward despatch to you at the address specified in your Application Form or as otherwise notified by you to our Company. Any despatch will be by ordinary post and at your own risk.

If you apply through HK eIPO White Form

If you apply for 1,000,000 Public Offer Shares or more through the **HK eIPO White Form** service by submitting an electronic application to the designated **HK eIPO White Form** Service Provider through the designated website at **www.hkeipo.hk** and your application is wholly or partially successful, you may collect your Share certificate(s) and/or refund cheque(s) (where applicable) in person from Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, 28 September 2011 or any other date notified by our Company in the newspaper as the date of despatch of share certificates and refund cheques.

If you do not collect your Share certificate(s) and/or refund cheque(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions to the designated **HK eIPO White Form** Service Provider promptly thereafter, by ordinary post and at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your Share certificate(s) and/ or refund cheque(s) (where applicable) will be sent to the address specified in your application instructions to the designated **HK eIPO White Form** Service Provider through the designated website at **www.hkeipo.hk** on Wednesday, 28 September 2011 by ordinary post and at your own risk.

If you apply by giving Electronic Application Instructions to HKSCC

If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of the stock account of the CCASS Participant which you have instructed to give electronic application instructions on your behalf or your CCASS Investor Participant's stock account on Wednesday, 28 September 2011, or, in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees.

Our Company will publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner, where supplied), your Hong Kong identity card/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner described in the paragraph headed "Publication of results" in this prospectus on Wednesday, 28 September 2011. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 28 September 2011 or such other date as shall be determined by HKSCC or HKSCC Nominees.

If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, 28 September 2011. Immediately after the credit of the Public Offer Shares to your stock account and the credit of the refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the offer price per Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, 28 September 2011. No interests will be paid thereon.

PUBLICATION OF RESULTS

Our Company expects to release an announcement of the Offer Price, the level of indication of interest in the Placing, the basis of allocation and the results of applications for the Public Offer Shares to be published in South China Morning Post (in English) and Hong Kong Economic Times (both in Chinese) on Wednesday, 28 September 2011.

Results of allocations in the Public Offer, including the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants (where supplied) and the number of Public Offer Shares successfully applied for, will be made available at the times and dates and in the manner specified below:

- on the website of our Company at www.travelexpert.com.hk and the Stock Exchange's website at www.hkexnews.hk from Wednesday, 28 September 2011 onward;

- on our Company's Public Offer results of allocations website at www.tricor.com.hk/ipo/result on a 24-hour basis from 8:00 a.m. on Wednesday, 28 September 2011 to 12:00 midnight on Tuesday, 4 October 2011. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration numbers provided in his/her/its application form to search for his/her/its own allocation result;

- from our Company's Public Offer allocation results telephone enquiry line. Applicants may find out whether or not their applications have been successful and the number of the Public Offer Shares allocated to them, if any, by calling 369 18 488 between 9:00 a.m. and 6:00 p.m. from Wednesday, 28 September 2011 to Monday, 3 October 2011 (excluding Saturday, Sunday and Public Holiday in Hong Kong); and

- from special allocation results booklets which set out the results of allocations will be available for inspection during opening hours of the designated branches of the receiving banker of the Public Offer from Wednesday, 28 September 2011 to Friday, 30 September 2011 at the addresses set forth in the paragraph headed "Where to collect this prospectus and the Application Forms" in this section above.

COMMENCEMENT OF DEALINGS IN THE SHARES

The application monies (including the brokerages, SFC transaction levies and Stock Exchange trading fees) will be held by the receiving bank on behalf of our Company and the refund monies, if any, will be returned to the applicants without interest on Wednesday, 28 September 2011. Investors should be aware that the dealings in the Shares on the Stock Exchange are expected to commence on Thursday, 29 September 2011. Shares will be traded in board lots of 5,000 Shares. The stock code of the Shares is 1235.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the approval of the listing of, and permission to deal in, the Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Shares on the Stock Exchange or, under contingent situation, such other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS.

Investors should seek the advice of their stockbrokers or other professional advisers for details of the settlement arrangements, as such arrangements will affect their rights and interests.

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:

Tel : +852 2541 5041
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2541 5041
傳真：+852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

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

		At 31 March		
	Notes	**2009**	**2010**	**2011**
		HK$'000	*HK$'000*	*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

	Notes	At 31 March 2010	At 31 March 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	Merger reserve	Capital reserve	Available-for-sale financial assets revaluation reserve	Proposed final dividend	Retained profits	Total
	HK$'000	*HK$'000 (note 24)*	*HK$'000 (note 24)*	*HK$'000*	*HK$'000*	*HK$'000*	*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

		Year ended 31 March		
	Notes	**2009**	**2010**	**2011**
		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	2010	2011
		HK$'000	*HK$'000*	*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
Lo Ngai Hang
Practising Certificate Number P04743
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

The information set out in this appendix does not form part of the Accountants' Report received from BDO Limited, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, as set out in appendix I to this prospectus. Accordingly, this appendix is included herein for illustrative purpose only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in appendix I to this prospectus.

A. STATEMENT OF UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following statement of unaudited pro forma adjusted net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules are set out to illustrate the effect of the Share Offer on the combined net tangible assets attributable to the owners of the Company as at 31 March 2011 as if they had taken place on that date. The statement of unaudited pro forma adjusted net tangible assets has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Share Offer been completed as at 31 March 2011 or at any future date.

The unaudited pro forma adjusted net tangible assets is based on the audited combined net assets attributable to the owners of the Company as at 31 March 2011 as shown in the Accountants' Report, the text of which is set out in appendix I to this prospectus, and adjusted as described below.

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

Notes:

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

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

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

B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from BDO Limited, Certified Public Accountants, Hong Kong, in connection with the unaudited pro forma financial information of the Group.

Tel : +852 2541 5041
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2541 5041
傳真：+852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

16 September 2011

TO THE DIRECTORS OF TRAVEL EXPERT (ASIA) ENTERPRISES LIMITED

We report on the unaudited pro forma financial information of 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"), set out on pages II-1 to II-2 under the heading of "Unaudited Pro Forma Financial Information" (the "Unaudited Pro Forma Financial Information") in appendix II of the Company's prospectus dated 16 September 2011, in connection with the share offer of the Company (the "Prospectus"). The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the share offer of the Company might have affected the financial information presented, for inclusion in section A of appendix II to the Prospectus. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages II-1 to II-2 of the Prospectus.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

It is our responsibility to form an opinion, as required by rule 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements (HKSIR) 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the audited combined net assets of the Group as of 31 March 2011 with the Accountants' Report as set out in appendix I of the Prospectus, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 4.29(1) of the Listing Rules.

Our work did not constitute an audit or review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we did not express any such assurance on the Unaudited Pro Forma Financial Information.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 31 March 2011 or any future date.

Opinion

In our opinion:

(a) the Unaudited Pro forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 4.29(1) of the Listing Rules.

Yours faithfully,
BDO Limited
Certified Public Accountants
Lo Ngai Hang
Practising Certificate Number P04743
25th Floor, Wing on Centre,
111 Connaught Road Central
Hong Kong

The following is the text of a letter, summary of values and valuation certificate prepared for the purpose of incorporation in this prospectus and received from CB Richard Ellis Limited, an independent valuer, in connection with their valuation as at 31 July 2011 of the property interests of our Group:

CBRE

4/F Three Exchange Square
8 Connaught Place
Central, Hong Kong
T 852 2820 2800
F 852 2810 0830

香港中環康樂廣場八號交易廣場第三期四樓
電 話 852 2820 2800 傳 真 852 2810 0830

www.cbre.com.hk

地產代理（公司）牌照號碼
Estate Agent's Licence No: C-004065

16 September 2011

The Board of Directors
Travel Expert (Asia) Enterprises Limited
1/F, Grand Building
18 Connaught Road Central
Hong Kong

Dear Sirs,

In accordance with your instructions to us to value the property interests (the "Properties") held by Travel Expert (Asia) Enterprises Limited (the ''Company'') and its subsidiaries (collectively referred to as the "Group") in Hong Kong and the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of the Properties as at 31 July 2011 (the ''date of valuation'').

Our valuation is our opinion of Market Value which is defined by the HKIS Valuation Standards on Properties to mean ''the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.''

Our valuation is prepared in accordance with the ''First Edition of The HKIS Valuation Standards on Properties'' published by The Hong Kong Institute of Surveyors (the ''HKIS''). We have also complied with all the requirements contained in Paragraph 34(2), (3) of Schedule 3 of the Companies Ordinance (Cap. 32), Chapter 5, Practice Note 12 and Practice Note 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the ''Listing Rules'').

Our valuation has been made on the assumption that the owner sells the Properties on the open market without the benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to affect the value of the Properties.

Unless otherwise stated, all the Properties are valued by the direct comparison method on the assumption that each property can be sold with the benefit of vacant possession. Comparison is based on prices realized on actual transactions or asking prices of comparable properties. Comparable properties with similar sizes, characters and locations are analyzed, and carefully weighted against all respective advantages and disadvantages of each property in order to arrive at a fair comparison of value.

For the property interests in Group I, which is owned by the Group, we have valued the property interests by the direct comparison approach assuming sales of the property interests in its existing state with the benefit of vacant possession and making references to comparable sale transactions as available in the relevant market.

For the property interests in Group II and III, which is rented and / or occupied by the Group, we considered they have no commercial value due to the prohibition against assignments or sub-letting and / or due to the lack of substantial profit rent.

In the course of our valuation for the property interests in the PRC, we have relied on the legal opinion provided by the Group's PRC legal advisor, Jing Tian Law Firm (the "PRC Legal Opinion"). We have been provided with extracts from title documents relating to such property interests. We have not, however, searched the original documents to verify ownership or existence of any amendment which does not appear on the copies handed to us. All documents have been used for reference only.

For the purpose of area measurement in our valuation, Saleable Areas refer to the floor areas exclusively allocated to various units including balconies and other similar features plus common areas such as staircases, lift shafts, lobbies and communal toilets. Non-saleable Areas refer to the floor areas of certain public ancillary facilities, including, among others, power distribution houses, guard houses and connecting corridors between apartment buildings, etc.

We have relied to a considerable extent on information given by the Group, in particular, but not limited to, planning approvals, statutory notices, easements, tenancies, floor areas (including Gross Floor Areas, Saleable Areas, Non-saleable Areas, lettable area and net floor area). No on-site measurement has been taken. Dimensions, measurements and areas included in the valuation certificate are only approximations. We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries. We have no reason to doubt the truth and accuracy of the information provided to us by the Group, which is material to the valuation. We were also advised by the Group that no material facts have been omitted from the information provided to us.

We have inspected the Properties to such extent as for the purpose of this valuation. In the course of our inspection, we did not notice any serious defects. However, we have not carried out any

structural survey or any tests on the building services. Therefore, we are not able to report whether the Properties are free of rot, infestation or any other structural defects. We have not carried out investigations on the site to determine the suitability of the ground conditions and the services etc. for any future development.

No allowance has been made in our valuation neither for any charges, mortgages or amounts owing on the Properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free of encumbrances, restrictions and outgoings of onerous nature which could affect their values.

Unless otherwise stated, all monetary amounts are stated in Hong Kong Dollars (''HKD''). The prevailing exchange rate as at the date of valuation is HKD1 = Renminibi ("RMB") 0.8270.

We enclose herewith our summary of values and valuation certificate.

Yours faithfully,
For and on behalf of
CB Richard Ellis Limited
Leo M Y Lo
MHKIS MRICS RPS (GP)
Director
Valuation & Advisory Services
Greater China

Note: Mr. Lo is a Registered Professional Surveyor (General Practice), member of the Royal Institution of Chartered Surveyors and member of the Hong Kong Institute of Surveyors who has over 8 years' valuation experience in the People's Republic of China, Hong Kong and Asia-Pacific Region.

SUMMARY OF VALUES

	Property	Capital value in existing state as at 31 July 2011 *(HKD)*	Interest attributable to the Group	Capital value attributable to the Group as at 31 July 2011 *(HKD)*
	GROUP I — PROPERTY INTERESTS OWNED BY THE GROUP IN HONG KONG			
1.	Units 1 to 3 and 5 to 12, 9th Floor, Kowloon Plaza, No. 485 Castle Peak Road, Kowloon, Hong Kong	43,200,000	100%	43,200,000
		Group I Sub-total:		43,200,000
	GROUP II — PROPERTY INTERESTS RENTED AND OCCUPIED BY THE GROUP IN HONG KONG AND THE PRC			
2.	50 properties rented by the Group in Hong Kong	No commercial value	100%	No commercial value
3.	Room 611, North Wing, International Commercial Building, No. 3005 Jiabin Road, Luohu District, Shenzhen, Guangdong Province, the PRC	No commercial value	100%	No commercial value
		Group II Sub-total:		No commercial value
	GROUP III — CONCESSIONS OR KIOSK SHOPS OCCUPIED BY THE GROUP IN HONG KONG			
4.	7 MTR kiosk shops in Hong Kong	No commercial value	100%	No commercial value
		Group III Sub-total:		No commercial value
		Grand total:		43,200,000

GROUP I — PROPERTY INTERESTS OWNED BY THE GROUP IN HONG KONG

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in the existing state as at 31 July 2011 *(HKD)*
1.	Units 1 to 3 and 5 to 12, 9th Floor, Kowloon Plaza, No. 485 Castle Peak Road, Kowloon, Hong Kong (239/4,934 equal and undivided shares of and in Sub-section 1 and 2 of Section B of New Kowloon Inland Lot No. 3516)	The property comprises 11 office units on Level 9 in a 22-storey industrial building completed in 1991. The property is having a total saleable area of approximately 12,122 sq.ft. with unit breakdown as below: The Sub-section 1 and 2 of Section B of New Kowloon Inland Lot No. 3516 are held under Conditions of Sale No. 4268 for a term of 75 years renewable for a further term of 24 years commencing from 1 July 1898 and is statutorily extended to 30 June 2047. The Government Rent payable for the lot is HKD1,031,642 per annum.	The property is currently vacant.	43,200,000 (100% interests attributable to the Group: 43,200,000)

Unit	Saleable Area *(sq.ft.)*
1	1,240
2	2,387
3	1,629
5	789
6	754
7	970
8	879
9	1,012
10	960
11	524
12	978
Total	12,122

Notes:

i. Pursuant to the assignment dated 29 July 2011 signed between Chow's Sun Hing Property Limited and Champion Gate Limited, the property held by Chow's Sun Hing Property Limited was sold to Champion Gate Limited at a consideration of HKD43,000,000.

ii. The registered owner of the property is Chow's Sun Hing Property Limited as per the memorial dated 28 June 1999 registered vide memorial no. UB7820869.

iii. The property falls within an area zoned as ''Other Specified Uses'' as per the approved Outline Zoning Plan No. S/K5/32.

GROUP II — PROPERTY INTERESTS RENTED AND OCCUPIED BY THE GROUP IN HONG KONG AND THE PRC

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 31 July 2011 *(HKD)*
2.	50 properties rented by the Group in Hong Kong	As advised by the Group, the property comprises 50 offices or retail shops in Hong Kong.	The property is rented by the Group as offices and retail shops.	No commercial value

Notes:

1. Pursuant to the tenancy agreements provided by the Company, some particulars of the agreements are summarized as below:

No.	Property Address	Landlord	Tenant	Lettable area (LA) / Net floor area (NFA) (Approximate sq.ft.)	Lease term from (dd/mm/yyyy)	Lease term to (dd/mm/yyyy)	Minimum monthly rental (HKD)	Use
1	1/F., Chiu Lung Building, Nos. 15-25 Chiu Lung Street, Central, Hong Kong	Speedment Company Limited	Travel Expert Limited	NFA: 2,832	16/3/2011	15/3/2013	62,304.00	Office
2	Room 408, 410 & 416, 4/F., Wing Lung Bank Centre, 636 Nathan Road, Mongkok, Kowloon	Wing Lung Bank Limited	Travel Expert Limited	LA: 2,049	1/10/2010	30/9/2013	120,891.00	Retail shop
3	Shop 1A, G/F., Wing Cheung Court, Nos. 37-47 Bonham Road, Hong Kong	Yearly Enterprise Limited	Travel Expert Limited	NFA: 318	5/11/2010	4/11/2013	30,000.00 (from 5/11/2010 to 4/11/2012) 31,000.00 (from 5/11/2012 to 4/11/2013)	Retail shop

No.	Property Address	Landlord	Tenant	Lettable area (LA) / Net floor area (NFA) (Approximate sq.ft.)	Lease term from (dd/mm/yyyy)	Lease term to (dd/mm/yyyy)	Minimum monthly rental (HKD)	Use
4	Shop No. 121, 1/F., Olympian City 2, 18 Hoi Ting Road, West Kowloon, Kowloon	MTR Corporation Limited	Travel Expert Limited	LA: 299	1/2/2011	31/1/2013	35,800.00	Retail shop
5	Shop 60B G/F & Shop 19 1/F., Mirador Mansion, 54-64B Nathan Road, 9A Carnarvon Road, Tsimshatsui, Kowloon	Red & White System Limited (owned as to 50% by Colvin & Horne Assets Management Limited which is wholly owned by Mr. Ko, Chun Wang Kelvin, a son of Mr. Ko and Mrs. Ko)	Travel Expert Limited	LA: 700	1/2/2010	31/1/2012	95,000.00	Retail shop
6	Shop No. B15, B1/F., Commercial Podium, Site 11,Whampoa Garden, Hung Hom, Kowloon	Palliser Investments Limited	Travel Expert Limited	LA: 457	1/11/2009	31/10/2011	52,000.00	Retail shop
7	Shop Unit S19, Luk Yeung Galleria, Tsuen Wan, N.T.	MTR Corporation Limited	Travel Expert Limited	LA: 294	1/11/2010	31/10/2013	32,000.00 (from 1/11/2010 to 31/10/2011) 33,000.00 (from 1/11/2011 to 31/10/2012) 34,000.00 (from 1/11/2012 to 31/10/2013)	Retail shop

No.	Property Address	Landlord	Tenant	Lettable area (LA) / Net floor area (NFA) (Approximate sq.ft.)	Lease term from (dd/mm/yyyy)	Lease term to (dd/mm/yyyy)	Minimum monthly rental (HKD)	Use
8	Shop No. 506 on Level 5, Landmark North, No. 39 Lung Sum Avenue, Shek Wu Hui, Sheung Shui, N.T.	SHK Sheung Shui Landmark Investment Limited	Travel E. Agency Limited (Now known as Travel Expert Cruise Limited)	LA: 686	1/9/2011	31/8/2013	71,300.00	Retail shop
9	Shop 2093, 2/F., Tuen Mun Town Plaza, Phase 1, TMTL209, 1 Tuen Shing Street, Tuen Mun, N.T.	Jade Mate Limited	Travel Expert Limited	LA: 425	1/9/2011	4/6/2012	53,000.00	Retail shop
10	Shop 2103, 2/F., Tuen Mun Town Plaza, Phase I, 1 Tuen Shing Street, Tuen Mun, N.T.	Jade Mate Limited	Travel Expert Limited	LA: 404	1/5/2010	30/4/2013	40,400.00 (from 1/5/2010 to 30/4/2012) 44,440.00 (from 1/5/2012 to 30/4/2013)	Retail shop
11	Shop 170, 1/F., Maritime Square, Tsing Yi, N.T.	MTR Corporation Limited	T. Expert Agency Limited (Now known as Travel Expert Online Limited)	LA: 200	1/1/2009	31/12/2011	34,000.00 (from 1/1/2009 to 31/12/2009) 35,000.00 (from 1/1/2010 to 31/12/2010) 36,000.00 (from 1/1/2011 to 31/12/2011)	Retail shop

No.	Property Address	Landlord	Tenant	Lettable area (LA) / Net floor area (NFA) (Approximate sq.ft.)	Lease term from (dd/mm/yyyy)	Lease term to (dd/mm/yyyy)	Minimum monthly rental (HKD)	Use
12	Shop 6 and cockloft, G/F., Yuen Long Trade Centre, 99-109 Castle Peak Road, Yuen Long, N.T.	Town Wagon Limited	Travel E. Agency Limited (Now known as Travel Expert Cruise Limited); Travel Expert Limited is a permitted user	NFA: 282	15/5/2010	14/5/2012	82,000.00	Retail shop
13	Shop No. 2, 1/F., Manning House, 48 Queen's Road Central, Hong Kong	Pridemax Limited	Travel Expert Limited	NFA: 1,545	1/9/2010	14/8/2012	143,640.00	Retail shop
14	Shop No. 108, 1/F., Manning House, 48 Queen's Road Central, Hong Kong	Pridemax Limited	Travel Expert Cruise Limited	NFA: 189	1/9/2010	14/8/2012	36,360.00	Retail shop
15	Shop No. 111, 1/F., Commercial Development of Vicwood Plaza (now known as Infinitus Plaza). 199 Des Voeux Road Central, Hong Kong	Foxhill Investments Limited	T. Expert Agency Limited (Now known as Travel Expert Online Limited)	LA: 300	1/10/2009	30/9/2011	51,400.00	Retail shop
16	Shop No. 4, G/F., Aberdeen Centre Site 2, Aberdeen, Hong Kong	Aberdeen Commercial Investments Limited	Travel Expert Limited	NFA: 252	1/3/2010	29/2/2012	23,500.00	Retail shop
17	Shops 40-41, 1/F. of Podium, Admiralty Centre, 18 Harcourt Road, Hong Kong	Wealth Asia Development Limited	Travel Expert Cruise Limited; Travel Expert Limited is a permitted user	NFA: 400	1/4/2010	31/3/2012	62,400.00	Retail shop

No.	Property Address	Landlord	Tenant	Lettable area (LA) / Net floor area (NFA) (Approximate sq.ft.)	Lease term from (dd/mm/yyyy)	Lease term to (dd/mm/yyyy)	Minimum monthly rental (HKD)	Use
18	Shop 6, G/F., Fairview Height, 1 Seymour Road, Mid-Level, Hong Kong	Gesund Investment Company Limited, Uhray Investment Limited	Travel Expert Limited	LA: 341	19/12/2010	18/12/2012	46,800.00	Retail shop
19	Shop A1-A2, G/F.,-M/F., 87 Hennessy Road, Wanchai, Hong Kong	Ling Leung Kit Hing	T. Expert Agency Limited (Now known as Travel Expert Online Limited); Travel Expert Limited is a permitted user	LA: 300	27/9/2009	26/9/2011	70,000.00	Retail shop
20	G/F., Tak Wah Mansion, No.296 Hennessy Road, Wanchai, Hong Kong	Kam Chan & Company Limited	Travel E. Agency Limited (Now known as Travel Expert Cruise Limited)	LA: 350	16/2/2010	15/2/2012	78,000.00	Retail shop
21	Shop Unit 142, The Lane, 15 Pui Shing Road, Hang Hau, Tseung Kwan O, N.T.	MTR Corporation Limited	Travel Expert Limited	LA: 311	9/8/2010	8/8/2012	43,700.00	Retail shop
22	Shop No. 1163B, 1/F., Lok Fu Plaza, 198 Junction Road, Wang Tau Hom, Kowloon	The Link Properties Limited	Travel Expert Limited	LA: 558	1/4/2010	31/3/2013	25,110.00	Retail shop

No.	Property Address	Landlord	Tenant	Lettable area (LA) / Net floor area (NFA) (Approximate sq.ft.)	Lease term from (dd/mm/yyyy)	Lease term to (dd/mm/yyyy)	Minimum monthly rental (HKD)	Use
23	Unit No. 719-720, 7/F., Citylink Plaza, Shatin, N.T.	Kowloon - Canton Railway Corporation	Travel Expert Limited	LA: 1,543	16/8/2010	15/8/2014	71,287.00 (from 16/8/2010 to 15/8/2011) 75,564.00 (from 16/8/2011 to 15/8/2012) 80,098.00 (from 16/8/2012 to 15/8/2013) 84,903.00 (from 16/8/2013 to 15/8/2014)	Retail shop
24	Shop 139 D & E, Level 1, Metro City Phase III, The Metropolis Tseung Kwan O, Kowloon	Evercot Enterprise Company Limited, Join Fortune Development Limited, Kwong Kay Investment Company Limited and Shung King Development Company Limited	T. Expert Agency Limited (Now known as Travel Expert Online Limited)	NFA: 298	1/9/2011	31/8/2013	27,000.00	Retail shop
25	Shop 25, G/F., 62 Lee Garden Road, Causeway Bay, Hong Kong	Trendwing Enterprises Limited	Travel Expert Limited	NFA: 289	16/12/2010	15/12/2012	80,000.00	Retail shop
26	Suite 704, Hang Lung Centre, 2-20 Paterson Street, Causeway Bay, Hong Kong	Hang Chui Company Limited	Travel E. Agency Limited (Now known as Travel Expert Cruise Limited)	LA: 1,038	1/11/2009	31/10/2011	54,000.00	Retail shop

No.	Property Address	Landlord	Tenant	Lettable area (LA) / Net floor area (NFA) (Approximate sq.ft.)	Lease term from (dd/mm/yyyy)	Lease term to (dd/mm/yyyy)	Minimum monthly rental (HKD)	Use
27	Shop No. 105, Level 1, New Jade Shopping Arcade, Chai Wan, Hong Kong	Partner Sino Assets Limited	Travel Expert Limited	NFA: 194	22/9/2010	21/9/2012	33,800.00	Retail shop
28	Shop No.105, G/F., Fortune City One Plus (formerly known as Ngan Shing Commercial Centre), City One Shatin, No.2 Ngan Shing Street, Shatin, N.T.	Million Nice Development Limited	Travel Expert Online Limited; Travel Expert Limited is a permitted user	LA: 258	2/9/2010	1/9/2012	21,000.00	Retail shop
29	Shop No. 217F., Level 2, East Point City, 8 Chung Wa Road, Tseung Kwan O, Kowloon	Chun Wing Investment Company Limited, Donora Company Limited, Grumete Company Limited, Rainforce Limited, Kam Hoi Development Company Limited and Zindemar Investments Corp	Travel Expert Limited	LA: 403	12/7/2010	11/7/2013	32,240.00	Retail shop
30	Shop No.49, Level 2, Fanling Town Centre, No. 18 Fanling Station Road, Fanling , N.T.	The World Realty Limited, Ying Ho Company Limited, Virginia Investments Limited, Fung Cheung Realty Limited	Travel Expert Limited	LA: 233	24/7/2010	31/7/2012	49,000.00	Retail shop

No.	Property Address	Landlord	Tenant	Lettable area (LA) / Net floor area (NFA) (Approximate sq.ft.)	Lease term from (dd/mm/yyyy)	Lease term to (dd/mm/yyyy)	Minimum monthly rental (HKD)	Use
31	Shop 101, 1/F., Legend Tower, No. 7 Shing Yip Street, Kwun Tong, Kowloon	China Profair Limited	Travel Expert Limited	NFA: 355	16/8/2010	15/8/2012	32,300.00	Retail shop
32	Shop Nos. G81-82, G/F., Phase 1. Amoy Plaza, 77 Ngau Tau Kok Road, Kowloon	Hang Lung Real Estate Agency Limited	Travel Expert Limited	NFA: 338	16/9/2010	15/9/2012	55,000.00	Retail shop
33	G/F., Tai Fung Building, 34 Hoi Kwong Street, Quarry Bay, Hong Kong	Golden Resources Services Limited	Travel Expert Limited	NFA: 412	1/12/2010	30/11/2013	68,000.00	Retail shop
34	Shop D, LG/F., Splendid Place, No.39 Taikoo Shing Road, Hong Kong	Evergood Holdings Limited (wholly owned by T.E. (Holdings) Limited which in turn is owned as to 91.255% by Kowen Holdings Limited)	Travel Expert Limited	NFA: 655	1/12/2010	30/11/2012	72,000.00	Retail shop

No.	Property Address	Landlord	Tenant	Lettable area (LA) / Net floor area (NFA) (Approximate sq.ft.)	Lease term from (dd/mm/yyyy)	Lease term to (dd/mm/yyyy)	Minimum monthly rental (HKD)	Use
35	1/F., Grand Building, 18 Connaught Road Central, Central, Hong Kong	Central City International Limited (owned as to 88.22% by Colvin & Horne Assets Management Limited which is wholly owned by Mr. Ko, Chun Wang Kelvin, a son of Mr. Ko and Mrs. Ko)	Travel Expert Limited	LA: 4,000	1/1/2010	31/12/2011	100,000.00	Office/Retail shop
36	Ground Floor, Far East Consortium Building, No.115 Des Voeux Road, Central, Hong Kong	Central City International Limited (owned as to 88.22% by Colvin & Horne Assets Management Limited which is wholly owned by Mr. Ko, Chun Wang Kelvin, a son of Mr. Ko and Mrs. Ko)	Travel Expert Limited	LA: 2,100	8/4/2010	7/4/2012	180,000.00	Office/Retail shop

No.	Property Address	Landlord	Tenant	Lettable area (LA) / Net floor area (NFA) (Approximate sq.ft.)	Lease term from (dd/mm/yyyy)	Lease term to (dd/mm/yyyy)	Minimum monthly rental (HKD)	Use
37	Shops A&B, G/F., Ngai Hing Mansion, Nos. 74-76 Hak Po Street, Nos. 2-24 Pak Po Street & No. 5 Yim Po Fong Street, Kowloon	Hombest Investment Limited (owned as to 50% by Colvin & Horne Assets Management Limited which is wholly owned by Mr. Ko, Chun Wang Kelvin, a son of Mr. Ko and Mrs. Ko)	Travel Expert Online Limited; Travel Expert Limited is permitted user	NFA: 278	1/9/2010	31/8/2012	13,000.00	Retail shop
38	Portion of Shop No.4, G/F., Nos. 206-208, Tsat Tsz Mui Road, Hong Kong	Fidelity Realty Limited	Travel Expert Limited	NFA: 519	16/2/2011	15/2/2013	50,000.00	Retail shop
39	Portion 1, The whole of the Ground Floor and the Yard, No.66A Pakes Street, Jordan, Kowloon	Union Fame Enterprises Limited	Travel Expert Limited	NFA: 222	1/4/2011	31/3/2014	53,000.00	Retail shop
40	Shop Nos. S24, 2nd Floor, Kornhill Plaza, 1 Kornhill Road, Hong Kong	Hang Lung Real Estate Agency Limited as agent for Hang Fine Company Limited	Travel Expert Limited	NFA: 280	11/4/2011	30/4/2013	28,000.00	Retail shop

No.	Property Address	Landlord	Tenant	Lettable area (LA) / Net floor area (NFA) (Approximate sq.ft.)	Lease term from (dd/mm/yyyy)	Lease term to (dd/mm/yyyy)	Minimum monthly rental (HKD)	Use
41	Shop 19B on 1/F., Mirador Mansion, 54-64B Nathan Road, 9A Carnarvon Road, Tsimshatsui, Kowloon	Sublandlord: Travel Expert Limited	Subtenant: Tailor Made Holidays Limited	NFA: 200	1/6/2011	31/1/2012	15,000.00	Retail shop
42	Shop No. 140B on Level 1 of Metroplaza, Kwai Chung Town Lot No. 395, N.T.	Sun Hung Kai Real Estate Agency Limited (Agent for the Owner)	Travel Expert Limited	LA: 378	4/6/2011	3/6/2013	43,470.00	Retail shop
43	Flat 5A, G/F, Commercial Block, Taipo Plaza, 1 On Tai Road, Taipo, N.T.	Praise World Limited	Travel Expert Limited	NFA: 256	1/8/2011	31/7/2013	28,000.00	Retail shop
44	Shop No. 301A, 3/F, Commercial Centre (forming part of Commercial/ Car Park Block) (also known as Stanley Plaza), Ma Hang Estate, 23 & 33 Carmel Road, Stanley, Hong Kong	The Link Properties Limited	Travel Expert Limited	LA: 162	8/8/2011	7/8/2014	10,000.00 (from 8/8/2011 to 7/8/2012) 11,000 (from 8/8/2012 to 7/8/2013) 13,000 (from 8/8/2013 to 7/8/2014)	Retail shop
45	Shop B, G/F, Man Lok Building, No. 91 Bonham Strand & No. 117 Wing Lok Street, Hong Kong	Chan Ting Man Brian & Chan Ting Heung Alexander	Travel Expert Limited	LA: 750	22/8/2011	21/8/2013	58,000.00	Retail shop

No.	Property Address	Landlord	Tenant	Lettable area (LA) / Net floor area (NFA) (Approximate sq.ft.)	Lease term from (dd/mm/yyyy)	Lease term to (dd/mm/yyyy)	Minimum monthly rental (HKD)	Use
46	Shop 122B1, 1/F, Commercial Accommodation of "liberte" named as "liberte place", No. 833 Lai Chi Kok Road, Kowloon	Iconic Palace Limited and Solar Kingdom Limited	Travel Expert Limited	LA: 325	1/9/2011	31/8/2013	29,000.00	Retail shop
47	Shop 060 on G/F, Cityplaza, 18 Taikoo Shing Road, Taikoo Shing, Island East, Hong Kong	Cityplaza Holdings Limited	Travel Expert Limited	LA: 460	8/5/2012	7/5/2015	64,400.00 (from 8/5/2012 to 7/5/2013) 66,700.00 (from 8/5/2013 to 7/5/2014) 69,000.00 (from 8/5/2014 to 7/5/2015)	Retail shop
48	Shop 607, Level 6, Telford Plaza II, 33 Wai Yip Street, Kowloon Bay, Kowloon	MTR Corporation Limited	Travel Expert Limited	LA: 228	16/4/2011	12/7/2014	41,040.00	Retail shop
49	Shop No. 212, Level 2, Ma On Shan Plaza, 608 Sai Sha Road, Ma On Shan, Shatin, N.T.	Poko Shine Limited	Travel Expert Limited	LA: 680	1/5/2011	30/4/2013	30,000.00	Retail shop
50	Shop No.3, G/F., Happy Court, 39E Sing Woo Road, Hong Kong	Mak Lin Fat and Ho Shuk Ping	Travel Expert Limited	NFA: 234	1/6/2011	31/5/2013	35,500.00	Retail shop

2. We were advised the owners of the property are independent third parties from the Group except property no. 5, 17, 34, 35, 36 and 37.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 31 July 2011 *(HKD)*
3.	Room 611, North Wing, International Commercial Building, No. 3005 Jiabin Road, Luohu District, Shenzhen, Guangdong Province, the PRC	The property comprises an unit within an 20-storey office building completed in 1982. The gross floor area of the property is approximately 718.28 sq.ft. (approximately 66.73 sq.m.). The property is leased by Wang Yu to Travel Expert Limited for a term of 1 year from 25 November 2010 to 24 November 2011 at a monthly rental of RMB3,500.	The property is rented by the Group as office.	No commercial value

Notes:

1. We were advised the owner of the property is an independent third party from the Group.

2. We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

   (a) The landlord has obtained legal title to the property.

   (b) The tenancy agreement has been registered at the property leasing administration authority.

   (c) The Group has the rights to occupy and use the property during the term of the tenancy agreement.

GROUP III — CONCESSIONS OR KIOSK SHOPS OCCUPIED BY THE GROUP IN HONG KONG

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 31 July 2011 *(HKD)*
4.	7 MTR kiosk shops in Hong Kong	As advised by the Group, the concessions or kiosk shops comprise 7 retail units or spaces in Hong Kong.	The concessions or kiosk shops are rented by the Group as retail shops.	No commercial value

Notes:

1. Pursuant to the license agreements provided by the Company, some particulars of the agreements are summarized as below:

No.	Property Address	Landlord	Tenant	Lettable area (LA) / Net floor area (NFA) (Approximate sq.ft.)	Lease term from (dd/mm/yyyy)	Lease term to (dd/mm/yyyy)	Minimum monthly rental (HKD)	Use
1	MTR Station Concession KOW 53, Kowloon Station	MTR Corporation Limited	Travel Expert Limited	NFA: 634	3/3/2011	2/3/2013	11,000.00	Retail shop
2	MTR Station Kiosk LCK 10, Lai Chi Kok Station	MTR Corporation Limited	Travel Expert Limited	NFA: 204	3/10/2009	2/10/2012	33,810.00 (from 3/10/2009 to 2/10/2010) 35,500.00 (from 3/10/2010 to 2/10/2011) 37,275.00 (from 3/10/2011 to 2/10/2012)	Retail shop
3	MTR Station Kiosks No.MEF 9 & 10, Mei Foo Station	MTR Corporation Limited	Travel Expert Limited	NFA: 220	24/6/2011	23/6/2014	42,000.00 (from 24/6/2011 to 23/6/2012) 44,000.00 (from 24/6/2012 to 23/6/2013)	Retail shop

No.	Property Address	Landlord	Tenant	Lettable area (LA) / Net floor area (NFA) (Approximate sq.ft.)	Lease term from (dd/mm/yyyy)	Lease term to (dd/mm/yyyy)	Minimum monthly rental (HKD)	Use
							46,000.00 (from 24/6/2013 to 23/6/2014)	
4	MTR Station Kiosk E17, Central Station	MTR Corporation Limited	Travel Expert Limited	NFA: 240	15/2/2009	14/2/2012	55,000.00 (from 15/2/2009 to 14/2/2011)	Retail shop
							60,500.00 (from 15/2/2011 to 14/2/2012)	
5	MTR Station Kiosk No. FOH 13, Fortress Hill Station	MTR Corporation Limited	Travel Expert Limited	LA: 300	16/4/2011	15/4/2014	46,000.00 (from 16/4/2011 to 15/4/2012)	Retail shop
							47,500.00 (from 16/4/2012 to 15/4/2013)	
							49,000.00 (from 16/4/2013 to 15/4/2014)	
6.	Concession No. TSY302, MTR Tsing Yi Station	MTR Corporation Limited	Travel Expert Cruise Limited	NFA: 492	1/2/2011	31/1/2014	48,000.00 (from 1/2/2011 to 31/1/2012)	Retail Shop
							52,000.00 (from 1/2/2012 to 31/1/2013)	
							54,500.00 (from 1/2/2013 to 31/1/2014)	
7	MTR Station Kiosk No. KWT 8 at Kwun Tong Station, Kowloon	MTR Corporation Limited	Travel Expert Limited	NFA: 173	16/5/2011	15/5/2014	40,000.00	Retail shop

2. We were advised the owner of the property is an independent third party from the Group.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of our Company and of certain aspects of Cayman Islands Companies Law.

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 18 November 2009 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "Companies Law"). The Memorandum of Association (the "Memorandum") and the Articles of Association comprise its constitution.

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 6 September 2011. The following is a summary of certain provisions of the Articles:

(a) Directors

(i) ***Power to allot and issue shares and warrants***

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and Articles, any share may be issued on terms that, at the option of the Company or the holder thereof, they are liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) ***Power to dispose of the assets of the Company or any subsidiary***

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. Our Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iii) ***Compensation or payments for loss of office***

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which our Director is contractually entitled) must be approved by the Company in general meeting.

(iv) ***Loans and provision of security for loans to Directors***

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) ***Disclosure of interests in contracts with the Company or any of its subsidiaries***

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or

other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing our Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to our directors or officers of such other company.

Subject to the Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which our Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where our Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which our Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;

(ee) any contract or arrangement concerning any other company in which our Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which our Director and any of his associates are not in aggregate beneficially interested in 5 percent. or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived); or

(ff) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(vi) ***Remuneration***

The ordinary remuneration of our Directors shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst our Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. our Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) ***Retirement, appointment and removal***

At each annual general meeting, one third of our Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Our Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

Our Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated:

(aa) if he resigns his office by notice in writing delivered to the Company at the registered office of the Company for the time being or tendered at a meeting of the Board;

(bb) becomes of unsound mind or dies;

(cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) if he is prohibited from being a director by law;

(ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(viii) ***Borrowing powers***

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of the Company.

(ix) ***Proceedings of the Board***

The board may meet for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(x) ***Register of Directors and Officers***

The Companies Law and the Articles provide that the Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(b) Alterations to constitutional documents

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(c) Alteration of capital

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

(i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;

(ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as our directors may determine;

(iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(e) Special resolution-majority required

Pursuant to the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that if permitted by the Designated Stock Exchange (as defined in the Articles), except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all Members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which notice of less than twenty-one (21) clear days and less than ten (10) clear business days has been given.

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

(f) Voting rights

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)).

Where the Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Articles), required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(g) Requirements for annual general meetings

An annual general meeting of the Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the board.

(h) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of our Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions the Articles; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Articles), the Company may send to such persons summarised financial statements derived from the Company's annual accounts and our directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and our directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any extraordinary general meeting at which it is proposed to pass a special resolution shall (save as set out in sub-paragraph (e) above) be called by notice of at least twenty-one (21) clear days and not less than ten (10) clear business days. All other extraordinary general meetings shall be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and,

in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of the Company other than such as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above if permitted by the rules of the Designated Stock Exchange, it shall be deemed to have been duly called if it is so agreed:

(i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent (95%) in nominal value of the issued shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of our directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers;

(ee) the fixing of the remuneration of our directors and of the auditors;

(ff) the granting of any mandate or authority to our directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and

(gg) the granting of any mandate or authority to our directors to repurchase securities of the Company.

(j) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed

by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as our Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) Power for the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in the Articles).

(l) Power for any subsidiary of the Company to own shares in the Company and financial assistance to purchase shares of the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

(m) Dividends and other methods of distribution

Subject to the Companies Law, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which our directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. Our Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such

part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(n) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(o) Call on shares and forfeiture of shares

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(p) Inspection of register of members

Pursuant to the Articles the register and branch register of members shall be open to inspection for at least two (2) hours on every business day by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

(q) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorised representative being the person appointed by resolution of our directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman law, as summarised in paragraph 3(f) of this Appendix.

(s) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of

different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) Untraceable members

Pursuant to the Articles, the Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "Court"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in the Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of Shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if our directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

Subject to the provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner or terms of purchase, a company cannot purchase any of its own shares unless the manner or terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company shall be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company shall not be treated as a member for any purpose and shall not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share shall not be voted, directly or indirectly, at any meeting of the company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law. Further, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and our directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of section 34 of the Companies Law, there is no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

(f) Protection of minorities

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Management

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 8 December 2009.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as our directors may, from time to time, think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

(n) Winding up

A company may be wound up compulsorily by order of the Court voluntarily; or, under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official

liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all our directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. At least twenty-one (21) days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorised by the company's articles of association and published in the Gazette in the Cayman Islands.

(o) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(p) Compulsory acquisition

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to

transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(q) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in appendix VI to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

We were incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company on 18 November 2009. We have established a principal place of business in Hong Kong at 1/F, Grand Building, 18 Connaught Road Central, Hong Kong and we were registered as a non-Hong Kong company in Hong Kong under Part XI of the Companies Ordinance on 18 May 2011. Mr. Ko and Mrs. Ko, both executive Directors, have been appointed as the authorised representatives of our Company for the acceptance of service of process in Hong Kong. As we were incorporated in the Cayman Islands, we operate subject to the Cayman Islands laws and to the Memorandum and the Articles. A summary of certain parts of the Memorandum and the Articles and relevant aspects of the Cayman Islands companies law is set forth in appendix IV to this prospectus.

2. Changes in share capital

(a) As at the date of the incorporation, the authorised share capital of our Company was HK$390,000 divided into 39,000,000 Shares.

(b) We allotted and issued one Share nil paid to Codan Trust Company (Cayman) Limited (the "**Cayman Agent**") on 18 November 2009. On the same date, the Cayman Agent transferred one Share to Mrs. Ko.

(c) On 30 March 2011, Mrs. Ko executed an instrument of transfer for the transfer of the one Share to Kowen.

(d) On 29 August 2011, Kowen executed an instrument of transfer for the transfer of the one Share to C&H Holdings.

(e) On 6 September 2011, the then sole Shareholder resolved to increase our authorised share capital from HK$390,000 to HK$20,000,000 by the creation of an additional 1,961,000,000 Shares.

(f) On 6 September 2011, in consideration of the acquisition by TEEBVIL of the entire issued share capital of TEEL, we allotted and issued 575 Shares, 8,821 Shares, 314 Shares and 289 Shares to Mr. Cheung, C&H Holdings, Mr. Chan and Ms. Ho respectively and credited as fully paid the one Share held by C&H Holdings.

(g) Assuming that the Share Offer becomes unconditional and the Share Offer and the Capitalisation Issue are duly completed, our authorised share capital will be HK$20,000,000 divided into 2,000,000,000 Shares and the issued share capital (not taking into account any Shares that may be issued pursuant to the exercise of any options granted under the Pre-IPO Share Option Scheme and the Share Option Scheme) of our Company will be HK$5,000,000 divided into 500,000,000 Shares, all fully paid or credited as fully paid. Apart from the issue of Shares under the Pre-IPO Share Option Scheme and the Share

Option Scheme, there is no present intention to issue any part of our authorised but unissued share capital and, without the prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as aforesaid and as mentioned in the paragraph headed "Resolutions of the Shareholders" below, there has been no alteration in our share capital since its incorporation.

3. Resolutions of the Shareholders

Pursuant to the written resolution of the sole Shareholder passed on 31 March 2011, the rules of the Pre-IPO Share Option Scheme were approved and adopted and our Directors were authorised to grant options to subscribe for Shares thereunder and to allot and issue Shares pursuant thereto and to take all such steps as they consider necessary or desirable to implement the Pre-IPO Share Option Scheme.

Pursuant to the written resolutions of the sole Shareholder dated 6 September 2011:

(a) our Company approved and adopted the existing Articles of Association;

(b) the authorised share capital of our 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;

(c) conditional on the same conditions as stated in the section headed "Structure and Conditions of the Share Offer — Conditions of the Share Offer" in this prospectus:

(i) the Share Offer was approved and our Directors were authorised to allot and issue the Offer Shares;

(ii) the rules of the Share Option Scheme were approved and adopted and our Directors were authorised to grant options to subscribe for Shares thereunder and to allot and issue Shares pursuant thereto and to take all such steps as they consider necessary or desirable to implement the Share Option Scheme;

(iii) subject to the share premium account of our Company being credited as a result of the issue of the Offer Shares pursuant to the Share Offer, our Directors were authorised to allot and issue a total of 399,990,000 Shares credited as fully paid at par to the holders of the Shares on the register of members of our Company (as they may direct) at the close of business on 7 September 2011 in proportion to their respective shareholdings (save that no shareholder shall be entitled to be allotted or issued any fraction of a Share) by way of capitalisation of the sum of HK$3,999,900 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to this resolution shall rank pari passu in all respects with the then existing issued Shares;

(iv) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to allot, issue and deal with, otherwise than by way of rights issues or an issue of Shares upon the exercise of any subscription rights attached to any warrants or convertible securities or pursuant to the exercise of the options which may be granted under the Pre-IPO Share Option Scheme, the Share Option Scheme or other similar arrangements or under the Share Offer or any scrip dividend schemes in accordance with the Articles of Association or a specific authority granted by the Shareholders of the Company in general meeting, Shares or securities or options convertible into Shares and to make and grant offers and agreements which would or might require Shares to be allotted (whether or not such securities or options involve the allotment or issue of Shares during or after the Relevant Period (as defined below)) with an aggregate nominal amount not exceeding 20 per cent. of the aggregate nominal value of the share capital of the Company in issue immediately following completion of the Share Offer and the Capitalisation Issue, such mandate to remain in effect during the Relevant Period;

"**Relevant Period**" means the period from the date of passing of this resolution until whichever is the earliest of :

(aa) the conclusion of the next annual general meeting of the Company;

(bb) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable law to be held; or

(cc) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking, varying or renewing such mandate;

(v) a general unconditional mandate (the "Repurchase Mandate") was given to our Directors authorising them to exercise all powers of our Company to repurchase on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, in accordance with all applicable laws and the requirements of the Listing Rules (or of such other stock exchange), such number of Shares with an aggregate nominal value not exceeding 10 per cent. of the aggregate nominal value of the share capital of the Company in issue immediately following completion of the Share Offer and the Capitalisation Issue (i.e. up to 50,000,000 Shares), such mandate to remain in effect during the Relevant Period; and

(vi) the general unconditional mandate mentioned in (iv) above be and is hereby extended by the addition to the aggregate nominal value of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of the Company repurchased by the Company (if any) under the Repurchase Mandate.

4. Reorganisation

We and our subsidiaries underwent a reorganisation in preparation for the listing of the Shares on the Stock Exchange. Following the Reorganisation, our Company became the holding company. The Reorganisation involved the following:

Incorporation and reorganisation of our Company

(a) We were incorporated on 18 November 2009.

(b) On 18 November 2009, one Share was allotted and issued nil paid to the Cayman Agent.

(c) On 18 November 2009, the Cayman Agent transferred one Share to Mrs. Ko.

(d) On 30 March 2011, Mrs. Ko executed an instrument of transfer for the transfer of the one Share to Kowen.

(e) On 29 August 2011, Kowen executed an instrument of transfer for the transfer of the one Share to C&H Holdings.

Incorporation and reorganisation of TEEBVIL

(a) On 2 March 2010, TEEBVIL was incorporated in the BVI as a BVI Business Company and is authorised to issue up to a maximum of 50,000 ordinary shares of a single class without par value.

(b) On 2 March 2010, one share of TEEBVIL was allotted and issued at US$0.01 to our Company.

Reorganisation of TEEL

(a) On 6 September 2011, TEEBVIL acquired the entire issued share capital of TEEL from TEHL, in exchange, our Company allotted and issued 575 Shares, 8,821 Shares, 314 Shares and 289 Shares to Mr. Cheung, C&H Holdings, Mr. Chan and Ms. Ho respectively.

Incorporation and Reorganisation of PEIL

(a) PEIL was incorporated on 5 August 2010.

(b) On 5 August 2010, one share of PEIL was allotted and issued fully paid to Fernside Limited.

(c) On 24 September 2010, Fernside Limited transferred one share of PEIL to TEEL.

(d) On 30 March 2011, TEEL transferred one share of PEIL to TEEBVIL.

Incorporation and Reorganisation of CGL

(a) CGL was incorporated on 27 January 2011.

(b) On 27 January 2011, one share of CGL was allotted and issued fully paid to Ready-Made Incorporations Limited.

(c) On 8 April 2011, Ready-Made Incorporations Limited transferred one share of CGL to TEEL.

5. Changes in share capital of subsidiaries of our Company

The following alterations in the share capital of the subsidiaries of our Company have taken place within the two years preceding the date of this prospectus:

TEEBVIL

(a) On 2 March 2010, one share of TEEBVIL was allotted and issued at US$0.01 to our Company.

TEEL

(a) On 6 September 2011, TEEBVIL acquired the entire issued share capital of TEEL from TEHL, in exchange, our Company allotted and issued 575 Shares, 8,821 Shares, 314 Shares and 289 Shares to Mr. Cheung, Siu Cheong, C&H Holdings, Mr. Chan and Ms. Ho respectively.

PEIL

(a) On 5 August 2010, one share of HK$1.00 each of PEIL was allotted and issued to Fernside Limited.

(b) On 24 September 2010, Fernside Limited transferred one share of PEIL to TEEL.

(c) On 30 March 2011, TEEL transferred one share of PEIL to TEEBVIL.

TEL

(a) On 20 July 2010, the authorised capital of TEL was increased from HK$11,000,000 to HK$13,000,000 and 2,000,000 new shares of HK$1.00 each of TEL were allotted and issued to TEEL.

(b) On 17 June 2011, the authorised capital of TEL was increased from HK$13,000,000 to HK$15,500,000 and 2,500,000 new shares of HK$1.00 each of TEL were allotted and issued to TEEL.

TEOL

(a) On 21 April 2010, the authorised capital of TEOL was increased from HK$10,000 to HK$500,000.

(b) On 14 May 2010, 490,000 new shares of HK$1.00 each of TEOL were allotted and issued to TEEL.

TECL

(a) On 21 April 2010, the authorised capital of TECL was increased from HK$10,000 to HK$500,000.

(b) On 14 May 2010, 499,990 new shares of HK$1.00 each of TECL were allotted and issued to TEEL.

(c) On 20 January 2011, the authorised capital of TECL was increased from HK$500,000 to HK$1,000,000. 500,000 new shares of HK$1.00 each of TECL were allotted and issued to TEEL.

TMHL

(a) On 21 September 2010, 500,000 shares of HK$1.00 each of TMHL were allotted and issued to TEEL.

CGL

(a) On 27 January 2011, one share of HK$1.00 each of CGL was allotted and issued fully paid to Ready-Made Incorporations Limited.

(b) On 8 April 2011, Ready-Made Incorporations Limited transferred one share of CGL to TEEL.

Save as aforesaid and in paragraph 4 of this appendix, there has been no other alteration in the share capital of the subsidiaries of our Company in the two years preceding the date of this prospectus.

6. Repurchase of our Company's own securities

This section includes the information required by the Stock Exchange to be included in this prospectus concerning the repurchase of our Company's own securities.

(a) *Provisions of the Listing Rules*

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) Shareholders' approval

All proposed repurchases of securities on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate or by specific approval of a particular transaction.

(Note: Pursuant to a resolution of the sole Shareholder passed on 6 September 2011, a general unconditional mandate was given to our Directors authorising them to repurchase on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue, until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable law to be held, or the revocation, variation or renewal by an ordinary resolution of the Shareholders in a general meeting, whichever is the earliest.)

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles and the laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(b) *Reasons for repurchases*

Our Directors believe that it is in the best interests of our Company and the Shareholders for our Directors to have a general authority from the Shareholders to enable our Company to repurchase Shares in the market. Repurchases of Shares will only be made when our Directors believe that such repurchases will benefit our Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of our Company and our assets and/or our earnings per Share.

(c) *Funding of repurchases*

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with our Articles and the applicable laws of the Cayman Islands.

Our Company shall not purchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise in accordance with the trading rules of the Stock Exchange from time to time.

It is presently proposed that any repurchase of Shares would be made out of profits of our Company, sums standing to the credit of the share premium account of our Company, a fresh issue of Shares made for the purpose of the repurchase or, subject to the Cayman Islands Companies Law, out of capital and, in the case of any premium payable on such repurchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, subject to the Cayman Islands Companies Law, out of capital.

There might be material adverse impact on the working capital or gearing position of our Company in the event that the Repurchase Mandate is exercised in full. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or our gearing levels which, in the opinion of our Directors, are from time to time appropriate for our Company.

(d) *Share capital*

On the basis of 500,000,000 Shares in issue immediately after completion of the Share Offer and the Capitalisation Issue (not taking into account any Shares that may be issued pursuant to the exercise of any options granted under the Pre-IPO Share Option Scheme or the Share Option Scheme), our Directors would be authorised under a general mandate given to our Directors pursuant to a resolution of the sole Shareholder passed on 6 September 2011 to repurchase up to 50,000,000 Shares during the period prior to:

(i) the conclusion of the next general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or our Articles to be held; or

(iii) the revocation, variation or renewal of the Repurchase Mandate by an ordinary resolution of the Shareholders in general meeting,

whichever occurs first.

(e) *General*

None of our Directors or, to their best knowledge, having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules), has any present intention to sell any Shares to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

No connected person has notified our Company that he or it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

If as a result of a securities repurchase pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase.

Any repurchase of the Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of the Shares then in issue could only be implemented with the approval of the Stock Exchange to waive requirements of the Listing Rules regarding the minimum percentage of public shareholdings. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent that, in the circumstances, there is insufficient public float as prescribed under the Listing Rules.

FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following material contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus:

(a) a memorandum of agreement dated 6 September 2011 between CCIL as seller and TEEL as purchaser in relation to sale and purchase of 20% issued share capital of Wealth Asia on 30 September 2009 at a consideration of HK$306,275.68;

(b) an agreement dated 24 December 2010 in relation to the sale and purchase of 20% issued share capital of Wealth Asia between TEEL as seller and Evergood as purchaser at a consideration of HK$3,305,600;

(c) an agreement dated 23 December 2010 in relation to the sale and purchase of the entire issued share capital of Evergood between TEEL as seller and TEHL as purchaser at a consideration of HK$1,688,400;

(d) an agreement dated 30 December 2010 in relation to the sale and purchase of the entire issued share capital of CCIL between TEEL as seller and Mr. Cheung, Colvin & Horne Assets Management Limited, Mr. Chan and Ms. Ho as purchasers at a total consideration of HK$43,639,750;

(e) an assignment dated 3 June 2011 between TEL as assignor and PEIL as assignee in relation to the transfer of trademarks registered in the PRC at a consideration of HK$1;

(f) an assignment dated 3 June 2011 between TEHL as assignor and PEIL as assignee in relation to the transfer of certain trademarks registered in Hong Kong at a consideration of HK$148,300;

(g) a deed of assignment dated 18 February 2011 between TEHL as assignor and PEIL as assignee in relation to the transfer of a trademark registered in Singapore at a consideration of HK$5,600;

(h) an assignment dated 26 November 2010 between TEHL as assignor and PEIL as assignee in relation to the transfer of trademark being applied for registration in Hong Kong (application no. 301196398) at a consideration of HK$6,800;

(i) a share swap agreement dated 6 September 2011 between TEHL and TEEBVIL in relation to transfer of the entire issued share capital of TEEL to TEEBVIL from TEHL, in exchange, our Company allotted and issued 575 Shares, 8,821 Shares, 314 Shares and 289 Shares all credited as fully paid, to Mr. Cheung, C&H Holdings, Mr. Chan and Ms. Ho respectively;

(j) a deed of indemnity dated 6 September 2011 executed by the Controlling Shareholders in favour of our Group containing the indemnities in respect of certain estate duty, tax and other liabilities as referred to in the section headed "Other Information — Tax and other indemnities" in this appendix;

(k) a deed of non-competition dated 6 September 2011 executed by the Controlling Shareholders in favour of our Company (for our Company and on behalf of our subsidiaries), details of which are set out in the section headed "Relationship with our Controlling Shareholders — Deed of Non-competition and Possible Conflict of Interest" in this prospectus;

(l) a provisional agreement for sale and purchase dated 25 March 2011 among Chow's Sun Hing Property Limited as vendor, TEOL or its nominees as purchaser and Midland Realty (Comm. & Ind.) Ltd. as the agent, pursuant to which Chow's Sun Hing Property Limited agreed to sell and TEOL agreed to purchase the whole of the 9th Floor, Kowloon Plaza, No. 485 Castle Peak Road, Kowloon (the "Property") for a consideration of HK$43,000,000;

(m) a nomination dated 17 May 2011 from TEOL to Chow's Sun Hing Property Limited in which TEOL nominated CGL to sign the formal agreement for sale and purchase and to take up the assignment of the Property;

(n) an assignment dated 29 July 2011 between Chow's Sun Hing Property Limited and CGL, pursuant to which the Property was assigned to CGL at a consideration of HK$43,000,000; and

(o) the Public Offer Underwriting Agreement.

2. Intellectual property rights

(a) *Trademarks*

As at the Latest Practicable Date, our Group has registered the following trademarks in the PRC:

Trademark	Name of Proprietor	Class	Registration Number	Validity Period
尊業旅運	PEIL	43	4731130	7 February 2009 to 6 February 2019
尊業旅運	PEIL	39	4731131	28 January 2009 to 27 January 2019
尊業旅運	PEIL	41	4731132	7 February 2009 to 6 February 2019

As at the Latest Practicable Date, our Group has registered the following trademarks in Hong Kong:

Trademark	Name of Proprietor	Class	Registration Number	Validity Period
Travel Expert Ltd.	PEIL	39, 43	300230516	10 June 2004 to 9 June 2014
專業旅運	PEIL	39, 43	300230525	10 June 2004 to 9 June 2014
尊業旅運	PEIL	39, 41, 43	300400689	11 April 2005 to 10 April 2015
TAILOR MADE HOLIDAYS 度新假期	PEIL	39, 41, 43	301501974	17 December 2009 to 16 December 2019

As at the Latest Practicable Date, our Group has registered the following trademarks in Singapore:

Trademark	Name of Proprietor	Class	TM Number	Place of Registration	Expiry Date
專業旅運 Travel Expert	PEIL	39	T0713566F	Singapore	17 June 2017

As at the Latest Practicable Date, our Group has applied for registration of the following trademarks in Hong Kong:

Trademark	Name of Applicant	Class	Number	Application Date
Travel Expert	TEL	39, 41, 43	301504089	21 December 2009
XPERT HOLIDAYS	TEL	39, 41, 43	301457325	23 October 2009
EXPERT HOLIDAYS	TEL	39, 41, 43	301457343	23 October 2009
尊業旅運 Travel Expert	PEIL	39, 41, 43	302027493	8 September 2011
尊業旅運 Travel Expert	PEIL	39, 41, 43	302027493	8 September 2011
專業旅運 Travel Expert	PEIL	39, 41, 43	302027529	8 September 2011
專業旅運 Travel Expert	PEIL	39, 41, 43	302027529	8 September 2011
TMH Tailor Made Holidays	PEIL	39, 41, 43	302027475	8 September 2011
TMH Tailor Made Holidays	PEIL	39, 41, 43	302027475	8 September 2011
TMH Tailor Made Holidays	PEIL	39, 41, 43	302027475	8 September 2011

(b) *Domain names*

As at the Latest Practicable Date, our Group has registered the following domain names:

Domain name	Date of registration
TRAVELEXPERT.COM.HK	13 January 2000
TRAVELEXPERT.HK	6 July 2009
專業旅運.HK	6 July 2009

Domain name	Date of registration
WWW.EXPERTONLINE.COM.HK	16 March 2010
WWW.EXPERTONLINE.HK	16 March 2010
WWW.TRAVELEXPERTONLINE.COM.HK	9 February 2011
WWW.TAILORMADEHOLIDAYS.COM.HK	10 August 2010

Note: The contents in the above domains do not form part of this prospectus.

FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Interests and/or short positions of our directors and chief executive of our Company in the shares, underlying shares or debentures of our Company and our associated companies

Immediately following completion of the Share Offer and the Capitalisation Issue (assuming that the options which may be granted under the Share Option Scheme and that the options which have been granted under the Pre-IPO Share Option Scheme are not exercised), the interests and/or short positions of our Directors and chief executive of our Company in the shares, underlying shares in respect of equity derivatives and debentures of our Company and our associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules to be notified to our Company and the Stock Exchange, once the Shares are listed (assuming that their interests will remain unchanged after the Latest Practicable Date), will be as follows:

(a) *Long positions in the Shares*

Name of Director	Nature of Interests	Total Number of Shares	Approximate Percentage
Mr. Ko	Corporate Interest *(Note)*	352,880,000	70.58%
Mrs. Ko	Corporate Interest *(Note)*	352,880,000	70.58%

Note:

These Shares will be owned by C&H Holdings, which is owned by Mr. Ko and Mrs. Ko as to 60% and 40% respectively.

(b) *Interest in underlying Shares of equity derivatives of the Company*

Name of Director	Nature of Interest	Description of equity derivatives	Number of Underlying Shares
Mr. Ko	Beneficial Owner	Share Option *(Note 1)*	500,000
Mr. Ko	Family Interest	Share Option *(Note 2)*	500,000
Mrs. Ko	Beneficial Owner	Share Option *(Note 1)*	500,000
Mrs. Ko	Family Interest	Share Option *(Note 2)*	500,000
Mr. Kam, Tze Ming Alfred	Beneficial Owner	Share Option *(Note 1)*	5,000,000

Notes:

1. The share options were granted under the Pre-IPO Share Option Scheme.

2. Each of Mr. Ko and Mrs. Ko was granted options under the Pre-IPO Share Option Scheme to subscribe for 500,000 Shares. Mr. Ko and Mrs. Ko are spouses. Pursuant to Part XV of the SFO, Mr. Ko is deemed to be interested in the Shares subject to the share option granted to Mrs. Ko and Mrs. Ko is deemed to be interested in the Shares subject to the share option granted to Mr. Ko.

(c) *Interest in securities of associated corporations*

Name of Director	Name of Associated Corporation	Nature of Interest	Number of Shares of Associated Corporation	Approximate Percentage of Shareholding
Mr. Ko	C&H Holdings	Beneficial Owner	3	60.00%
Mr. Ko	C&H Holdings	Family Interest	2	40.00%
Mrs. Ko	C&H Holdings	Beneficial Owner	2	40.00%
Mrs. Ko	C&H Holdings	Family Interest	3	60.00%

Note:

Mr. Ko and Mrs. Ko are spouses. Pursuant to the Part XV of the SFO, Mr. Ko is deemed to be interested in the shares owned by Mrs. Ko and Mrs. Ko is deemed to be interested in the shares owned by Mr. Ko.

2. Interests and/or short positions of substantial Shareholders in the shares or underlying Shares of our Company

So far as our Directors are aware, immediately following completion of the Share Offer and the Capitalisation Issue (assuming that the options which may be granted under the Share Option Scheme and that the options which have been granted under the Pre-IPO Share Option Scheme are not exercised), the following persons (other than our Directors or chief executive of our Company) will have an interest and/or short position in the Shares or underlying Shares in respect of equity derivatives of our Company that would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO) or will be directly or indirectly interested in 10% or more of the voting power at general meetings of our Company once the Shares are listed:

Long positions in the Shares

Name	Number of Shares	Approximate Percentage
C&H Holdings *(Note)*	352,880,000	70.58%

Note:

C&H Holdings is owned as to 60% and 40% by Mr. Ko and Mrs. Ko respectively.

3. Interests of the substantial shareholder of any other members of our Group

So far as our Directors are aware, no person (other than our Directors or chief executive of our Company) is expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of our Group (other than our Company) upon Listing.

4. Particulars of service agreements

Each of Mr. Ko, Mrs. Ko and Mr. Kam, Tze Ming Alfred has entered into a service agreement dated 6 September 2011 with our Company under which they agreed to act as executive Directors, for a period of three years commencing from the Listing Date unless terminated in accordance with the terms of the service agreements. Under the service agreements, the initial annual salary payable by our Company to Mr. Ko, Mrs. Ko and Mr. Kam, Tze Ming Alfred are HK$600,000, HK$600,000 and HK$1,600,000 respectively and may, subject to the discretion of the Board, be increased. Mr. Ko and Mr. Kam, Tze Ming Alfred will also be entitled to a discretionary bonus as decided by the Board. The amount of the annual salary increment and the bonus payable under such service agreements is at the discretion of the Board, provided that the respective parties to such service agreements shall abstain from voting and not be counted in the quorum in respect of any such determination of the Board in relation to him. Mrs. Ko will be entitled to a bonus in the sum of 1% of the consolidated net profit before taxation of our Group in the relevant financial year.

Each of Mr. Mak, King Sau, Mr. Yung, Ha Kuk Victor and Mr. Szeto, Chi Man has signed a letter of appointment dated 6 September 2011 with our Company under which they agreed to act as independent non-executive Directors for a period of two years unless terminated in accordance with the terms of the appointment letters. The initial annual director's fee for Mr. Mak, King Sau, Mr. Yung, Ha Kuk Victor and Mr. Szeto, Chi Man are HK$120,000, HK$150,000 and HK$120,000 respectively.

Save as aforesaid, there is no existing or proposed service contracts (excluding contracts expiring or determinable by such member of our Group within one year without payment of compensation other than statutory compensation) between our Directors and any member of our Group.

5. Directors' remuneration

The aggregate amount of salaries, allowances and benefits in kind paid by our Group to our Directors for the year ended 31 March 2011 was approximately HK$2,980,000. It is expected that an aggregate amount of HK$3,190,000 will be paid to our Directors as remuneration by our Group in respect of the year ending 31 March 2012 according to the present arrangements, excluding the non-discretionary bonus, the discretionary salary increment and bonus.

None of our Directors or any past directors of any member of our Group has been paid any sum of money for each of the three years ended 31 March 2011 whether (a) as an inducement to join or upon joining our Company; or (b) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group *(Note)*.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three years ended 31 March 2011.

Note: During the year ended 31 March 2009, HK$2,291,551 (inclusive of a discretionary gratuity of HK$159,601 upon expiry of the agreement relating to the provision of advertising related services on 31 March 2009) was payable to C&H as a result of services provided by C&H to the Group relating to advertising and selection of new shop locations for the Group. During the year ended 31 March 2009, a further HK$84,000 was payable by the Group to C&H for the provision of operation control services. C&H was 99.98% owned by Mr. Ko and 0.02% owned by Kowen at the relevant time.

During the two years ended 31 March 2010, HK$384,000 and HK$276,000 respectively were payable to Wilken Properties Limited (now known as CB Properties Limited) as a result of services provided by Wilken Properties Limited to the Group relating to maintenance of offices and shops for the Group. Wilken Properties Limited was 79.89% owned by Kowen and 20.11% owned by Mr. Ko at the relevant time.

6. Personal guarantee

Each of Mr. Ko and Mrs. Ko, both executive Directors, has provided personal guarantees in favour of a bank in connection with certain banking facilities granted to our Group. The aforesaid personal guarantee provided is expected to be released and replaced by our Company's corporate guarantee upon Listing.

7. Related party transactions

During the three financial years preceding the date of this prospectus, our Group had engaged in the related party transactions as mentioned in the paragraph headed the "Significant related party transactions" set out in note 30 of the accountants' report set out in appendix I to this prospectus.

8. Others

(a) Save as disclosed in this prospectus, in the section headed "Connected Transactions" and in the section headed "Summary of material contracts" of this appendix, none of our Directors or the experts named in the section headed "Consents of experts" in this appendix has any direct or indirect interest in the promotion of our Company or in any assets acquired or disposed of by or leased to any member of our Group or is proposed to be acquired or disposed of by or leased to any member of our Group within the two years immediately preceding the date of this prospectus.

(b) Save as disclosed in this prospectus, in the section headed "Connected Transactions" and in the section headed "Summary of material contracts" of this appendix, none of our Directors or the experts named in the section headed "Consents of experts" in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole.

Saved as disclosed in this prospectus and in the section headed "Summary of material contracts" in this appendix, none of the experts named in the section headed "Consents of experts" in this appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any member of our Group or is an officer or employee or a servant or partner or director of any member of our Group.

(d) Save as disclosed in this prospectus, taking no account of any Shares which may be taken up under the Share Offer, none of our Directors or chief executive of our Company has interests and/or short positions in the shares, underlying shares in respect of equity derivatives or debentures of our Company and our associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules to be notified to our Company and the Stock Exchange, once the Shares are listed.

(e) Save as disclosed in this prospectus, taking no account of any Shares which may be taken up under the Share Offer, so far as our Directors are aware, there is no person (other than our Directors or chief executive of our Company) who will have any interest and/or short positions in the shares or underlying shares in respect of equity derivatives of our Company that would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO) or who will be directly or indirectly, interested in 10% or more of the voting power at general meetings of our Company.

PRE-IPO SHARE OPTION SCHEME

(a) Definitions

For the purpose of this section, the following expressions have the meanings set out below unless the context requires otherwise:

"Adoption Date"	means 31 March 2011
"Eligible Person"	means any employee or proposed employee (whether full time or part time employee, including any director) of any member of our Group or any invested entity, any supplier of goods or services, any customer, any person or entity that provide research, development or other technological support, any shareholders or any participants who contribute to the development and growth of our Group or any invested entity
"Exercise Price"	means the price per Share payable on the exercise of an option
"Listing Date"	means the date on which the Shares commence trading on the Stock Exchange
"Scheme Limit"	has the meaning ascribed to it in paragraph (vi) below
"Scheme Period"	means the period commencing on the Adoption Date and expiring at the close of business on the day immediately preceding the tenth anniversary thereof
"Subscription Price"	means, in relation to an option, an amount equal to the Exercise Price multiplied by the relevant number of Shares in respect of which an option is exercised
"trading day"	means a day on which the Stock Exchange is open for business of dealing in securities

(b) Summary of terms

The following is a summary of the principal terms of the rules of the Pre-IPO Share Option Scheme:

(i) *Purpose of the Pre-IPO Share Option Scheme*

The purpose of the Pre-IPO Share Option Scheme is to recognise the contribution of selected Eligible Persons to the growth of our Group and the listing of the Shares.

(ii) *Conditions*

The grant of options under the Pre-IPO Share Option Scheme is conditional on, among others, the commencement of trading of the Shares on the Stock Exchange.

(iii) *Who may join and basis of eligibility*

Our Board may, at its absolute discretion and on such terms as it may think fit, grant options to any Eligible Person to subscribe at the Exercise Price for such number of Shares as it may determine in accordance with the terms of the Pre-IPO Share Option Scheme.

The basis of eligibility of any of the Eligible Persons to the grant of options shall be determined by our Board from time to time on the basis of his contribution or potential contribution to the growth of our Group and listing of the Shares.

(iv) *Price for subscription of Shares*

The Exercise Price shall not be less than 70% of the Offer Price.

(v) *Grant of options and acceptance of offers*

Subject to the Rules of the Pre-IPO Share Option Scheme, the Board may at any time from time to time during the period prior to the commencement of the trading of the Shares on the Main Board at their absolute discretion and subject to such terms, conditions, restrictions or limitations as they may think fit offer, at the consideration of HK$1.00 per Option, to grant Options to Eligible Persons.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable to our Company on acceptance of the offer for the grant of an option is HK$1.00.

(vi) *Maximum number of Shares*

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Pre-IPO Share Option Scheme and any other share option schemes of our Company must not in aggregate exceed 25,000,000 Shares (the "Scheme Limit").

Options lapsed in accordance with the Pre-IPO Share Option Scheme will not be counted for the purpose of the Scheme Limit, but options which are cancelled will be counted.

(vii) *Exercise of option*

An option may be exercised in accordance with the terms of the Pre-IPO Share Option Scheme at any time during a period as the Board may determine but in any event shall not exceed 10 years from the date of grant.

Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no minimum holding period before an option is exercisable.

(viii) *Performance targets*

Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

(ix) *Ranking of Shares*

Shares allotted upon the exercise of an outstanding option will be subject to all the provisions of the Memorandum and the Articles for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and issue. Shares allotted upon the exercise of an option for the time being outstanding shall not carry voting rights until completion of the registration of the option holder (or any other person) as the holder thereof.

(x) *Rights are personal to grantee*

An option shall not be transferable or assignable and shall be personal to the grantee of the option.

(xi) *Rights for grantees ceasing to be an Eligible Person*

If a grantee of an option who at the time of grant of an option to him qualified as an Eligible Person ceases to be an Eligible Person:

(aa) by reason of serious illness or death or of retirement in accordance with his contract of employment or service, then he or (as the case may be) his personal representative(s) may exercise his outstanding option within 6 months of such cessation or, such period extended by the Board failing which the option will lapse; or

(bb) by reason of matters other than those specified in paragraph (aa) above or paragraph (ee) of paragraph (xv) headed "Lapse of options" below, then any of his outstanding options shall immediately lapse and determine at the date of tendering of his resignation.

(xii) *Rights on a general offer*

If a general offer is made to all the Shareholders (other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror), an option holder shall be entitled to exercise at any time within a period of 14 days after our Company has notified of the general offer any option in whole or in part to the extent not already exercised. An option not exercised shall lapse upon the expiry of such period.

(xiii) *Rights on winding-up*

If notice is given by our Company to Shareholders of a general meeting at which a resolution will be proposed for the voluntary winding-up of our Company, our Company shall forthwith give notice to all options holders and each option holder shall be entitled, at any time no later than two business days prior to the proposed general meeting of our Company, to exercise any of his outstanding options in whole or in part. An option not exercised shall lapse and determine on the commencement of the winding-up.

(xiv) *Rights on compromise or arrangement*

In the event of a compromise or arrangement between our Company and Shareholders or our Company's creditors being proposed in connection with a scheme for the reconstruction or amalgamation of our Company, notice of the relevant meeting shall be given to the options holders on the same day notice is given to the Shareholders and our Company's creditors, and thereupon each option holder shall be entitled, at any time not later than two business days prior to the proposed meeting, to exercise any of his outstanding options in whole or in part. An option not exercised shall lapse upon such compromise or arrangement becoming effective.

(xv) *Lapse of options*

An option shall lapse automatically on the earliest of:

(aa) the expiry of the period referred to in paragraph (vii) above;

(bb) the date specified in paragraph (bb) of paragraph (xi) above or the expiry of the relevant period referred to in paragraph (aa) of paragraph (xi) above;

(cc) the expiry of any of the relevant periods referred to in paragraph (xii), (xiii) or (xiv) above;

(dd) the commencement of the winding-up of our Company;

(ee) the date on which an option holder ceases to be an Eligible Person by reason of the termination of his contract of employment or service on any one or more grounds that he has been guilty of misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty; and

(ff) the Board cancels the option because the option holder commits a breach of paragraph (x) above.

(xvi) *Cancellation of options granted but not yet exercised*

Where our Company cancels any options granted but not exercised and issues new ones to the same option holder, such options may only be granted under the Share Option Scheme with available unissued options (excluding the cancelled options) within the limit referred to in paragraph (vi).

(xvii) *Effects of alterations to capital*

In the event of any alteration in the capital structure of our Company, whether by way of capitalisation issue, rights issue, sub-division or consolidation of Shares or reduction of capital of our Company, such corresponding adjustments (if any) shall be made in the number or nominal amount of Shares comprised in each option for the time being outstanding, the Exercise Price and/or the Scheme Limit as the auditors of our Company or the independent financial adviser to our Company shall certify in writing to the Board to be in their opinion fair and reasonable, provided that:

(aa) the aggregate Subscription Price payable by an option holder on the full exercise of any option shall remain as nearly as possible the same (but shall not be greater than) as it was before such adjustment;

(bb) no alteration shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;

(cc) no adjustment will be required in circumstances when there is an issue of Shares as consideration in a transaction; and

(dd) any adjustment shall be made in accordance with the provisions of Chapter 17 of the Listing Rules and supplementary guidance on the interpretation of the Listing Rules issued by the Stock Exchange from time to time (including supplemental guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes).

(xviii) *Period of the Pre-IPO Share Option Scheme*

The Pre-IPO Share Option Scheme will remain in force for a period of 10 years commencing on the Adoption Date unless terminated earlier by Shareholders in general meeting.

(xix) *Alteration to the Pre-IPO Share Option Scheme*

(aa) Any amendment to any terms of the Pre-IPO Share Option Scheme which are of a material nature or any change to the options granted to the advantage of an option holder must be approved by Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Pre-IPO Share Option Scheme.

(bb) Any change to the authority of the Board in relation to any alteration to the terms of the Pre-IPO Share Option Scheme must be approved by Shareholders in general meeting.

(xx) *Termination to the Pre-IPO Share Option Scheme*

Our Company may, with the approval in general meeting of the Shareholders, terminate the Share Option Scheme at any time following which no further grant of options nor an offer to grant an option shall be offered but in all other respects the rules of the Pre-IPO Share Option Scheme shall continue in full force and effect. Any options granted and accepted prior to such termination, shall continue to be valid and exercisable in accordance with the rules of the Pre-IPO Share Option Scheme.

(c) Present status of the Pre-IPO Share Option Scheme

Application has been made to the Listing Committee for the listing of and permission to deal in the Shares which may fall to be issued pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme.

(d) Outstanding Options

As at the date of this prospectus, options to subscribe for an aggregate of 23,704,000 Shares have been conditionally granted by our Company to management and employees of our Group under

the Pre-IPO Share Option Scheme. A total of 225 eligible participants have been granted options under the Pre-IPO Share Option Scheme. Our Directors have been granted options under the Pre-IPO Share Option Scheme to subscribe for a total of 6,000,000 Shares, representing approximately 1.2% of the issued share capital of our Company upon completion of the Share Offer, but excluding all Shares which may fall to be issued upon the exercise of options granted or to be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme.

Below is a list of grantees and details of options which have been granted to them under the Pre-IPO Share Option Scheme:

Name of Grantees	**Address**	**Exercise Price**	**Number of Shares under the Options Granted**	**Exercise Period**	**Approximate percentage of enlarged share capital upon full exercise of all the outstanding options granted under the Pre-IPO Share Option Scheme (excluding all Shares which may fall to be issued upon exercise of the options to be granted under the Share Option Scheme)**
Executive Directors					
Mr. Ko	43A Tavistock II, 10A Tregunter Path, Hong Kong	80% of the Offer Price	500,000	after 1 year from the Listing Date	0.095%
Mrs. Ko	43A Tavistock II, 10A Tregunter Path, Hong Kong	80% of the Offer Price	500,000	after 1 year from the Listing Date	0.095%
Mr. Kam, Tze Ming Alfred	Flat 33, 6/F., Block B, Luso Apartments, Beacon Hill, Kowloon Tong, Kowloon, Hong Kong	80% of the Offer Price	5,000,000	after 1 year from the Listing Date	0.955%
		Sub-total: 3 grantees	6,000,000		1.146%

Name of Grantees	Position	Address	Exercise Price	Number of Shares under the Options Granted	Exercise Period	Approximate percentage of enlarged share capital upon full exercise of all the outstanding options granted under the Pre-IPO Share Option Scheme (excluding all Shares which may fall to be issued upon exercise of the options to be granted under the Share Option Scheme)
Senior Management						
Mr. Cheung	Division Head — Product Development	Flat F, 5/F., Tower 25, Chai Kung Mansion, Taikoo Shing, Kam Din Terrace, Hong Kong	80% of the Offer Price	1,000,000	after 1 year from the Listing Date	0.191%
Ms. Ho	Division Head — Talent Management	Flat B, 27/F., Tung Ting Mansion, 4 Taikoo Shing Road, Hong Kong	80% of the Offer Price	1,000,000	after 1 year from the Listing Date	0.191%
Ms. Man, Yuk Shan	District Manager	Flat F, 41/F., Block 2, Phase 1, Kwun Lung Lau, Kennedy Town, Hong Kong	85% of the Offer Price	500,000	after 1 year from the Listing Date	0.095%
Ms. Lo, Sau Ling	District Manager	10F, Ka Wing Mansion, 4-6 Hoi Wan Street, Quarry Bay, Hong Kong	85% of the Offer Price	250,000	after 1 year from the Listing Date	0.048%
Ms. Lee, Ching Han	District Manager	Flat F, 5/F., Tower 25, Chai Kung Mansion, Taikoo Shing, Kam Din Terrace, Hong Kong	85% of the Offer Price	500,000	after 1 year from the Listing Date	0.095%

Name of Grantees	Position	Address	Exercise Price	Number of Shares under the Options Granted	Exercise Period	Approximate percentage of enlarged share capital upon full exercise of all the outstanding options granted under the Pre-IPO Share Option Scheme (excluding all Shares which may fall to be issued upon exercise of the options to be granted under the Share Option Scheme)
Ms. Yu, Wai Ning	District Manager	Flat 4, 10/F., Block 27, Heng Fa Chuen, No.100 Shing Tai Road, Hong Kong	85% of the Offer Price	500,000	after 1 year from the Listing Date	0.095%
Mr. So, Hing Kai	District Manager	Flat 4, 10/F., Block 27, Heng Fa Chuen, No.100 Shing Tai Road, Hong Kong	85% of the Offer Price	280,000	after 1 year from the Listing Date	0.053%
Mr. Chan, Hoi Chun	District Manager	Room 1201, Block 2, Hang Fa Chuen, No.100 Shing Tai Road, Hong Kong	85% of the Offer Price	250,000	after 1 year from the Listing Date	0.048%
Mr. Chan Wan Fung	Chief Financial Officer	Flat E, 11/F., Tower 3, Sorrento, 1 Austin Road West, Tsim Sha Tsui, Kowloon	At the Offer Price	1,250,000	after 1 year from the Listing Date	0.239%
			200% of the Offer Price	1,250,000	after 2 years from the Listing Date or after completion of 24 months service, whichever is earlier	
			Sub-total: 9 grantees	6,780,000		1.295%

Name of Grantees	Position	Address	Exercise Price	Number of Shares under the Options Granted	Exercise Period	Approximate percentage of enlarged share capital upon full exercise of all the outstanding options granted under the Pre-IPO Share Option Scheme (excluding all Shares which may fall to be issued upon exercise of the options to be granted under the Share Option Scheme)
Other connected persons of the Group		Nil				
Grantees who have been granted options to subscribe for 150,000 Shares or above						
Mr. Leung Kai Ming	Manager - Accounting	Room 705, Man Yue House, Tsz Man Estate, Tsz Wan Shan, Kowloon	85% of the Offer Price	200,000	after 1 year from the Listing Date	0.038%
Ms. Yuen Ching Man	Senior Manager - Finance & Accounting	Flat H, 23/F., Block 2, Lido Gardens, Sham Tseng, New Territories	85% of the Offer Price	150,000	after 1 year from the Listing Date	0.029%
Ms. Cheng Yin Wah	Company Secretary	Flat C3, 24/F., Block C, Lee Kee Building, 55 Ngau Tau Kok Road, Kowloon	85% of the Offer Price	150,000	after 1 year from the Listing Date	0.029%
Ms. Man Yuk Ping	Assistant Manager - Administration	Flat F, 41/F., Block 2, Kwun Lung Lau, Kennedy Town, 20 Lung Wah Street, Hong Kong	85% of the Offer Price	200,000	after 1 year from the Listing Date	0.038%

Name of Grantees	Position	Address	Exercise Price	Number of Shares under the Options Granted	Exercise Period	Approximate percentage of enlarged share capital upon full exercise of all the outstanding options granted under the Pre-IPO Share Option Scheme (excluding all Shares which may fall to be issued upon exercise of the options to be granted under the Share Option Scheme)
Ms. Au-yeung Yuet Lai	Manager - Human Resources & Administration	Flat 2, 11/F., Pik On House, Yue On Court, Ap Lei Chau, Hong Kong	85% of the Offer Price	150,000	after 1 year from the Listing Date	0.029%
Ms. Chan Yee Mee	Manager - Corporate Communications	9D, Nan Ting Building, 275 King's Road, North Point, Hong Kong	85% of the Offer Price	160,000	after 1 year from the Listing Date	0.031%
Ms. Ho Lai Ting	Manager - Hotel Operations	Phase 1A, 1 Begonai Path, Palm Springs, Yuen Long, N.T.	85% of the Offer Price	226,000	after 1 year from the Listing Date	0.043%
Ms. Cheng Mei Ngor	Assistant Manager - Ticketing	Room 26, 3/F., Chung Yiu Building, Kok Cheung Street, Tai Kok Tsui, Kowloon	85% of the Offer Price	222,000	after 1 year from the Listing Date	0.042%
Ms. Lee Lai Ming	Manager - Training	Flat 20, 5/F., Yat Shing House, Mei Shing Court, Shatin, New Territories	85% of the Offer Price	182,000	after 1 year from the Listing Date	0.035%
Ms. Lai Nga Shan	Operations Manager	Block B2, G/F., Castle Peak Villas, Castle Peak Road, 17 Miles, Hong Kong	85% of the Offer Price	178,000	after 1 year from the Listing Date	0.034%
Ms. Chan Yuk Yu	Assistant Manager - Corporate Team	14A, Block 2, Lok Hin Terrace, 350 Chai Wan Road, Chai Wan, Hong Kong	85% of the Offer Price	168,000	after 1 year from the Listing Date	0.032%

Name of Grantees	Position	Address	Exercise Price	Number of Shares under the Options Granted	Exercise Period	Approximate percentage of enlarged share capital upon full exercise of all the outstanding options granted under the Pre-IPO Share Option Scheme (excluding all Shares which may fall to be issued upon exercise of the options to be granted under the Share Option Scheme)
Mr. Tang Chi Kin	Counter Manager	Flat G, 7/F., 294 King's Road, Hong Kong	85% of the Offer Price	188,000	after 1 year from the Listing Date	0.036%
Ms. Lau Wing Sze	Counter Manager	Flat A , Block 2, 20/F., Bauhinia Garden, Tseung Kwan O, New Territories	85% of the Offer Price	150,000	after 1 year from the Listing Date	0.029%
Ms. Wong Sze Wan	Counter Manager	Flat G, 13/F., Foong Shan Mansion, Tai Koo Shing, Hong Kong	85% of the Offer Price	238,000	after 1 year from the Listing Date	0.045%
Mr. To Ka Man	Assistant Counter Manager	Flat B, 13/F., Block 9, Fullview Garden,18 Siu Sai Wan Road, Chai Wan, Hong Kong	85% of the Offer Price	184,000	after 1 year from the Listing Date	0.035%
			Sub-total: 15 grantees	2,746,000		0.524%
Other 198 grantees who have been granted options to subscribe for less than 150,000 Shares				8,178,000		
			Total: 225 grantees	23,704,000		

The total number of shares subject to the options granted under the Pre-IPO Share Option Scheme is 23,704,000 Shares, representing approximately 4.74 % of the issued share capital of our Company upon completion of the Share Offer (excluding all Shares which may fall to be issued upon the exercise of the options granted or to be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme), or approximately 4.53% of the enlarged issued share capital of our Company upon full exercise of all the outstanding options granted under the Pre-IPO Share Option Scheme on completion of the Share Offer (excluding all Shares which may fall to be issued upon the exercise of the options to be granted under the Share Option Scheme). As such, assuming full exercise of the outstanding options granted under the Pre-IPO Share Option Scheme, the shareholding of our Shareholders immediately following the Listing will be diluted by approximately 4.53%. Further, assuming that (i) our Company had been listed on the Stock Exchange since 1 April 2010 with 500,000,000 Shares in issue; and (ii) our Company had been listed on the Stock Exchange since 1 April 2010 with 500,000,000 Shares in issue and all the options granted under the Pre-IPO Share Option Scheme in respect of 23,704,000 Shares were exercised in full on 1 April 2010, the earnings per Share on a pro forma diluted basis would be approximately HK$0.06 (unaudited) and HK$0.06 (unaudited) respectively for the year ended 31 March 2011.

Save and except as set out above, no other options have been granted or agreed to be granted by our Company under the Pre-IPO Share Option Scheme.

(e) Waiver

Our Company has applied for a waiver from the Stock Exchange from strict compliance with the disclosure requirements under Rule 17.02(1)(b) and paragraph 27 of Part A of Appendix 1 to the Listing Rules on the following grounds:

(i) the total number of Pre-IPO options granted under the Pre-IPO Share Option Scheme represents approximately 4.53% of the total issued share capital of the Company immediately following completion of the Capitalisation Issue and the Share Offer as enlarged by the allotment and issue of Shares upon the exercise of all such Pre-IPO Options (not taking into account of any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme). The grant and exercise in full of the options granted under the Pre-IPO Share Option Scheme will not cause any material adverse impact on the financial position of our Company;

(ii) all material information of the Pre-IPO Share Option Scheme that is reasonably necessary for potential investors to make an informed assessment of the activities and financial position of our Company have been included in this prospectus. Non-compliance with the disclosure requirements will not prejudice the interest of the investing public;

(iii) full disclosure of the details of the grantees involves sensitive information as to the identity and address of the grantees and their respective entitlements and consents from each grantee have to be obtained for such disclosure;

(iv) full disclosure of the details of the grantees may also have a negative impact on our Company's relationships with the grantees, as some of the grantees may be dissatisfied with the number of the Pre-IPO Options granted to them after comparing with other grantees; and

(v) the number of grantees involved is huge (225 grantees in total).

The Stock Exchange has granted the waiver to us on the condition that the following particulars are set out in our Company's prospectus:

(i) the grant of a certificate of exemption from strict compliance with the relevant Companies Ordinance requirements by the SFC;

(ii) on an individual basis, full disclosure in this prospectus on all options under the Pre-IPO Share Option Scheme granted to Directors, senior management and connected persons of our Group, and grantees who have been granted with Pre-IPO share options to subscribe for 150,000 Shares or above, including all the particulars required under Paragraph 10(d) of Part I of the Third Schedule to the Companies Ordinance and Rule 17.02(1)(b) and paragraph 27 of Part A of Appendix I to the Listing Rules;

(iii) for the remaining grantees, disclosure in this prospectus on an aggregate basis, (1) the aggregate number of grantees and the number of Shares underlying the options; (2) the consideration paid for the grant of the options; and (3) the exercise period and exercise price for the options;

(iv) disclosure in this prospectus on the aggregate number of Shares underlying the options under the Pre-IPO Share Option Scheme and the percentage of our Company's issued share capital represented by them, the dilution effect and impact on earnings per shares upon full exercise of the options under the Pre-IPO Share Option Scheme; and

(v) availability for public inspection a full list of all grantees under the Pre-IPO Share Option Scheme with all the particulars required under the relevant provisions of the Companies Ordinance and the Listing Rules.

(f) Exemption

Our Company has applied for a certificate of exemption under section 342A of the Companies Ordinance from the SFC from strict compliance with the disclosure requirements of paragraph 10(d) of Part I of the Third Schedule to the Companies Ordinance, on the ground that strict compliance with the requirements would be unduly burdensome for the Company and would be of little value to the potential investors for the following reasons:

(i) the number of grantees involved is huge (225 grantees in total). If the full list of grantees were to be included in this prospectus, many additional pages would have to be inserted, causing this prospectus to be unnecessarily voluminous and unduly burdensome for our Company;

(ii) all material information of the Pre-IPO Share Option Scheme that is reasonably necessary for potential investors to make an informed assessment of the activities and financial position of our Company have been included in this prospectus. Non-compliance with the disclosure requirements will not prejudice the interest of the investing public; and

(iii) the total number of Pre-IPO Options granted under the Pre-IPO Share Option Scheme represents approximately 4.53% of the total issued share capital of our Company immediately following completion of the Capitalisation Issue and the Share Offer as enlarged by the allotment and issue of Shares upon the exercise of all such Pre-IPO Options (not taking into account of any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme). The grant and exercise in full of the options granted under the Pre-IPO Share Option Scheme will not cause any material adverse impact on the financial position of our Company.

The SFC has granted the certificate of exemption to us pursuant to Section 342A of the Companies Ordinance subject to the following conditions:

(i) full details of the options granted by the Company under the Pre-IPO Share Option Scheme to each Director, senior management, connected person of the Group and grantee who has been granted with options to subscribe for 150,000 shares or above are disclosed in this prospectus, such details to include all the particulars required under paragraph 10 of the Third Schedule to the Companies Ordinance;

(ii) in respect of the options granted by the Company under the Pre-IPO Share Option Scheme to employees other than those referred to in point (i) above, the following details are disclosed in this prospectus:

    (a) aggregate number of grantees and number of Shares subject to the options;

    (b) the consideration paid for the grant of the options; and

    (c) the exercise period and the exercise price for the options; and

(iii) a full list of all the grantees (including the persons referred to in point (i) above) who have been granted options to subscribe for Shares under the Pre-IPO Share Option Scheme, containing all the details as required under paragraph 10 of the Third Schedule to the Companies Ordinance, be made available for public inspection in accordance with the section headed "Documents available for inspection" in Appendix VI to this prospectus.

SHARE OPTION SCHEME

The terms of the Share Option Scheme comply with Chapter 17 of the Listing Rules.

(a) Definitions

For the purpose of this section, the following expressions have the meanings set out below unless the context requires otherwise:

"Adoption Date"	means the date on which the Share Option Scheme becomes unconditional
"Eligible Person"	means any employee or proposed employee (whether full time or part time employee, including any director) of any member of our Group or any invested entity, any supplier of goods or services, any customer, any person or entity that provide research, development or other technological support, any shareholders or any participants who contribute to the development and growth of our Group or any invested entity
"Exercise Price"	has the meaning ascribed to it in paragraph (i) below
"Listing Date"	means the date on which the Shares commence trading on the Stock Exchange
"Participant Limit"	has the meaning ascribed to it in paragraph (vii) below
"Scheme Limit"	has the meaning ascribed to it in paragraph (vi) below
"Scheme Period"	means the period commencing on the Adoption Date and expiring at the close of business on the day immediately preceding the tenth anniversary thereof
"Subscription Price"	means, in relation to an option, an amount equal to the Exercise Price multiplied by the relevant number of Shares in respect of which an option is exercised
"trading day"	means a day on which the Stock Exchange is open for business of dealing in securities

(b) Summary of terms

The following is a summary of the principal terms of the rules of the Share Option Scheme:

(i) *Purpose of the Share Option Scheme*

The purpose of the Share Option Scheme is to enable our Board to grant options to selected Eligible Persons as incentives or rewards for their contribution or potential contribution to our Group and/or to recruit and retain high caliber Eligible Persons and to attract human resources that are valuable to our Group.

The terms of the Share Option Scheme provide that in granting options under the Share Option Scheme, our Board is entitled to determine whether there is any minimum holding period, and whether there is any performance target which must be achieved, before an option granted under the Share Option Scheme is exercised. Our board is also entitled to determine the price per Share payable on the exercise of an option (the "Exercise Price") according to the terms of the Share Option Scheme. Our Board believes that such terms, together with the incentive that the option will bring about, will serve the purpose of the Share Option Scheme.

(ii) *Conditions*

The Scheme is conditional on, among others, the commencement of trading of the Shares on the Stock Exchange.

(iii) *Who may join and basis of eligibility*

The Board may, at its absolute discretion and on such terms as it may think fit, grant options to any Eligible Person to subscribe at the Exercise Price for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme.

The basis of eligibility of any of the Eligible Persons to the grant of options shall be determined by the Board from time to time on the basis of his contribution or potential contribution to the development and growth of our Group.

(iv) *Price for subscription of Shares*

The Exercise Price is to be determined by the Board provided always that it shall be at least the higher of:

(aa) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of offer for the grant of the option (which is deemed to be the date of grant if the offer for the grant of the option is accepted by the Eligible Person), which must be a trading day; and

(bb) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant, provided that the Exercise Price shall in no event be less than the nominal amount of one Share.

(v) *Grant of options and acceptance of offers*

A grant of options shall not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published in accordance with the Listing Rules by our Company. In particular, during the period commencing one month immediately preceding the earlier of:

(aa) the date of the Board meeting (as such date is first notified to the Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year or quarterly or any other interim period (whether or not required by the Listing Rules); and

(bb) the deadline of our Company to publish its results announcement for any year, half-year or quarterly or any other interim period (whether or not required by the Listing Rules);

and ending on the date of the results announcements, no option may be granted.

An offer for the grant of options must be accepted within twenty one days inclusive of the day on which such offer was made. The amount payable to our Company on acceptance of the offer for the grant of an option is HK$1.00.

(vi) *Maximum number of Shares*

(aa) Subject to sub-paragraph (bb) and (dd) below, the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) must not in aggregate exceed 10% of the Shares in issue on the Listing Date, i.e., 50,000,000 Shares (the "Scheme Limit").

Options lapsed in accordance with the Share Option Scheme will not be counted for the purpose of the Scheme Limit.

(bb) The Scheme Limit may be refreshed at any time by obtaining approval of the Shareholders in general meeting provided that the refreshed limit must not exceed 10% of the Shares in issue at the date of the Shareholders' approval of such limit. Options previously granted under the Share Option Scheme or any other share option schemes of our Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company or those exercised) will not be counted for the purpose of calculating the refreshed limit.

(cc) Our Company may also, by obtaining separate approval of the Shareholders in general meeting, grant options beyond the Scheme Limit provided the options in excess of the Scheme Limit are granted only to Eligible Persons specifically identified by our Company before such approval is sought. Our Company shall send a circular to the Shareholders which contains the information required by the Listing Rules.

(dd) The aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not exceed 30% of the Shares in issue from time to time.

(vii) *Maximum entitlement of each Eligible Person*

The maximum number of Shares issued and to be issued upon exercise of options granted and to be granted under the Share Option Scheme and any other share option schemes of our Company to any Eligible Person (including cancelled, exercised and outstanding options), in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue from time to time (the "Participant Limit"). Any further grant of options in excess of such limit must be separately approved by Shareholders with such Eligible Person and his associates abstaining from voting. Our Company shall send a circular to the Shareholders which contains the information required by the Listing Rules.

(viii) *Grant of options to certain connected persons*

(aa) Any grant of an option to a Director, chief executive or substantial shareholder (excluding the proposed director or chief executive) of our Company or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the offeree of the option).

(bb) Where any grant of options to a substantial shareholder of our Company or an independent non-executive Director (or any of their respective associates) would result in the total number of Shares issued and to be issued upon exercise of options already granted and to be granted to such person under the Share Option Scheme and any other share option schemes of our Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant:

(i) representing in aggregate over 0.1% (or such other percentage as may from time to time specified by the Stock Exchange) of the Shares in issue from time to time; and

(ii) having an aggregate value, based on the closing price of the Shares on each date of grant, in excess of HK$5 million (or such other percentage as may from time to time specified by the Stock Exchange),

such further grant of options is required to be approved by Shareholders in general meeting.

Our Company must send a circular, containing such information as required under the Listing Rules, to the Shareholders for seeking approval on the matter referred to in the sub-paragraph (bb) above. All connected persons of our Company must abstain from voting in favour at such general meeting. Any vote taken at such general meeting to approve the grant of such options must be taken on a poll.

(ix) *Exercise of option*

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine but in any event shall not exceed 10 years from the date of grant.

Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no minimum holding period before an option is exercisable.

(x) *Performance targets*

Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

(xi) *Ranking of Shares*

Shares allotted upon the exercise of an outstanding option will be subject to all the provisions of the Memorandum and the Articles for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and issue. Shares allotted upon the exercise of an option for the time being outstanding shall not carry voting rights until completion of the registration of the option holder (or any other person) as the holder thereof.

(xii) *Rights are personal to grantee*

An option shall not be transferable or assignable and shall be personal to the grantee of the option.

(xiii) *Rights for grantees ceasing to be an Eligible Person*

If a grantee of an option who at the time of grant of an option to him qualified as an Eligible Person ceases to be an Eligible Person:

(aa) by reason of serious illness or death or of retirement in accordance with his contract of employment or service, then he or (as the case may be) his personal representative(s) may exercise his outstanding option within 12 months of such cessation or, such period extended by the Board failing which the option will lapse; or

(bb) by reason of matters other than those specified in paragraph (aa) above, then he may exercise his outstanding options within three months after he so ceases.

(xiv) *Rights on a general offer*

If a general offer is made to all the Shareholders (other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror), an option holder shall be entitled to exercise at any time within a period of 14 days after our Company has notified of the general offer any option in whole or in part to the extent not already exercised. An option not exercised shall lapse upon the expiry of such period.

(xv) *Rights on winding-up*

If notice is given by our Company to Shareholders of a general meeting at which a resolution will be proposed for the voluntary winding-up of our Company, our Company shall forthwith give notice to all options holders and each option holder shall be entitled, at any time no later than two business days prior to the proposed general meeting of our Company, to exercise any of his outstanding options in whole or in part. An option not exercised shall lapse and determine on the commencement of the winding-up.

(xvi) *Rights on compromise or arrangement*

In the event of a compromise or arrangement between our Company and Shareholders or our Company's creditors being proposed in connection with a scheme for the reconstruction or amalgamation of our Company, notice of the relevant meeting shall be given to the options holders on the same day notice is given to the Shareholders and our Company's creditors, and thereupon each option holder shall be entitled, at any time not later than two business days prior to the proposed meeting, to exercise any of his outstanding options in whole or in part. An option not exercised shall lapse upon such compromise or arrangement becoming effective.

(xvii) *Lapse of options*

An option shall lapse automatically on the earliest of:

(aa) the expiry of the period referred to in paragraph (ix) above;

(bb) the expiry of the relevant period referred to in paragraph (xiii) above;

(cc) the expiry of any of the relevant periods referred to in paragraph (xiv), (xv) or (xvi) above;

(dd) the commencement of the winding-up of our Company;

(ee) the date on which an option holder ceases to be an Eligible Person by reason of the termination of his contract of employment or service on any one or more grounds that

he has been guilty of misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty; and

(ff) the Board cancels the option because the option holder commits a breach of paragraph (xii) above.

(xviii) *Cancellation of options granted but not yet exercised*

Where our Company cancels any options granted but not exercised and issues new ones to the same option holder, such options may only be granted under the Share Option Scheme with available unissued options (excluding the cancelled options) within the limit referred to in paragraph (vi).

(xix) *Effects of alterations to capital*

In the event of any alteration in the capital structure of our Company, whether by way of capitalisation issue, rights issue, sub-division or consolidation of Shares or reduction of capital of our Company, such corresponding adjustments (if any) shall be made in the number or nominal amount of Shares comprised in each option for the time being outstanding, the Exercise Price, the Scheme Limit and/or the Participant Limit as the auditors of our Company or the independent financial adviser to our Company shall certify in writing to the Board to be in their opinion fair and reasonable, provided that:

(aa) the aggregate Subscription Price payable by an option holder on the full exercise of any option shall remain as nearly as possible the same (but shall not be greater than) as it was before such adjustment;

(bb) no alteration shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;

(cc) no adjustment will be required in circumstances when there is an issue of Shares as consideration in a transaction; and

(dd) any adjustment shall be made in accordance with the provisions of Chapter 17 of the Listing Rules and supplementary guidance on the interpretation of the Listing Rules issued by the Stock Exchange from time to time (including supplemental guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes).

(xx) *Period of the Share Option Scheme*

The Share Option Scheme will remain in force for a period of 10 years commencing on the Adoption Date unless terminated earlier by Shareholders in general meeting.

(xxi) *Alteration to the Share Option Scheme*

Our Directors may in their absolute discretion vary or amend the terms of the Share Option Scheme, provided that:

(aa) the terms and conditions of the Share Option Scheme relating to the definition of "Eligible Person" or the Scheme Period or matters governed by Rule 17.03 of the Listing Rules shall not be altered to the advantage of participants except with the prior approval of the Shareholders in general meeting;

(bb) any amendment to any terms of the Share Option Scheme which are of a material nature or any change to the options granted to the advantage of an option holder must be approved by Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Share Option Scheme;

(cc) any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme must be approved by Shareholders in general meeting; and

(dd) any amendment to any terms of the Share Option Scheme or the options granted shall comply with the relevant requirements of Chapter 17 of the Listing Rules.

(xxii) *Termination to the Share Option Scheme*

Our Company may, with the approval in a general meeting of the Shareholders, terminate the Share Option Scheme at any time following which no further grant of options shall be offered but in all other respects the rules of the Share Option Scheme shall continue in full force and effect. Any options granted and accepted prior to such termination, shall continue to be valid and exercisable in accordance with the rules of the Share Option Scheme.

(c) Present status of the Share Option Scheme

Application has been made to the Listing Committee for the listing of and permission to deal in 50,000,000 Shares which may fall to be issued pursuant to the exercise of the options granted under the Share Option Scheme.

As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.

(d) Value of Options

Our Directors consider it inappropriate to value the Options that can be granted under the Share Option Scheme on the assumption that they had been granted at the Latest Practicable Date, as various determining factors for the calculation of such value cannot be reasonably fixed at this stage. It would not be meaningful and to a certain extent would be misleading to the Shareholders if the value of the Options is calculated based on a set of speculative assumptions. However, the information on value

of the Options granted in any financial period will be provided to the Shareholders based on Black-Scholes option pricing model, the binomial model or a comparable generally accepted methodology as at the end of relevant financial period for any annual or interim reports of our Company.

OTHER INFORMATION

1. Tax and other indemnities

C&H Holdings, Mr. Ko and Mrs. Ko (the "**Indemnifiers**") have pursuant to a deed of indemnity referred to in the paragraph headed "Summary of material contracts" under the section headed "Further information about the business" in this appendix (the "**Deed of Indemnity**"), on a joint and several basis, given indemnities in favour of our Group in respect of any amount which any member of our Group becomes liable to pay after the date of the Deed of Indemnity being:

(a) any taxation which might be payable by any member of our Group in respect of any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring on or up to the date of the Deed of Indemnity;

(b) any expenses, payments, sums, outgoings, fees, demands, claims, damages, losses, costs (including but not limited to legal and other professional costs), charges, liabilities, fines, penalties ("**Costs**") in connection with any failure, delay or defects of corporate or regulatory compliance under, or any breach of any provision of, the Companies Ordinance or any other applicable laws, rules or regulations on or before the date on which the Share Offer becomes unconditional ("**Effective Date**");

(c) any Costs in connection with any errors, discrepancies or missing documents in the statutory records of any member of our Group on or before the Effective Date;

(d) any Costs in connection with any breach of the non-alienation clause by any member of our Group under any tenancy agreements or arrangements entered into, or purported to be entered into, by any member of our Group as tenants on or before the Effective Date in respect of any leased properties;

(e) any Costs in connection with any default, failure or delay in stamping of any tenancy agreements or arrangements entered into, or purported to be entered into, by any member of the Group as tenants on or before the Effective Date in respect of any leased properties; and

(f) any Costs in connection with any lack of formal termination or renewal of any tenancy agreements or arrangements entered into, or purported to be entered into by any member of the Group either as tenants or landlords on/or before the Effective Date in respect of any leased properties.

The Deed of Indemnity does not however cover any claim and the Indemnifiers shall be under no liability in respect of any taxation or liability:-

(a) to the extent that provision has been made for such taxation in the audited consolidated accounts of our Group for three years ended 31 March 2011 (the "**Accounts Date**") and any previous audited accounts of any member of our Group ("**Accounts**");

(b) to the extent that provision will be made in the audited consolidated accounts of our Group or the audited accounts of any member of our Group covering the period from 1 April 2011 to the date of the Deed of Indemnity;

(c) such taxation or liability would not have arisen but for any act or omission by any member of our Group voluntarily effected without the prior written consent or agreement of the Indemnifiers and otherwise than in the ordinary course of business after the Accounts Date;

(d) the taxation arises or is incurred as a result of any retrospective change in law or the interpretation or practice thereof and/or a retrospective increase of tax rates coming into force after the date of the Deed of Indemnity;

(e) such taxation or liability for which any member of our Group is primarily liable as a result of transactions entered into in the ordinary course of business after the Accounts Date;

(f) provision or reserve made for such taxation in the Accounts is established to be an over-provision or an excessive reserve;

(g) to the extent that such taxation or liability arises as a result of any member of our Group being in breach of any provision of the Deed of Indemnity; and

(h) to the extent that provision or reserve made for such taxation in the Accounts is established to be an over-provision or an excess reserve.

2. Litigation

As at the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against any member of our Group.

3. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Shares in issue and to be issued as mentioned herein, including any Shares to be issued pursuant to the exercise of any options granted under the Pre-IPO Share Option Scheme or any options which may be granted under the Share Option Scheme.

4. Preliminary expenses

The preliminary expenses of our Company are approximately US$5,000 (equivalent to approximately HK$39,000) and have been paid or payable by us.

5. Promoter

There is no promoter of our Company and no cash, securities or other benefits has been paid, alloted or given, or proposed to be paid, alloted a given, to any promotors within two years preceding the date of this prospectus.

6. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualification
OSK Capital Hong Kong Limited	A licensed corporation under the SFO to engage in types 1 and 6 of the regulated activities (as defined under the SFO)
BDO Limited	Certified Public Accountants
CB Richard Ellis Limited	Professional property surveyors and valuers
Cheng Wong Lam & Partners in association with Nixon Peabody LLP	Legal adviser on Hong Kong laws
Guangdong Jingtian Law Firm	Legal adviser on PRC laws
Conyers Dill & Pearman	Cayman Islands attorneys-at-law

7. Consents of experts

Each of the Sole Sponsor, BDO Limited, CB Richard Ellis Limited, Cheng Wong Lam & Partners in association with Nixon Peabody LLP, Guangdong Jingtian Law Firm and Conyers Dill & Pearman has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or valuation certificate and/or references to its name included herein in the form and context in which they are respectively included.

As at the Latest Practicable Date, none of the experts named above has any shareholding interest in our Group or the right (whether legally enforceable or not) to subscribe for or, to nominate persons to subscribe for securities in any members of our Group.

8. Binding effect

This prospectus shall have effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

9. Miscellaneous

(a) within the two years immediately preceding the date of this prospectus:

(i) save as disclosed in the sections headed "Further Information about our Group — 2. Changes in Share Capital" and "Further Information about our Group — 5. Changes in share capital of subsidiaries of our Company" of this appendix respectively, no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or for a consideration other than cash;

(ii) save as disclosed in the section headed "Underwriting — Commissions and Expenses" of this prospectus, no commission has been paid or payable (except the commission payable to sub-underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any shares in or debentures of our Company or any of our subsidiaries;

(iii) save as disclosed in the section headed "Structure and Conditions of the Share Offer — Offer Price and Offer Price Payable on Application" of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;

(b) save as disclosed in the section headed "Appendix V Statutory and General Information — Pre-IPO Share Option Scheme" of this prospectus, no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(c) no founder, management or deferred shares or any debentures in our Company or any of our subsidiaries have been issued or agreed to be issued;

(d) all necessary arrangements have been made to enable our Shares to be admitted into CCASS;

(e) there has been no material adverse change in our financial position or prospects since 31 March 2011 (being the date to which the latest audited combined financial statements of our Group were made up); and

(f) the English text of this prospectus shall prevail over the Chinese text.

10. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were copies of the Application Forms, the written consents referred to in the paragraph headed "Consents of experts" in the section headed "Other information" of appendix V to this prospectus, the statement of adjustments prepared by BDO Limited and copies of the material contracts referred to in the paragraph headed "Summary of material contracts" in the section headed "Further information about the business" of appendix V to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Cheng Wong Lam & Partners in association with Nixon Peabody LLP at 50th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the memorandum and articles of association of our Company;

(b) the accountants' report prepared by BDO Limited, the text of which is set out in appendix I to this prospectus and the related statement of adjustments;

(c) the report on unaudited pro forma financial information of our Group prepared by BDO Limited, the text of which is set out in appendix II to this prospectus;

(d) the audited accounts of certain companies comprising our Group for each of the three years ended 31 March 2011;

(e) the letter, summary of values and valuation certificate relating to the property interests of our Group prepared by CB Richard Ellis Limited, the texts of which are set out in appendix III to this prospectus;

(f) the letters of advice issued by Cheng Wong Lam & Partners in association with Nixon Peabody LLP, our legal adviser as to Hong Kong laws;

(g) the letters of advice issued by Guangdong Jingtian Law Firm, our legal adviser as to PRC laws;

(h) the letter of advice prepared by Conyers Dill & Pearman summarising certain aspects of Cayman Islands company law referred to in appendix IV to this prospectus;

(i) the Cayman Islands Companies Law;

(j) the rules of the Pre-IPO Share Option Scheme and Share Option Scheme;

(k) the full list of all the grantees who have been granted options to subscribe for shares under the Pre-IPO Share Option Scheme containing all the details as required under paragraph 27 of appendix IA to the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies Ordinance (as the case may be);

(l) the material contracts referred to in the paragraph headed "Summary of material contracts" in the section headed "Further information about the business" of appendix V to this prospectus;

(m) the written consents referred to in the paragraph headed "Consents of experts" in the section headed "Other information" of appendix V to this prospectus; and

(n) the service contracts and letters of appointment referred to in the paragraph headed "Particulars of service agreements" in the section headed "Further information about our Directors and substantial shareholders" of appendix V to this prospectus.

專業旅運(亞洲)企業有限公司

Travel Expert (Asia) Enterprises Limited

專業旅運

Travel Expert Ltd.