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.

2012 Annual Report

Contents

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Ko Wai Ming, Daniel *(Chairman)*
Ms. Cheng Hang Fan *(Chief Executive Officer)*
Mr. Kam Tze Ming, Alfred *(Chief Operating Officer)*
Mr. Chan Wan Fung *(Chief Financial Officer)*

Independent Non-executive Directors

Mr. Mak King Sau
Mr. Szeto Chi Man
Mr. Yung Ha Kuk, Victor

AUDIT COMMITTEE

Mr. Yung Ha Kuk, Victor *(Chairman)*
Mr. Mak King Sau
Mr. Szeto Chi Man

NOMINATION COMMITTEE

Mr. Szeto Chi Man *(Chairman)*
Mr. Ko Wai Ming, Daniel
Mr. Mak King Sau
Mr. Yung Ha Kuk, Victor

REMUNERATION COMMITTEE

Mr. Mak King Sau *(Chairman)*
Ms. Cheng Hang Fan
Mr. Szeto Chi Man
Mr. Yung Ha Kuk, Victor

COMPANY SECRETARY

Ms. Cheng Yin Wah

AUDITOR

BDO Limited

COMPLIANCE ADVISER

OSK Capital Hong Kong Limited

PRINCIPAL BANKER

Hang Seng Bank Limited

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P. O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

9th Floor
Kowloon Plaza
No. 485 Castle Peak Road
Lai Chi Kok
Kowloon
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

COMPANY WEBSITE

www.travelexpert.com.hk

STOCK CODE

The Stock Exchange of Hong Kong Limited: 1235

FINANCIAL HIGHLIGHTS

	Notes	2012 HK$'000	2011 HK$'000	Year-on-Year change
Profitability				
Gross sales proceeds		**1,433,879**	1,285,036	+11.6%
Revenue		**229,188**	204,842	+11.9%
Profit attributable to owners of the Company (excluding equity settled share options expense)		**32,805**	31,109	+5.5%
Profit attributable to owners of the Company		**30,339**	31,109	–2.5%
Financial ratio				
Return on equity (%)	*1*	**28.2%**	145.0%	
Current ratio	*2*	**1.37**	1.05	
Gearing ratio (%)	*3*	**6.1%**	0.0%	

Notes:

1 Return on equity is calculated based on the profit for the year divided by total equity at the end of the year and multiplied by 100%.

2 Current ratio is calculated based on the total current assets divided by the total current liabilities at the end of the year.

3 Gearing ratio is calculated based on the borrowing divided by equity attributable to owners of the Company at the end of the year and multiplied by 100%.

CHAIRMAN'S STATEMENT

Dear Honorable Shareholders,

The financial year ended 31 March 2012 is an exciting yet challenging year in our corporate history. Our Group was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited on 30 September 2011 by way of placing and public offer. The listing has enhanced our brand awareness and image, and has brought positive effect to our business.

The earthquake and subsequent tsunami struck Japan in March 2011, as well as the nuclear crisis so caused has brought adverse effect to the local tourism industry. Since Japan is one of the most favourite travel places for Hong Kong people, our results in the first half of the year was inevitably affected. But as the fear gradually faded out, our customers to Japan has recovered during the second half of the year, and has returned to the level before the nuclear incident.

Despite of the flooding in Bangkok occurred in October 2011, we saw business growth in all destinations and the improvement of profit margin during the second half of the year.

In the coming year, we expect to face more keen competition and hike in shop rental. In order to maintain our competitiveness and leading position in the travel agent industry, we will work on the following areas:

- Continue to expand our retail sales network by opening more retail outlets in strategic and well selected locations with reasonable rental fees;

- Continue to upgrade our information technology system and streamline our internal process flow so as to increase our efficiency and provide quality services to our customers; and

- Diversify our business by developing corporate business, MICE (meeting, incentive, conference and exhibition) business and setting up a new business line under the brand name "Tailor Made Holidays (度新假期)".

Regarding the overseas expansion, we are still identifying the most appropriate business approach to expand our retail business into China.

Looking forward, we will remain cautious in expanding our business in Hong Kong and overseas. Despite of many new initiatives in the coming year, we will continue to place our effort in controlling our selling and administrative expenses, and strive to maximize the value of our shareholders.

Finally, on behalf of the Board, I wish to express my sincere gratitude to our shareholders and business partners for their continuous support, and to our employees for their dedication and hard work.

Ko Wai Ming, Daniel
Chairman and Executive Director

Hong Kong, 28 June 2012

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

During the second half of the year, our business experienced a good improvement in terms of operating result comparing to the first half of the year. The Group's revenue for the year ended 31 March 2012 amounted to approximately HK$229.2 million (2011: HK$204.8 million), representing an increase of 11.9% compared to last year. Profit for the year attributable to the owners of our Company decreased by HK$770,000 to approximately HK$30.3 million, was mainly due to the staff share options expenses and increase in administrative expenses. Without regard to the equity-settled share option expense of HK$2.5 million, the profit for the year increased by 5.5% from HK$31.1 million for the year ended 31 March 2011 to HK$32.8 million for the year ended 31 March 2012. Basic earnings per share attributable to owners of our Company for the year ended 31 March 2012 was HK6.7 cents as compared to HK7.8 cents for last year.

BUSINESS REVIEW

Gross sales proceeds amounted to approximately HK$1,433.9 million, representing an increase of 11.6% compared to HK$1,285.0 million of last year. After deducting the cost of travel related products, net of the incentive income from service providers, airlines and other travel products suppliers (primarily consists of cost of air tickets, hotel accommodations and other travel related products, such as visa processing and travel insurance processing) of approximately HK$1,204.7 million (2011: HK$1,080.2 million), revenue for the year ended 31 March 2012 was HK$229.2 million (2011: HK$204.8 million), an increase of approximately 11.9 % from last year.

Retail Business

The Group carried out its Hong Kong retail business through Travel Expert Limited (專業國際旅運有限公司), which is the core and main focus of the Group's business in the year under review.

Japan's nuclear radiation leakage incident occurred in March 2011 has brought adverse effect to our business in the first half of the year but the numbers of our customers to Japan has returned to the normal level after a few months of the incident. Despite the flooding in Thailand last October, we saw positive business growth during Christmas, New Year and Easter holidays. All travel destinations have registered growth in revenue during the second half of the year ended 31 March 2012.

Corporate Business

During the year, we have set up a new business line Travel Expert Business Services Limited (專業旅運商務有限公司) ("TEBSL") to focus on corporate business. After the new general manager of TEBSL being on board in mid July 2011, actions have been taken to restructure the business and strengthen our sales capabilities for corporate customers. In addition to the ordinary corporate travel activities, this new business line is developing the MICE business as well which cover the travel activities related to meeting, incentive, conference and exhibition. As the business is still under the development stage, its contribution to the Group's result is not substantial. We will continue our effort to build up the corporate business in the coming years.

FINANCIAL REVIEW

Selling and Distribution Costs

Selling and distribution costs were approximately HK$152.5 million for the year ended 31 March 2012, an increase of approximately 10.2% from HK$138.4 million for last year. During the year under review, our selling and distribution expenses representing approximately 66.5% of our revenue, a decrease of approximately 1.1% from 67.6% in last year.

Salaries for frontline staff and the rents and rates on retail shops accounted for the vast majority of our selling and distribution costs. The increase of salaries for frontline staff was attributable to the annual salary increment, improved salary scheme and increase of number of frontline staff during the year. The increase of rents and rates on retail shops was attributable to a general increase in rent of retail property during the year that was in line with the market trend as well as an increase in the number of outlets. As at 31 March 2012, we operated a total of 55 retail shops across Hong Kong, an increase of 9 retail shops from 46 retail shops as at 31 March 2011.

Administrative Expenses

For the year ended 31 March 2012, administrative expenses of the Group amounted to approximately HK$45.7 million, representing an increase of 50.5% compared to last year. During the year under review, our administrative expenses accounted for 19.9% of our revenue, an increase of 5.1% from 14.8% of last year.

For the year ended 31 March 2012, salaries for back office staff accounted for the largest portion of our administrative expenses. The increase of salaries was mainly attributable to the recruitment of several senior management positions during the year, with an aim to enhance the quality of our back office; annual salary increment and improved staff benefits. In addition, the equity-settled share options expense of HK$2.5 million and the related charges incurred for the listing on the Main Board of The Stock Exchange of Hong Kong Limited of HK$1.7 million is charged to the profit or loss for the year ended 31 March 2012.

Finance Cost

Finance cost of the Group for the year ended 31 March 2012 was approximately HK$90,000 which was related to an interest-bearing bank borrowing of a mortgage loan for the Group's property (2011: Nil).

Liquidity, Financial Resources and Capital Resources

The Group generally finances the liquidity requirements through internally generated resources and will only finance with available banking facilities whenever necessary. Our balance sheet remained strong and healthy especially after the receipt of listing proceeds of HK$63.0 million.

The Group recorded a strong cash inflow during the year under review. Including the time deposits over three months, we hold abundant cash and cash equivalents of approximately HK$157.1 million as at 31 March 2012 (31 March 2011: HK$94.9 million).

The Group did not hold any significant financial investment as at 31 March 2012.

As at 31 March 2012, the Group's current ratio (current assets divided by current liabilities) was 1.37 times compared with 1.05 times as at 31 March 2011, and the gearing ratio (interest-bearing borrowing divided by equity attributable to owners of the Company) was approximately 6.1% as compared with nil as at 31 March 2011. In view of the Group's steady cash inflow from operations together with the abundant cash position, the Group has adequate financial resources to support its future business development and expansion plan.

Contingent Liabilities

The Group did not have any contingent liabilities as at 31 March 2012 (2011: Nil).

Capital Commitment

The Group did not have any significant capital commitments as at 31 March 2012 (2011: HK$40.9 million).

Pledge of Assets

As at 31 March 2012, our Group had an outstanding mortgage loan amounted to approximately HK$6.5 million (2011: Nil) which is repayable on demand. Such loan was secured by the Group's land and buildings. The interest of the said loan was calculated at 1.75% per annum over 1 month HIBOR (2011: N/A).

Foreign Exchange Risks and Treasury Policies

Our Group has foreign currency exposures. Such exposures mainly arise from the balance of assets and liabilities in currencies other than in Hong Kong dollars, our Group's functional currency. 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.

For the year under review, an exchange gain of approximately HK$1.2 million was recorded (2011: HK$0.5 million).

Human Resources and Employees' Remuneration

As at 31 March 2012, the Group had a total workforce of 483 (2011: 456), of which 79.1% were frontline staff.

Employees' remuneration package is determined by reference to the market pay and individual performance and will be reviewed on a regular basis. Other benefits include contributions to mandatory provident fund and medical insurance. In addition, the Group has granted Pre-IPO share options to certain eligible persons pursuant to a Pre-IPO share option scheme before listing in September 2011.

The remuneration policy will be reviewed by the Board from time to time. Emoluments of directors are recommended by the remuneration committee after considering the Group's operating results, individual performance and market conditions.

OUTLOOK

In the coming year, we expect to face more keen competition and hike in shop rental. In order to maintain our competitiveness and leading position in the travel agent industry, we will continue to expand our retail sales network by opening more retail outlets in strategic and well selected locations with reasonable rental fees. We will continue to upgrade our information technology system and streamline our internal process flow, so as to increase our efficiency and provide quality services to our customers. We will also diversify our business by developing corporate business under the name of TEBSL. Meanwhile, a new brand name called Tailor Made Holidays (度新假期) is under development and we will make use of this new brand name to develop another new business line.

Regarding the overseas expansion, we have already established a wholly owned subsidiary in Shenzhen, China and obtained an operating business license in April 2012. We are still identifying the best business approach to expand our retail business into China.

Looking ahead, we will remain cautious in expanding our business. We will also place more effort in controlling our selling and administrative expenses in the coming year, and strive to maximize the value of our shareholders.

DIRECTORS' BIOGRAPHIES

EXECUTIVE DIRECTORS

Mr. Ko Wai Ming, Daniel, aged 52, became our Chairman and executive Director on 6 September 2011 and 30 September 2010 respectively. Mr. Ko has over 10 years of experience in the travel industry. He is primarily responsible for the overall management, strategic development and major decision making of our Group. Mr. Ko joined our Group in January 2001. Mr. Ko began his career in 1980 with Midland Holdings Limited group of companies where he worked for 10 years and held various senior management positions, with his last position being managing director. In 1991, Mr. Ko founded a real estate agency. Mr. Ko holds a degree of Master of Business Administration from University of Birmingham. Mr. Ko is the spouse of Ms. Cheng Hang Fan, an executive Director and the Chief Executive Officer of the Company.

Ms. Cheng Hang Fan, aged 53, 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. Ms. Cheng has over 26 years of experience in the travel industry. She is primarily responsible for the day-to-day management and operation, business development and strategic planning of our Group. Ms. Cheng is the spouse of Mr. Ko Wai Ming, Daniel, an executive Director and the Chairman and of our Company.

Mr. Kam Tze Ming, Alfred, aged 52, joined our Group as Chief Operating Officer in May 2010. He became our executive Director on 30 September 2010. Mr. Kam is mainly responsible for overseeing sales operations of our Group. Mr. Kam holds a degree of Bachelor of Arts (Honours) in Computing Studies from Hong Kong Polytechnic University and a degree of Master of Business Administration from Heriot-Watt University, Edinburgh, UK. Mr. Kam worked for Duty Free Shoppers Hong Kong Limited (now known as DFS 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 more than 20 years of experience in the information technology and retail industries.

Mr. Chan Wan Fung, aged 43, joined our Group as Chief Financial Officer in May 2011. He became our executive Director on 1 April 2012. Mr. Chan is responsible for overseeing our Group's financial operations and supporting departments. Mr. Chan is a qualified certified public accountant with more than 20 years of finance and accounting working experience. He is a fellow of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan graduated from The Chinese University of Hong Kong with a degree of Bachelor of Business Administration and obtained a degree of Master of Business Administration from University of Birmingham. Mr. Chan has served various senior management positions with multi-national companies. Immediately prior to joining our Group, he was the finance director, Asia Pacific region of Accuray Asia Limited.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Mak King Sau, aged 38, was appointed as an Independent Non-executive Director on 29 June 2011. Mr. Mak is a member of the American Institute of Certified Public Accountants. He graduated from Boston University with a Bachelor of Science in Business Administration and was awarded a Master of Science in Financial Management from University of London. Mr. Mak served various senior management positions in investment institutions. He has more than 10 years of experience in corporate finance and private equity fund investment. From 2010 to 2012, he worked for Sino-Life (Hong Kong) Limited (a wholly-owned subsidiary of Sino-Life Group Limited) (stock code: 8296) as general manager. 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 of Hong Kong Limited (stock code: 840).

DIRECTORS' BIOGRAPHIES

Mr. Szeto Chi Man, aged 55, was appointed as an Independent Non-executive Director on 20 April 2011. Mr. Szeto holds a Master of International and Public Affairs from The University of Hong Kong, a Doctor of Business Administration from University of South Australia, a Master of Philosophy in Information Systems from City University of Hong Kong and a Master of Applied Science from University of Technology, Sydney. Mr. Szeto has over 10 years of experience in the development and administration of academic course and corporate training. He joined the School of Professional and Continuing Education of the University of Hong Kong ("HKU SPACE") in 2001. He is presently an associate head of both the Centre for Executive Development and Corporate Training and the College of Life Sciences and Technology of HKU SPACE. In 2004, Mr. Szeto was elected a chartered member of The British Computer Society. For about 20 years prior to joining HKU 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. Yung Ha Kuk, Victor, 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. He is a fellow of the Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants. Mr. Yung is a professional accountant with over 30 years of working experience in the financial and accounting fields. He served in management positions in various multinational companies in Asia. 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), the securities of which are listed on The Stock Exchange of Hong Kong Limited.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The board of directors of the Company (the "Board") is committed to maintaining and ensuring high standards of corporate governance in order to achieve effective accountability and safeguard the interests of shareholders. The shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 30 September 2011. Throughout the period from 30 September 2011 to 31 March 2012 (the "Reporting Period"), save as disclosed below, the Company has complied with all the applicable code of provisions as set out in the Code on Corporate Governance Practices, which has been renamed as Corporate Governance Code (the "Code") with effect from 1 April 2012, in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange.

Code provision C.2.1 requires the Directors should at least annually conduct a review of the effectiveness of the Company's internal control systems. Since a comprehensive review of the same kind had ever been conducted by an outside party for the IPO purposes, the Board did not conduct another formal review during the Reporting Period. Nevertheless, the Board had reviewed the adequacy of resources, staff qualifications and experience of the Company's accounting and financial reporting functions during the regular meetings.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors of the Company. Having made specific enquiries to all Directors, all of them confirmed that they had complied with the required standards as set out in the Model Code during the Reporting Period.

BOARD OF DIRECTORS

The Board is responsible for the leadership and monitoring of the Group's businesses, strategic decisions and overall performance. The day-to-day management responsibility is delegated to the Executive Directors who perform their daily duties under the leadership of the Chief Executive Officer. The Board currently consists of seven members, including four Executive Directors and three Independent Non-executive Directors ("INEDs"). One of the Executive Directors was appointed on 1 April 2012. Each Executive Director is suitably qualified for his/her position, and has sufficient experience to hold the position so as to carry out his/her duties effectively and efficiently. One of our INEDs has the professional qualifications or accounting or related financial management expertise required by the Listing Rules. Throughout the Reporting Period, the Company has three INEDs representing not less than one-third of the Board pursuant to Rule 3.10A of the Listing Rules.

The composition of the Board during the Reporting Period is as follows:

Executive Directors	Mr. Ko Wai Ming, Daniel *(Chairman)* Ms. Cheng Hang Fan *(Chief Executive Officer)* Mr. Kam Tze Ming, Alfred *(Chief Operating Officer)* Mr. Chan Wan Fung *(Chief Financial Officer)* (Appointed on 1 April 2012)
Independent Non-executive Directors	Mr. Mak King Sau Mr. Szeto Chi Man Mr. Yung Ha Kuk, Victor

The Company has received annual confirmation of independence from each of INEDs and considers them to be independent. The Board members have no financial, business, family or other material/relevant relationship with each other except those disclosed in the director biographical details. Given the business nature and scope of the Company, the Board has appropriate skill and experience for the requirements of the business of the Company.

The Board schedules at least four regular meetings a year on quarterly basis and also meets as and when required. During the Reporting Period, the Board held two regular meetings which is in line with the meeting schedule. The Board is of the view that the Company would have met the Code Provision A.1.1 if the Company has been listed on the Stock Exchange for a full year. At least 14 days' notice of a regular Board meeting is given to all Directors pursuant to Code Provision A.1.3 of the Code to ensure them to have an opportunity to attend the meeting and include discussion items in the agenda. However, one of the regular Board Meetings was convened by notice of less than 14 days to enable the Board to take expeditious actions for the compliance with the amendments to the Listing Rules relating to the Code and associated Listing Rules. The Board will do its best endeavours to meet the requirement of Code Provision A.1.3 in the future. The Company Secretary assists the Chairman in establishing the meeting agenda and consolidates the requests from each Director for discussion in the agenda. The agenda and the appropriate information related to the matters for discussion are circulated normally three days in advance of Board meetings to the Directors. All Directors have given sufficient time and attention to the affairs of the Group.

The Board and committee minutes are recorded in appropriate detail and draft minutes are circulated to all Directors and committee members for comments before being approved by the Board and committees at the next immediate meeting. All minutes are kept by the Company Secretary and are open for inspection by the Directors. In addition, the Company provides all Board members including INEDs with monthly update with effective from 1 April 2012 pursuant to Code Provision C.1.2 of the Code.

All the Directors including INEDs have been appointed for specific terms. According to the Articles of Association of the Company, one-third of the Directors are subject to retirement at annual general meeting of the Company and every Director is subject to retirement at least once every three years. All retiring Directors shall be eligible for re-election.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code Provision A.2.1 of the Code requires the roles of the Chairman and the Chief Executive Officer should be separate and should not be performed by the same individual. The Chairman of the Company is Mr. Ko Wai Ming, Daniel and the functions of Chief Executive Officer are performed by his spouse, Ms. Cheng Hang Fan. The roles of the Chairman and the Chief Executive Officer are segregated and assumed by two separate Individuals. The Chairman of the Board is responsible for the leadership and effective running of the Board, while the Chief Executive Officer is delegated with the authorities to manage the daily business of the Group in all aspects effectively.

Despite of the close relationship between the Chairman and the Chief Executive Officer, the Board believes that this arrangement is able to deliver strong and consistent leadership, facilitating the Group to make decisions promptly and efficiently. The Board also considers that this arrangement will not impair the balance of power and authority because the balance of power and authority is ensured by the effective operation of the Board, which comprises experienced and high caliber individuals who will meet regularly to discuss issues affecting operation of the Group. The Board has full confidence that their appointment to the post of the Chairman and the Chief Executive Officer is beneficial to the business prospects of the Group.

BOARD COMMITTEES

The Company has established three committees, i.e. Nomination Committee, Remuneration Committee and Audit Committee, to support the Board's functions. Each of the committees has its specific written terms of reference and currently all the committees are headed by INEDs. The committees are required to make recommendations and report to the Board about their decisions on specific areas. The procedures and arrangements for a Board meeting, as mentioned in the section headed "Board of Directors" of this report, have been adopted for the committee meetings so far as practicable. Copies of minutes of all meetings and resolutions of the committees, which are kept by the Company Secretary, are circulated to all Board members for information.

The individual attendance records of each Director at the meetings of the Board, Nomination Committee, Remuneration Committee and Audit Committee during the Reporting Period are set out below:

	Number of meetings attended/held			
Name of Directors	**Board**	**Nomination Committee**	**Remuneration Committee**	**Audit Committee**
Executive Directors:				
Mr. Ko Wai Ming, Daniel *(Chairman)*	2/2	2/2	—	—
Ms. Cheng Hang Fan *(Chief Executive Officer)*	2/2	—	2/2	—
Mr. Kam Tze Ming, Alfred *(Chief Operating Officer)*	2/2	—	—	—
Independent Non-executive Directors				
Mr. Mak King Sau	2/2	2/2	2/2	2/2
Mr. Szeto Chi Man	2/2	2/2	2/2	2/2
Mr. Yung Ha Kuk, Victor	2/2	2/2	2/2	2/2

NOMINATION COMMITTEE

The Nomination Committee was established on 20 April 2011 with written terms of reference in line with the provisions of the Code. This Committee currently consists of four members, including Mr. Szeto Chi Man (Chairman of the Committee), Mr. Mak King Sau, Mr. Yung Ha Kuk, Victor, all being INEDs and Mr. Ko Wai Ming, Daniel, being an Executive Director and the Chairman of the Board.

The primary duties of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; identify individuals suitably qualified to become Board members and select or make recommendations to the board on the selection of individuals nominated for directorships; assess the independence of Independent Non-executive Directors; and make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors in particular the Chairman and the Chief Executive.

During the Reporting Period, the Nomination Committee performed the works as summarized below:

(1) reviewed and recommended the appointment of Mr. Chan Wan Fung as Executive Director of the Company for the Board's approval ;

(2) reviewed and recommended the cessation of Mr. Mak King Sau as the Chairman of the Nomination Committee (but remain as a member) for the Board's approval;

(3) reviewed and recommended the appointment of Mr. Szeto Chi Man as the Chairman of the Nomination Committee for the Board's approval; and

(4) reviewed and recommended the revised Terms of Reference of the Nomination Committee for the Board's approval.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 20 April 2011 with written terms of reference in line with the provisions of the Code. This Committee currently consists of four members, including Mr. Mak King Sau (Chairman of the Committee), Mr. Szeto Chi Man, Mr. Yung Ha Kuk, Victor, all being INEDs and Ms. Cheng Hang Fan, being an Executive Director and the Chief Executive Officer of the Company.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; to make recommendations to the Board on the remuneration packages of individual Executive Directors, Non-executive Directors and senior management; to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries; to review and approve compensation payable to Executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; to ensure that no Director or any of his associates is involved in deciding his own remuneration; and to form a view in respect of service contracts that require shareholders' approval and advise shareholders (other than shareholders who are Directors with a material interest in the service contracts and their associates) as to whether the terms are fair and reasonable, and to advise whether such contracts are in the interests of the Company and its shareholders as a whole, and advise shareholders on how to vote.

During the Reporting Period, the Remuneration Committee performed the works as summarized below:

(1) reviewed and recommended the cessation of Ms. Cheng Hang Fan as the Chairman of the Remuneration Committee (but remain as a member) for the Board's approval;

(2) reviewed and recommended the appointment of Mr. Mak King Sau as the Chairman of the Remuneration Committee for the Board's approval;

(3) reviewed and recommended the revised Terms of Reference of the Remuneration Committee for the Board's approval; and

(4) reviewed and recommended the financial year of 2012–2013 remuneration proposal for Directors for the Board's approval.

AUDIT COMMITTEE

The Audit Committee was established on 20 April 2011 with written terms of reference in line with the provisions of the Code. This Committee currently consists of three members, including Mr. Yung Ha Kuk, Victor (Chairman of the Committee), Mr. Mak King Sau and Mr. Szeto Chi Man, all being INEDs. The Chairman of the Audit Committee, Mr. Yung Ha Kuk, Victor possesses appropriate professional qualifications in finance and accounting and meets the requirements of Rule 3.21 of the Listing Rules.

The Audit Committee acts as the key representative body for overseeing the Company's relations with the external auditors. The primary duties are to make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; to develop and implement policy on engaging an external auditor to supply non-audit services; to monitor integrity of the Company's financial statements and annual report and accounts, half-year report, and to review significant financial reporting judgments contained in them; to review the Company's financial controls, internal control and risk management systems; to consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings; to review the group's financial and accounting policies and practices; to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response; to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter; and to review arrangements by which employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

During the Reporting Period, the Audit Committee performed the works as summarized below:

(1) reviewed and recommended the unaudited interim financial statements for the six months ended 30 September 2011 for the Board's approval;

(2) reviewed and approved the audit plan and independent auditors' fee in relation to the financial statements of the Group for the year ended 31 March 2012; and

(3) reviewed and recommended the revised Terms of Reference of the Audit Committee for the Board's approval.

AUDITOR'S REMUNERATION

The fee charged by the Company's external auditor in respect of the audit and non-audit services to the Group during the Reporting Period is summarized as below:

Services Type	HK$'000
Audit services — Annual audit	580
Non-audit services	1,010
Total	1,590

ACCOUNTABILITY

The Board is responsible for the preparation of the financial statements of the Group according to the statutory requirements and the applicable accounting standards which give true and fair view of the state of affairs, the results of operations and cashflows of the Group. The Board confirms that, to the best of their knowledge, the financial statements for the reporting year have been prepared on a going concern basis and they have no doubt about the Company's ability to continue as a going concern.

SHAREHOLDERS' RIGHTS

The Company's shareholders communication policy is to ensure proper communication with the Company's shareholders, both individual and institutional in order to enable them to have timely access to the relevant information about Company including its financial performance, major business developments, governance and risk profile.

Annual general meeting ("AGM") of the Company is a valuable avenue for the Board to have dialogue directly with shareholders. At the forthcoming AGM, the Chairman of the Board as well as Chairman of each of the Board Committee or failing this, his duly appointed delegate will be available to answer questions. External auditor will be invited to attend the AGM to address shareholders' enquiries.

Under the Listing Rules, all votes of the shareholders at general meetings will be taken by poll.

Shareholders can send in their enquiries in writing to Company Secretary at the Company's principal place of business in Hong Kong. The Board will seriously consider shareholders' enquiries and address them accordingly. During the Reporting Period, no shareholders' enquiry was received.

REPORT OF THE DIRECTORS

The Directors present their first annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2012.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are set out in note 15 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2012 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 28 to 81.

No interim dividend was paid during the year (2011: N/A).

The Board has proposed a final dividend of HK3.6 cents (2011: N/A) per share for the year ended 31 March 2012, representing a total payout of HK$18.0 million, or a distribution of 59.3% of the current year's profit attributable to equity owners. Subject to shareholders' approval at the forthcoming annual general meeting (the "AGM") to be held on 17 August 2012, the proposed final dividend will be paid on or around 7 September 2012.

A summary of the published results and assets and liabilities of the Group for the last four financial years is set out on page 82.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The register of members of the Company will be closed from 15 August 2012 to 17 August 2012, both days inclusive, for the purpose of determining the entitlement to attend and vote at the AGM scheduled to be held on 17 August 2012. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 14 August 2012.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The register of members of the Company will be closed from 24 August 2012 to 28 August 2012, both days inclusive, for the purpose of determining the entitlement to the proposed final dividend for the year ended 31 March 2012. In order to qualify for the proposed final dividend for the year ended 31 March 2012, all transfer forms accompanied by relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 23 August 2012.

USE OF NET PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The proceeds from the placing and initial public offer amounted to HK$63 million. During the year under review, the proceeds were used for the following purposes:

— approximately HK$0.3 million was used to increase the headcounts and resources for developing corporate and MICE (meeting, incentive, conference and exhibition) business;

— approximately HK$0.6 million was used as the initial setup expenses for our China business, such as establishing the legal entity's infrastructure and obtaining business license; and

— approximately HK$5.0 million was used to setup our new headquarters and upgrade operational infrastructure.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL AND PRE-IPO SHARE OPTIONS

Details of movements in the Company's share capital and Pre-IPO share options during the year are set out in notes 24 and 26 to the consolidated financial statements, respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association (the "Articles of Association") or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders of the Company unless otherwise required by the Stock Exchange.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities from the listing date on 30 September 2011 (the "Listing Date") up to 31 March 2012.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 25(b) to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2012, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to HK$70.5 million, of which HK$18.0 million has been proposed as a final dividend for the year after the reporting period. The amount of HK$70.5 million includes the Company's share premium account and capital reserve of HK$48.1 million in aggregate at 31 March 2012, which may be distributed provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2012, the aggregate sales and purchases related to the Group's five largest customers and suppliers accounted for approximately 0.8% and 41.6% of the Group's turnover and purchase, respectively.

None of the Directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers.

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors	Mr. Ko Wai Ming, Daniel *(Chairman)* Ms. Cheng Hang Fan *(Chief Executive Officer)* Mr. Kam Tze Ming, Alfred *(Chief Operating Officer)* Mr. Chan Wan Fung *(Chief Financial Officer)* (appointed on 1 April 2012)
Independent Non-executive Directors	Mr. Lee Pui Wah (appointed on 20 April 2011 and resigned on 29 June 2011) Mr. Mak King Sau (appointed on 29 June 2011) Mr. Szeto Chi Man (appointed on 20 April 2011) Mr. Yung Ha Kuk, Victor (appointed on 20 April 2011)

Pursuant to Articles 84(1) and 84(2) of the Articles of Association, Mr. Ko Wai Ming, Daniel and Mr. Kam Tze Ming, Alfred will retire by rotation at the AGM and, being eligible, will offer themselves for re-election.

Pursuant to Article 83(3) of the Articles of Association, Mr. Chan Wan Fung, Mr. Szeto Chi Man and Mr. Yung Ha Kuk, Victor will retire at the AGM and, being eligible, will offer themselves for re-election.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its Independent Non-executive Directors an annual confirmation of their independence from the Group. Based on such confirmations, the Company considers that each of such Directors to be independent from the Group.

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors of the Company are set out on pages 8 to 9 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors has entered into a service contract with the Company for a term of three years, which may be terminated by not less than 3 months' notice in writing served by either party on the other.

Each of the Independent Non-executive Directors has signed a letter of appointment and is appointed for an initial term of 2 years commencing on the Listing Date.

Apart from the foregoing, no Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors are subject to retirement by rotation at least once every three years as required by the Articles of Association.

DIRECTORS' REMUNERATION

Directors' remunerations are determined subject to the recommendations of the Remuneration Committee and the Board's approval with reference to Directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

Apart from the transactions disclosed in note 32 to the consolidated financial statements, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries was a party during the year ended 31 March 2012.

DIRECTORS' INTERESTS IN SHARE CAPITAL

At 31 March 2012, the interests and short positions of the Directors and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange, were as follows:

(a) Long positions in ordinary shares of the Company

	Number of shares of HK$0.01 each (the "Shares") in the Company				
Name of Director	Personal Interests	Family Interests	Corporate Interests	Total Interests	Approximate percentage of the issued share capital
Mr. Ko Wai Ming, Daniel ("Mr. Ko")	500,000	10,860,000 *(Note a)*	356,100,000 *(Note b)*	367,460,000	73.49%
Ms. Cheng Hang Fan ("Mrs. Ko")	10,860,000	500,000 *(Note a)*	356,100,000 *(Note b)*	367,460,000	73.49%

Notes:

(a) Mr. Ko and Mrs. Ko are spouses. Pursuant to 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.

(b) The Shares are held by Colvin & Horne Holdings Limited, which is owned as to 60% and 40% by Mr. Ko and Mrs. Ko respectively.

(b) Long positions in Pre-IPO share options of the Company

Name of Director	Number of Pre-IPO share options held: Beneficial Owner	Family Interest	Total *(Note a)*	Approximate percentage of the issued share capital
Mr. Ko	500,000	500,000 *(Note b)*	1,000,000	0.2%
Mrs. Ko	500,000	500,000 *(Note b)*	1,000,000	0.2%
Mr. Kam Tze Ming, Alfred	5,000,000	—	5,000,000	1.0%

Notes:

(a) The Pre-IPO share options were granted under the Pre-IPO share option scheme adopted by the Company on 31 March 2011 (the "Pre-IPO Share Option Scheme").

(b) 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) Long position in shares and underlying shares of associated corporation

Name of Director	Name of Associated Corporation	Beneficial Owner	Family Interest *(Note)*	Total number of shares held	Approximate percentage of the issued shares
Mr. Ko	Colvin & Horne Holdings Limited ("CHHL")	3	2	5	100%
Mrs. Ko	CHHL	2	3	5	100%

Note: Mr. Ko and Mrs. Ko are spouses. Pursuant to 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.

Save as disclosed above, as at 31 March 2012, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of SFO) which are required, pursuant to section 352 of the SFO, to be entered in the registers referred to therein or are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEMES

Pre-IPO Share Option Scheme

On 31 March 2011, the then sole shareholder of the Company approved a Pre-IPO Share Option Scheme (the "Pre-IPO Share Option Scheme"). The purpose of the Pre-IPO Share Option Scheme is to recognize the contribution of selected Eligible Persons (as defined therein) to the growth of the Group and the listing of the Shares. The options granted under the Pre-IPO Share Option Scheme on 6 September 2011 (the "Grant Date") were conditional on, among others, the commencement of trading of the Shares on the Stock Exchange.

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 the Company must not in aggregate exceed 25,000,000 Shares. The total number of Shares subject to the options granted under the Pre-IPO Share Option Scheme is 23,704,000 Shares.

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. The amount payable on acceptance of a share option is HK$1.0. The exercise price of the Pre-IPO share options shall not be less than 70% of the price per Share offered to investors as stated in the Prospectus dated 16 September 2011 issued by the Company (the "Prospectus").

A summary of terms of the Pre-IPO Share Option Scheme and details of the options granted by the Company have been disclosed in the Prospectus.

The following table discloses movements in the Company's Pre-IPO share options outstanding during the year:

		Number of options				
Grantee	Exercisable period	Balance at 1 April 2011	Balance at the Grant Date	Forfeited during the year	Balance at 31 March 2012	Exercise price per shares (HK$)
Executive Directors						
Mr. Ko Wai Ming, Daniel	30 September 2012 to 29 September 2013	—	500,000	—	500,000	0.5040
Ms. Cheng Hang Fan	30 September 2012 to 29 September 2013	—	500,000	—	500,000	0.5040
Mr. Kam Tze Ming, Alfred	30 September 2012 to 29 September 2013	—	5,000,000	—	5,000,000	0.5040
Employees of the Group	30 September 2012 to 29 September 2013	—	13,204,000	(832,000)	12,372,000	0.5355
	30 September 2012 to 29 September 2013	—	2,000,000	—	2,000,000	0.5040
	30 September 2012 to 29 September 2013	—	1,250,000	—	1,250,000	0.630
	30 September 2013 to 29 September 2014	—	1,250,000	—	1,250,000	1.260
		—	23,704,000	(832,000)	22,872,000	

The fair value of options granted during the year ended 31 March 2012 was approximately HK$4,594,000 and were determined at the grant date using the Binomial Model. The share-based payment expenses of HK$2.47 million is charged to the profit or loss for the year ended 31 March 2012. The binomial model is a generally accepted method of valuing options. The significant assumptions used in the calculation of the values of the share options included risk-free interest rate, expected life, expected volatility and expected dividend yield. The measurement dates used in the valuation calculations were the dates on which the options were granted. The values of share options calculated using the binomial model are subject to certain fundamental limitations, due to the subjective nature of and uncertainty relating to a number of assumptions of the expected future performance input to the model, and certain inherent limitations of the model itself. The value of an option varies with different variables of certain subjective assumptions. Any change to the variables used may materially affect the estimation of the fair value of an option. For details of the assumptions, please refer to note 26 to the consolidated financial statements.

Share Option Scheme

On 6 September 2011, the then sole shareholder of the Company approved the Share Option Scheme (the "Share Option Scheme"). The purpose of the Share Option Scheme is to enable the Board to grant options to selected Eligible Persons (as defined therein) as incentives or rewards for their contribution or potential contribution to the Group and/or to recruit and retain high caliber Eligible Persons and to attract human resources that are valuable to the Group. No option has been granted under the Share Option Scheme during the year.

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 the Company shall not in aggregate exceed 10% of the Shares in issue on the Listing Date, i.e., 50,000,000 Shares. The Company may seek approval from shareholders to refresh such limit. Moreover, the maximum 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 option schemes of the Company must not exceed 30% of the Shares in issue from time to time. The maximum entitlement of each Eligible Person in any 12-month period shall not exceed 1% of the Shares in issue from time to time. 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.

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. The amount payable on acceptance of a share option is HK$1.0.

The exercise price of the share option under the Share Option Scheme shall be determined by the Board provided always that it shall be at least the higher of (a) 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 options (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 (b) the average closing prices of the Shares as stated in the daily quotations sheet 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 a Share.

A summary of terms of the Share Option Scheme has been disclosed in the Prospectus.

Save as disclosed above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

CONTRACT OF SIGNIFICANCE

No contracts of significance in relation to the Group's business in which the Company, its holding company, or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2012, shareholders (not being Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, or otherwise notified to the Company are set out below:

Name	Beneficial Owner	Family Interest	Total number of Shares held	Approximate percentage of the issued Shares
CHHL *(Note a)*	356,100,000	—	356,100,100	71.22%
Mr. Chu Hung Kwan ("Mr. Chu") *(Note b)*	23,965,000	11,500,000	35,465,000	7.09%
Ms. Tai Kan Yuet ("Mrs. Chu") *(Note b)*	11,500,000	23,965,000	35,465,000	7.09%

Notes:

(a) CHHL is owned by Mr. Ko and Mrs. Ko as to 60% and 40% respectively.

(b) Mr. Chu and Mrs. Chu are spouses. Pursuant to Part XV of the SFO, Mr. Chu is deemed to be interested in the Shares owned by Mrs. Chu and Mrs. Chu is deemed to be interested in the Shares owned by Mr. Chu.

Save as disclosed above, the Directors and chief executive of the Company are not aware that there is any person (not being a Director or chief executive of the Company) who, as at 31 March 2012, had an interest or a short position in the Shares or underlying Shares of the Company which are recorded in the registered required to be kept under Section 336 of the SFO or notified to the company pursuant to the SFO.

CONTINUING CONNECTED TRANSACTIONS

During the year, the Company and the Group had the following continuing connected transactions, certain details of which are disclosed in compliance with the requirements of Chapter 14A of the Listing Rules.

Transactions	Year ended 31 March 2012 HK$'000
Lease between Evergood Holdings Limited ("Evergood") and Travel Expert Limited ("TEL")	**864**
Lease between Red & White System Limited and TEL	**1,159**
Lease between Central City International Limited and TEL — First floor of Grand Building	**1,230**
Lease between Central City International Limited and TEL — Ground floor of Far East Consortium Building	**2,160**
Lease between Hombest Investment Limited and Travel Expert Online Limited	**156**
Aggregate annual consideration paid by the Group	**5,569**

Details of the continuing connected transactions have been disclosed in the Prospectus and the announcement of the Company dated 26 June 2012.

The Directors are of the opinion that the above transactions were conducted in the ordinary course of business of the Group.

The Independent Non-executive Directors have reviewed the continuing connected transactions set out above and have confirmed that these continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

BDO Limited, the Company's auditor, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. BDO Limited has issued its letter containing qualified conclusion in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.38 of the Listing Rules as the aggregate amount of the continuing connected transactions has exceeded the maximum aggregate annual value disclosed in the Company's prospectus dated 16 September 2011. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

DEED OF NON-COMPETITION

Each of the controlling shareholders has confirmed to the Company of his/its compliance with the non-competition undertakings provided to the Company under the Deed of Non-competition (as defined in the Prospectus). The Independent Non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-competition have been complied with by the controlling shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this annual report, at least 25% of the Company's total issued share capital was held by public as required under the Listing Rules.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules for the period from Listing to 31 March 2012. The Corporate Governance Report is set out on pages 10 to 15 of this annual report.

AUDIT COMMITTEE

The Audit Committee was established on 20 April 2011 with written terms of reference in line with the provisions of Corporate Governance Code set out in appendix 14 to the Listing Rules. This Committee currently consists of three members, including Mr. Yung Ha Kuk, Victor (Chairman of the Committee), Mr. Szeto Chi Man and Mr. Mak King Sau, all being the INEDs. The Audit Committee has reviewed with the management of the Company the financial statements of the Group for the year ended 31 March 2012 and discussed with the management of the Company on auditing, internal control and financial reporting matters.

AUDITOR

BDO Limited was appointed by the Directors as auditor of the Company. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint BDO Limited as the auditor of the Company.

On behalf of the Board
KO Wai Ming, Daniel
Chairman

Hong Kong, 28 June 2012

INDEPENDENT AUDITOR'S REPORT

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

TO THE SHAREHOLDERS OF TRAVEL EXPERT (ASIA) ENTERPRISES LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Travel Expert (Asia) Enterprises Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 28 to 81, which comprise the consolidated and company statements of financial position as at 31 March 2012, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2012 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants

Lo Ngai Hang
Practising Certificate Number P04743

Hong Kong, 28 June 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012 HK$'000	2011 HK$'000
Revenue	6	**229,188**	204,842
Other income	6	**5,870**	2,250
Selling and distribution costs		**(152,498)**	(138,418)
Administrative expenses		**(45,666)**	(30,345)
Profit from operations	7	**36,894**	38,329
Finance cost	8	**(90)**	—
Profit before income tax		**36,804**	38,329
Income tax expense	9	**(6,465)**	(7,220)
Profit for the year attributable to owners of the Company		**30,339**	31,109
Other comprehensive income			
Fair value loss on available-for-sale financial assets		**(142)**	(33)
Reclassification adjustment for disposal of available-for-sale financial assets		**175**	—
Other comprehensive income for the year, net of tax		**33**	(33)
Total comprehensive income for the year attributable to owners of the Company		**30,372**	31,076
Earnings per share attributable to owners of the Company	11		
— Basic		**HK6.7 cents**	HK7.8 cents
— Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2012

	Notes	2012 HK$'000	2011 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	13	**53,135**	4,401
Deposit paid for purchase of property, plant and equipment	18	**—**	2,150
Available-for-sale financial assets	14	**—**	7,856
		53,135	14,407
Current assets			
Inventories	16	**1,701**	723
Trade receivables	17	**7,985**	5,264
Prepayments, deposits and other receivables	18	**31,792**	34,398
Prepaid tax		**814**	—
Time deposits over three months	19	**100,000**	—
Pledged deposits	19	**—**	34
Cash and cash equivalents	19	**57,136**	94,866
		199,428	135,285
Current liabilities			
Trade payables	20	**110,446**	87,616
Accrued charges, deposits received and other payables	21	**28,104**	29,506
Bank borrowing	22	**6,533**	—
Dividend payable		**—**	10,000
Provision for tax		**84**	1,122
		145,167	128,244
Net current assets		**54,261**	7,041
Net assets		**107,396**	21,448
EQUITY			
Equity attributable to owners of the Company			
Share capital	24	**5,000**	—
Reserves	25	**102,396**	21,448
Total equity		**107,396**	21,448

Cheng Hang Fan
Director

Chan Wan Fung
Director

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2012

	Notes	2012 HK$'000	2011 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investments in subsidiaries	15	**36,900**	—
		36,900	—
Current assets			
Prepayments and other receivables	18	**245**	2,295
Amount due from a subsidiary	23	**27,800**	—
Loan to a subsidiary	23	**16,000**	—
Cash and cash equivalents	19	**40,642**	95
		84,687	2,390
Current liabilities			
Accrued charges	21	**1,221**	129
Amount due to a subsidiary	23	**5,519**	4,603
		6,740	4,732
Net current assets/(liabilities)		**77,947**	(2,342)
Net assets/(liabilities)		**114,847**	(2,342)
EQUITY			
Share capital	24	**5,000**	—
Reserves	25	**109,847**	(2,342)
Total equity/(deficit)		**114,847**	(2,342)

Cheng Hang Fan
Director

Chan Wan Fung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2012

	Share capital HK$'000	Share premium HK$'000 *(note 25(a))*	Share option reserve HK$'000	Merger reserve HK$'000 *(note 25(a))*	Capital reserve HK$'000 *(note 25(a))*	Available-for-sale financial assets revaluation reserve HK$'000	Proposed final dividend HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2010	—	—	—	(9,000)	16,196	—	8,000	4,197	19,393
Final dividend declared	—	—	—	—	—	—	(8,000)	—	(8,000)
Interim dividend declared	—	—	—	—	—	—	—	(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 and 1 April 2011	—	—	—	(9,000)	—	(33)	—	30,481	21,448
Issue of shares	1,000	62,000	—	—	—	—	—	—	63,000
Share issue expenses	—	(9,890)	—	—	—	—	—	—	(9,890)
Share capitalisation	4,000	(4,000)	—	—	—	—	—	—	—
Recognition of share-based payment expenses	—	—	2,466	—	—	—	—	—	2,466
Transactions with owners	5,000	48,110	2,466	—	—	—	—	—	55,576
Profit for the year	—	—	—	—	—	—	—	30,339	30,339
Other comprehensive income for the year									
Fair value loss on available-for-sale financial assets	—	—	—	—	—	(142)	—	—	(142)
Reclassification adjustment for disposal of available-for-sale financial assets	—	—	—	—	—	175	—	—	175
Total comprehensive income for the year	—	—	—	—	—	33	—	30,339	30,372
Final dividend proposed	—	—	—	—	—	—	18,000	(18,000)	—
At 31 March 2012	**5,000**	**48,110**	**2,466**	**(9,000)**	**—**	**—**	**18,000**	**42,820**	**107,396**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012 HK$'000	2011 HK$'000
Cash flows from operating activities			
Profit before income tax		**36,804**	38,329
Adjustments for:			
Interest income	6	**(935)**	(189)
Dividend income	6	**(160)**	(185)
Loss on disposal of available-for-sale financial assets	7	**175**	—
Net fair value loss on financial assets at fair value through profit or loss	7	**—**	282
Depreciation of property, plant and equipment	7	**5,019**	3,311
Loss on disposal of property, plant and equipment	7	**4**	28
Interest expense	8	**90**	—
Share-based payment expenses	26	**2,466**	—
Operating profit before working capital changes		**43,463**	41,576
Increase in inventories		**(978)**	(255)
(Increase)/decrease in trade receivables		**(2,721)**	2,993
Decrease in balances with directors		**—**	518
Decrease/(increase) in prepayments, deposits and other receivables		**2,606**	(14,417)
Increase in trade payables		**22,830**	12,575
(Decrease)/increase in accrued charges, deposits received and other payables		**(1,402)**	12,344
Cash generated from operations		**63,798**	55,334
Income tax paid		**(8,326)**	(6,891)
Income tax refund		**9**	702
Net cash generated from operating activities		**55,481**	49,145
Cash flows from investing activities			
Purchase of property, plant and equipment		**(51,607)**	(5,032)
Deposit paid for purchase of property, plant and equipment		**—**	(2,150)
Decrease in pledged deposits		**34**	287
Increase in cash deposit with an original maturity of more than three months		**(100,000)**	—
Purchase of available-for-sale financial assets		**—**	(36,015)
Proceeds from settlement of available-for-sale financial assets		**7,714**	27,855
Purchase of financial assets at fair value through profit or loss		**—**	(5,875)
Proceeds from settlement of financial assets at fair value through profit or loss		**—**	5,919
Interest received		**935**	189
Dividend received		**160**	185
Net cash used in investing activities		**(142,764)**	(14,637)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012 HK$'000	2011 HK$'000
Cash flows from financing activities			
Dividends paid		**(10,000)**	(45,012)
Net movement in balances with related companies		**—**	(3,579)
Capital contribution		**—**	25,991
Proceeds from issue of shares		**63,000**	—
Share issue expenses		**(9,890)**	—
Proceed from bank borrowing		**6,533**	—
Interest paid		**(90)**	—
Net cash generated from/(used in) financing activities		**49,553**	(22,600)
Net (decrease)/increase in cash and cash equivalents		**(37,730)**	11,908
Cash and cash equivalents at beginning of year		**94,866**	82,958
Cash and cash equivalents at end of year	*19*	**57,136**	94,866
Analysis of balances of cash and cash equivalents			
Cash and cash equivalents with an original maturity of three months or less:			
Cash deposits in banks and financial institutions		**41,341**	90,351
Short-term deposits in banks and a financial institution		**15,795**	4,549
		57,136	94,900
Less: Pledged deposits		**—**	(34)
	19	**57,136**	94,866

1. GENERAL INFORMATION

Travel Expert (Asia) Enterprises Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company and its subsidiaries (the "Group") is located at 9/F, Kowloon Plaza, No. 485 Castle Peak Road, Lai Chi Kok, Kowloon, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 30 September 2011.

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are set out in note 15 to the consolidated financial statements.

2. THE REORGANISATION AND BASIS OF PRESENTATION

In preparation for listing of the Company's shares on the Main Board of the Stock Exchange, 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 followings:

(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 Travel Expert Enterprises (BVI) Limited ("TEEBVIL") in the British Virgin Islands ("BVI") 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 Travel Expert Enterprises Limited ("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 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 Power Empire Investments Limited, a subsidiary of TEEL, were transferred to TEEBVIL at nominal value.

2. THE REORGANISATION AND BASIS OF PRESENTATION *(Continued)*

(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.

Subsequent to the Reorganisation, on 30 September 2011, the Company issued totally 100,000,000 shares to public under placing and public offer ("Share Offer") at HK$0.63 per share, and the shares of the Company were listed on the Stock Exchange. The total number of issued shares of the Company after the Share Offer was 500,000,000 shares.

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 statements have therefore been prepared using the principles of merger accounting as if the current group structure had been in existence throughout the years. Accordingly, the assets and liabilities of the combining entities or businesses as at each reporting date are combined using the existing book values. No amount is recognised as consideration for goodwill or the excess of legal acquirer's interest in the net fair value of the legal acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination. The results and cash flows of the Group include the results and cash flows 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The accounting for the Reorganisation is detailed in note 2 above.

The financial statements on pages 28 to 81 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collectively includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange.

The financial statements have 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 accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement 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 consolidated financial statements, are disclosed in note 5.

3.2 Business combination (not under common control) and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Business combination (not under common control) and basis of consolidation *(Continued)*

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

3.3 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.4 Foreign currency translation

The financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company.

In the individual financial statements of the consolidated 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 reporting date, 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.

3.5 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	The shorter of the lease terms and 20%–50%
Office equipment	33.33%–50%
Furniture and fixtures	20%–50%
Land and buildings	Over the lease terms

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.6 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 from 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.

3.7 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 the 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.

3.8 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.9 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 the following categories: (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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.9 Financial assets *(Continued)*

Classification of financial assets *(Continued)*

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

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 includes interest earned on these financial assets. Interest income is recognised in accordance with the Group's policies in note 3.7 above.

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.9 Financial assets *(Continued)*

Classification of financial assets *(Continued)*

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

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.9 Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.9 Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

(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.

3.10 Financial liabilities

The Group's financial liabilities include trade and other payables, bank borrowing, amount due to a subsidiary 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.

Financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.11 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.

3.12 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 reporting date. 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 reporting date.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.12 Accounting for income taxes *(Continued)*

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.

3.13 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.

3.14 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 each reporting date 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 are remote.

3.15 Coupon liabilities

Coupon liabilities are recognised based on the fair value of bonus points or coupons granted to customers in accordance with the announced bonus point scheme and the Group's past experience on the level of redemption of coupons and are recorded in other payables. The revenue of the Group is deducted when the coupon liabilities are recognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.16 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 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.

3.17 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 reporting date.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.18 Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.19 Share-based payment

The Group operates equity-settled share-based compensation plans and the options are awarded to employee providing services to the Group.

All services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the equity instruments awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

All share-based compensation is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as an asset, with a corresponding increase in the share option reserve in equity. If vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to vest. Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. After vesting date, when the vested share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

3.20 Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 Revenue.

4. ADOPTION OF NEW AND AMENDED STANDARDS

(a) Adoption of new/revised HKFRSs — effective 1 April 2011

In current year, the Group has applied for the first time the following new standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 April 2011.

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 24 (Revised)	Related Party Disclosures

Other than as further explained below, the adoption of the new HKFRSs has no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

HKFRS 7 (Amendments) — Financial Instruments: Disclosures

As part of the Improvements to HKFRSs issued in 2010, HKFRS 7 has been amended to enhance the interaction between quantitative and qualitative disclosures. If the carrying amount of a financial asset best represents the maximum exposure to credit risk, the standard does not require a positive statement to this effect in the financial statements. This amended disclosure requirement has been applied retrospectively. The carrying amount of the Group's financial assets represents the Group's maximum exposure to credit risk of these assets as at 31 March 2011 and 2012. The prior year financial statements included a positive statement to this effect which is removed in the 2012 financial statements following the amendments. The adoption of the amendments has no impact on the Group's reported profit or loss, total comprehensive income or equity for any period presented.

HKAS 24 (Revised) — Related Party Disclosures

HKAS 24 (Revised) amends the definition of related party and clarifies its meaning. This may result in changes to those parties who are identified as being related parties of the reporting entity. The Group has reassessed the identification of its related parties in accordance with the revised definition and concluded that has no impact on the Group's reported profit or loss, total comprehensive income or equity for any period presented.

HKAS 24 (Revised) also introduces simplified disclosure requirements applicable to related party transactions where the Group and the counterparty are under the common control, joint control or significant influence of a government, government agency or similar body. These new disclosures are not relevant to the Group because the Group is not a government related entity.

4. ADOPTION OF NEW AND AMENDED STANDARDS *(Continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKFRS 1	First-time Adoption of HKFRSs — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
Amendments to HKFRS 7	Disclosures — Transfers of Financial Assets[1]
Amendments to HKFRS 7	Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities[4]
Amendments to HKAS 12	Deferred Tax — Recovery of Underlying Assets[2]
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income[3]
Amendments to HKAS 32	Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities[5]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HKAS 19 (2011)	Employee Benefits[4]
HKAS 27 (2011)	Separate Financial Statements[4]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[4]
HK(IFRIC)-Interpretation 20	Stripping Costs of the Production Phase of a Surface Mine[4]
Annual Improvements 2009–2011 Cycle	Amendments to a number of HKFRSs contained in Annual Improvements 2009–2011 Cycle Issued in June 2011[4]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013
5 Effective for annual periods beginning on or after 1 January 2014
6 Effective for annual periods beginning on or after 1 January 2015

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncements. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. The directors are currently assessing the impact of other new and amended HKFRSs upon initial application but are not yet in a position to state whether they would have material financial impact on the Group's results and financial position.

4. ADOPTION OF NEW AND AMENDED STANDARDS *(Continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective *(Continued)*

Amendments to HKFRS 7 — Disclosures — Transfers of Financial Assets

The amendments to HKFRS 7 improve the disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

HKFRS 9 — Financial Instruments

Under the standard, financial assets are classified into financial assets measured at fair value or at amortised cost 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 or 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.

HKFRS 10 — Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The adoption of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

Amendments to HKAS 1 (Revised) — Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

5. 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 3.5 above. The estimated useful lives reflect the directors' estimate 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 collectability 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 the 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.

6. REVENUE AND OTHER INCOME AND SEGMENT INFORMATION

The Group's principal activities are the provision of services relating to the sale of air-tickets, hotel accommodation and other travel related products. An analysis of the Group's revenue from principal activities which is the Group's turnover and other income is as follows:

	2012 HK$'000	2011 HK$'000
Turnover/Revenue	**229,188**	204,842
Other income		
Interest income on deposits in banks and financial institutions stated at amortised cost	**935**	189
Dividend income	**160**	185
Sundry income	**4,775**	1,876
	5,870	2,250
Total revenue and other income	**235,058**	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, representing the price at which products have been sold inclusive of any service fees are as follows:

	2012 HK$'000	2011 HK$'000
Gross sales proceeds	**1,433,879**	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.

7. PROFIT FROM OPERATIONS

	2012 HK$'000	2011 HK$'000
Profit from operations is arrived at after charging/(crediting):		
Auditor's remuneration	**580**	500
Depreciation*	**5,019**	3,311
Loss on disposal of property, plant and equipment	**4**	28
Loss on disposal of available-for-sale financial assets	**175**	—
Net fair value loss on financial assets at fair value through profit or loss	**—**	282
Net foreign exchange gain	**(1,208)**	(490)
Operating lease charges in respect of leasehold premises:		
— Minimum leases payments	**33,359**	28,456
— Contingent rents**	**1**	31
	33,360	28,487
Operating leases in respect of office equipment	**708**	431
Staff costs (excluding directors' remuneration *(note 12)*):		
— Salaries	**110,702**	92,912
— Retirement scheme contribution	**4,081**	3,668
— Share-based payment expenses	**1,755**	—
	116,538	96,580

* Depreciation expenses have been included in:

— selling and distribution costs approximately of HK$3,690,000 for the year ended 31 March 2012 (2011: HK$2,694,000); and

— administrative expenses approximately of HK$1,329,000 for the year ended 31 March 2012 (2011: HK$617,000).

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

8. FINANCE COST

	2012 HK$'000	2011 HK$'000
Interest on bank borrowing		
— not wholly repayable within five years	**90**	—

9. INCOME TAX EXPENSE

	2012 HK$'000	2011 HK$'000
Current tax — Hong Kong		
Tax for the year	**6,478**	7,220
Over provision in respect of prior year	**(13)**	—
	6,465	7,220

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

	2012 HK$'000	2011 HK$'000
Profit before income tax	**36,804**	38,329
Tax calculated at the rates applicable to profits in the tax jurisdiction concerned	**6,072**	6,324
Tax effect of non-deductible items	**660**	504
Tax effect of non-taxable items	**(226)**	(64)
Tax loss utilised for the year	**(162)**	—
Tax effect of tax losses not recognised	**249**	246
Over provision in prior year	**(13)**	—
Tax effect of (deductible)/taxable temporary differences not recognised	**(115)**	210
Income tax expense	**6,465**	7,220

Hong Kong profits tax is calculated at 16.5% (2011: 16.5%) on the estimated assessable profits for the year.

No deferred tax liabilities have been recognised in the financial statements as there are no material temporary differences.

The Group has unrecognised tax losses of approximately HK$2,080,000, subject to the agreement by the Hong Kong Inland Revenue Department, for the year ended 31 March 2012 to offset against future taxable income (2011: HK$1,549,000). These tax losses do not expire under current legislation.

10. DIVIDEND

	2012 HK$'000	2011 HK$'000
Interim dividend	—	47,012
Proposed final dividend	18,000	—
	18,000	47,012

The dividends approved and declared during the year are summarised as follows:

	2012 HK$'000	2011 HK$'000
Interim dividend	—	47,012
Final dividend proposed in the previous year	—	8,000
	—	55,012

Dividend approved and declared during the year ended 31 March 2011 was paid by the subsidiary, TEEL to its then respective equity holder, TEHL. The rate of dividend and the number of shares ranking for dividends are not presented as such information are not meaningful.

The directors recommend a final dividend of HK3.6 cents per ordinary share for the year ended 31 March 2012, amounting to approximately HK$18,000,000, and is subject to approval by the shareholders in the forthcoming annual general meeting. The proposed dividends are not reflected as a dividend payable in these financial statements, but reflected as an appropriation of retained earnings for the year.

11. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of approximately HK$30,339,000 (2011: HK$31,109,000) and 450,820,000 (2011: 400,000,000) weighted average number of ordinary shares in issue during the year.

The number of shares used to calculate the basic earnings per share for the year ended 31 March 2011 represents the number of shares of the Company immediately after the Reorganisation and the Capitalisation Issue (as defined in note 24) as if the shares had been in issue throughout the year ended 31 March 2011 but excluding any share issued pursuant to the Company's placement and public offering in September 2011.

The weighted average number of shares used to calculate the basic earnings per share for the year ended 31 March 2012 includes the weighted average of 50,820,000 shares issued upon the placing and public offering of the Company's shares in September 2011, in addition to the aforementioned 400,000,000 ordinary shares used in the calculation of basic earnings per share for the year ended 31 March 2011.

No diluted earnings per share is presented as the exercise price of the Company's outstanding options were higher than the average market price for the year.

12. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Discretionary bonuses HK$'000	Retirement scheme contribution HK$'000	Share-based payment expenses HK$'000	Total HK$'000
2012						
Executive directors						
Mr. Ko Wai Ming, Daniel	**300**	**302**	**—**	**6**	**59**	**667**
Ms. Cheng Hang Fan	**—**	**600**	**916**	**12**	**59**	**1,587**
Mr. Kam Tze Ming, Alfred	**—**	**1,538**	**813**	**12**	**593**	**2,956**
	300	**2,440**	**1,729**	**30**	**711**	**5,210**
Independent non-executive directors						
Mr. Yung Ha Kuk, Victor	**75**	**—**	**—**	**—**	**—**	**75**
Mr. Lee Pui Wah *(note)*	**—**	**—**	**—**	**—**	**—**	**—**
Mr. Szeto Chi Man	**60**	**—**	**—**	**—**	**—**	**60**
Mr. Mak King Sau	**60**	**—**	**—**	**—**	**—**	**60**
	195	**—**	**—**	**—**	**—**	**195**
	495	**2,440**	**1,729**	**30**	**711**	**5,405**
2011						
Executive directors						
Mr. Ko Wai Ming, Daniel	684	—	—	—	—	684
Ms. Cheng Hang Fan	—	600	240	12	—	852
Mr. Kam Tze Ming, Alfred	—	1,351	82	11	—	1,444
	684	1,951	322	23	—	2,980
Independent non-executive directors						
Mr. Yung Ha Kuk, Victor	—	—	—	—	—	—
Mr. Mak King Sau	—	—	—	—	—	—
Mr. Szeto Chi Man	—	—	—	—	—	—
	—	—	—	—	—	—
	684	1,951	322	23	—	2,980

Note: The director was appointed on 20 April 2011 and resigned on 29 June 2011.

12. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

(b) Five highest paid individuals

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

	2012 Number of individuals	2011 Number of individuals
Directors	**2**	2
Non-director, highest paid individuals	**3**	3
	5	5

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

	2012 HK$'000	2011 HK$'000
Salaries, allowances and other benefits	**2,131**	2,011
Discretionary bonuses	**733**	419
Retirement scheme contribution	**35**	36
Share-based payment expenses	**388**	—
	3,287	2,466

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

	2012 Number of individuals	2011 Number of individuals
Nil – HK$1,000,000	**1**	3
HK$1,000,001 – HK$1,500,000	**2**	—

During the year, 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 year.

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvement HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Land and buildings HK$'000	Total HK$'000
At 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
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 and 1 April 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
Year ended 31 March 2012					
Opening net book amount	2,943	946	512	—	4,401
Additions	4,827	2,621	1,201	45,108	53,757
Disposals	—	(3)	(1)	—	(4)
Depreciation	(2,871)	(1,172)	(557)	(419)	(5,019)
Closing net book amount	4,899	2,392	1,155	44,689	53,135
At 31 March 2012					
Cost	13,439	8,049	3,607	45,108	70,203
Accumulated depreciation	(8,540)	(5,657)	(2,452)	(419)	(17,068)
Net book amount	4,899	2,392	1,155	44,689	53,135

At 31 March 2012, land and buildings of approximately HK$44,689,000 (2011: nil) were pledged to secure a bank borrowing granted to the Group (note 22). The land and buildings is situated in Hong Kong with lease terms expiring in 2047.

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-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 was measured as described in note 30(ii).

15. INVESTMENTS IN SUBSIDIARIES

Company

	2012 HK$'000	2011 HK$'000
Non-current asset		
— Unlisted shares, at cost	36,900	—

Details of the subsidiaries at 31 March 2012 are as follows:

Name	Place and date of incorporation	Particular of issued capital/ registered capital	Effective interest held by the Company	Principal activities
Interests held directly				
Travel Expert Enterprises (BVI) Limited	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	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	100%	Travel and travel related business
Travel Expert Business Services Limited (專業旅運商務有限公司)	Hong Kong 24 March 1994	HK$750,000 at HK$1.00 per share	100%	Travel and travel related business
Travel Expert Online Limited (專業旅運科網有限公司)	Hong Kong 4 July 1989	HK$500,000 at HK$1.00 per share	100%	Inactive
Travel Expert Cruise Limited (專業旅運郵輪有限公司)	Hong Kong 13 October 1999	HK$1,000,000 at HK$1.00 per share	100%	Travel and travel related business

15. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name	Place and date of incorporation	Particular of issued capital/ registered capital	Effective interest held by the Company	Principal activities
Interests held indirectly *(Continued)*				
Power Empire Investments Limited (尊業旅運(香港)有限公司)	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)	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)	Hong Kong 27 January 2011	HK$1 at HK$1.00 per share	100%	Investment holding and property holding
Travel Expert (Shenzhen) Limited (尊業旅行社(深圳)有限公司)	PRC 21 December 2011	RMB500,000	100%	Inactive

The financial statements of the subsidiaries have been examined by BDO Limited for the purpose of the Group's consolidated financial statements.

16. INVENTORIES

The inventories are 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.

17. TRADE RECEIVABLES

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 year, net of impairment provision, is as follows:

	2012 HK$'000	2011 HK$'000
0–30 days	**6,164**	4,121
31–90 days	**1,564**	1,143
Over 90 days	**257**	—
	7,985	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.

17. TRADE RECEIVABLES *(Continued)*

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

	2012 HK$'000	2011 HK$'000
Neither past due nor impaired	**4,864**	4,623
Not more than 3 months past due	**3,121**	641
	7,985	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.

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

	2012 HK$'000	2011 HK$'000
Prepayments	**2,595**	3,526
Deposits	**20,257**	15,883
Deposit paid for purchase of property, plant and equipment	**—**	2,150
Other receivables	**8,940**	14,989
	31,792	36,548
Less: Portion due within one year included under current assets	**(31,792)**	(34,398)
Non-current portion include under non-current assets	**—**	2,150

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

Company

	2012 HK$'000	2011 HK$'000
Prepayments	**209**	2,295
Other receivables	**36**	—
	245	2,295

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.

19. TIME DEPOSITS, PLEDGED DEPOSITS AND CASH AND CASH EQUIVALENTS

Group

	2012 HK$'000	2011 HK$'000
Cash deposits in banks and financial institutions	**41,341**	90,351
Short-term deposits in banks and a financial institution	**115,795**	4,549
	157,136	94,900
Less: Pledged deposits	**—**	(34)
Time deposits with an original maturity of more than three months	**(100,000)**	—
Cash and cash equivalents	**57,136**	94,866

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 between one day and eight months (2011: 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 0.05% to 3.55% (2011: from 0.00% to 4.44%) per annum.

The Group had cash and bank balances denominated in RMB of approximately RMB500,000 (2011: Nil) and the remittance of these funds out of the PRC was subject to the exchange control restrictions imposed by the PRC government. The Company did not have cash and bank balances denominated in RMB as at 31 March 2012 (2011: Nil).

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

20. 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:

	2012 HK$'000	2011 HK$'000
0–30 days	**84,713**	69,167
31–90 days	**20,799**	12,882
Over 90 days	**4,934**	5,567
	110,446	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.

21. ACCRUED CHARGES, DEPOSITS RECEIVED AND OTHER PAYABLES

Group

	2012 HK$'000	2011 HK$'000
Accrued charges	**14,168**	9,026
Deposits received	**4,375**	15,026
Other payables	**9,561**	5,454
	28,104	29,506

Company

	2012 HK$'000	2011 HK$'000
Accrued charges	**1,221**	129

22. BANK BORROWING

	2012 HK$'000	2011 HK$'000
Secured bank borrowing		
Portion due for repayment within one year	**701**	—
Portion due for repayment after one year which contain a repayable on demand clause	**5,832**	—
	6,533	—

The Group's interest-bearing bank borrowing bears floating rate at 1.75% per annum over 1 month HIBOR and is secured by the Group's land and buildings of approximately HK$44,689,000 as at 31 March 2012 (note 13).

The current liabilities include bank borrowing of approximately HK$5,832,000 (2011:Nil) that are not scheduled to repay within one year. They are current liabilities as the related loan agreement contains a clause that provides the lender with an unconditional right to demand repayment at any time at its own discretion.

23. LOAN TO A SUBSIDIARY/AMOUNT DUE FROM/TO A SUBSIDIARY

Company

The loan to a subsidiary was unsecured, repayable on demand and was interest bearing of 1.7% per annum.

The amount due from/to a subsidiary was interest-free, unsecured and repayable on demand.

24. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 April 2010 and 31 March 2011	39,000	390
Increase in authorised ordinary shares	1,961,000	19,610
At 31 March 2012	2,000,000	20,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 April 2010 and 31 March 2011	—	—
Issue of shares	10	—
Issue of shares by way of placement and public offer	100,000	1,000
Share capitalisation	399,990	4,000
At 31 March 2012	500,000	5,000

Pursuant to the written resolutions passed by the sole shareholder of the Company 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 respect.

On 6 September 2011, the Company allotted and issued 9,999 ordinary shares of HK$0.01 each as consideration for acquisition of TEEL from TEHL.

Pursuant to written resolutions passed by the sole shareholder of the Company on 6 September 2011, the directors capitalised HK$4,000,000 from the amount standing to the credit of the share premium account of the Company and applied such amount to pay up in full at par of 399,990,000 shares ("Capitalisation Issue").

In connection with the Company's initial public offering, the Company issued 100,000,000 ordinary shares of HK$0.01 each at a price of HK$0.63 each for a total consideration (before expenses) of approximately HK$63,000,000. Dealings of the Company's shares on the Main Board of the Stock Exchange were commenced on 30 September 2011.

25. RESERVES

(a) Group

Details of the movements on the Group's reserves are as set out in the consolidated statement of changes in equity of the financial statements.

Share premium

The share premium account of the Group represents the excess of the proceeds received over the nominal value of the Company's shares issued.

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 other business arising from the Reorganisation.

(b) Company

	Share premium HK$'000	Contributed surplus HK$'000 *(note)*	Share option reserve HK$'000	Proposed final dividend HK$'000	(Accumulated Losses)/ Retained earnings HK$'000	Total HK$'000
At 1 April 2010	—	—	—	—	(351)	(351)
Loss for the year	—	—	—	—	(1,991)	(1,991)
At 31 March 2011 and 1 April 2011	—	—	—	—	(2,342)	(2,342)
Issue of shares	62,000	—	—	—	—	62,000
Share issue expenses	(9,890)	—	—	—	—	(9,890)
Share capitalisation	(4,000)	—	—	—	—	(4,000)
Share swap issue *(note 2(ix))*	—	36,900	—	—	—	36,900
Recognition of share-based payment expenses	—	—	2,466	—	—	2,466
Final dividend proposed	—	—	—	18,000	(18,000)	—
Profit for the year	—	—	—	—	24,713	24,713
At 31 March 2012	**48,110**	**36,900**	**2,466**	**18,000**	**4,371**	**109,847**

Note: The contributed surplus of the Company represented the difference between the net asset value of the subsidiaries acquired and the nominal value of the share capital of the Company issued in exchange thereof pursuant to the Reorganisation.

Of the consolidated profit attributable to the owners of the Company of HK$30,339,000 (2011: HK$31,109,000), a profit of HK$24,713,000 (2011: a loss of HK$1,991,000) has been dealt with in the financial statements of the Company.

26. SHARE OPTION SCHEME

The Company operates an equity-settled share-based remuneration schemes for employees. On 6 September 2011, the Company granted to certain eligible persons a total of 23,704,000 share options to subscribe for ordinary shares of HK$0.01 each in the share capital of the Company under the pre-IPO share option scheme adopted by the Company on 31 March 2011. The options vest within one to two years from the dates of grant and then are exercisable within a period of one year.

The following table discloses the movements of the share options during the year.

Grantee	Exercisable period	Number of options				Exercise price per shares (HK$)
		Balance at 1 April 2011	Balance at grant date	Forfeited during the year	Balance at 31 March 2012	
Executive Directors						
Mr. Ko Wai Ming, Daniel	30 September 2012 to 29 September 2013	—	500,000	—	500,000	0.5040
Ms. Cheng Hang Fan	30 September 2012 to 29 September 2013	—	500,000	—	500,000	0.5040
Mr. Kam Tze Ming, Alfred	30 September 2012 to 29 September 2013	—	5,000,000	—	5,000,000	0.5040
Employees of the Group	30 September 2012 to 29 September 2013	—	13,204,000	(832,000)	12,372,000	0.5355
	30 September 2012 to 29 September 2013	—	2,000,000	—	2,000,000	0.5040
	30 September 2012 to 29 September 2013	—	1,250,000	—	1,250,000	0.630
	30 September 2013 to 29 September 2014	—	1,250,000	—	1,250,000	1.260
		—	23,704,000	(832,000)	22,872,000	

The fair value of options granted during the year ended 31 March 2012 was approximately HK$4,594,000 and were determined at the grant date using the Binomial Model. The share-based payment expenses of approximately HK$2,466,000 is charged to the profit or loss for the year ended 31 March 2012.

Significant inputs into the calculation included the expected dividend yield of 2.86% and a volatility rate of ranged from 49.98% to 59.09%, based on expected share price. Risk-free annual interest rate was determined at ranged from 0.188% to 0.277%.

The options outstanding as at 31 March 2012 have a weighted average remaining contractual life of 1.12 years and weighted average exercise price of HK$0.5693.

27. FINANCIAL GUARANTEE CONTRACTS

Company

As at 31 March 2012, the Company provided corporate cross-guarantees of approximately HK$50,000,000 to various banks in connection with the bank facilities granted to its subsidiaries. Under the guarantee contracts, the Company and its subsidiaries would be jointly and severally liable to pay the holders of these guarantees in the event of any default.

As at 31 March 2012, no provision for the Company'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.

28. BANKING FACILITIES

As at 31 March 2012, the Group's banking facilities are approximately HK$64,110,000 (2011: HK$41,410,000) with approximately HK$27,671,000 (2011: HK$24,507,000) being utilised. The Group's banking facilities were secured by:

(i) the land and buildings with carrying amount of approximately HK$44,689,000 as at 31 March 2012 (2011: Nil);

(ii) cross-guarantees among certain subsidiaries of the Group to the extent of approximately HK$72,700,000 as at 31 March 2012 (2011: HK$50,000,000);

(iii) a guarantee by the Company to the extent of approximately HK$50,000,000 as at 31 March 2012 (2011: Nil); and

(iv) certain deposits pledged which amounted to approximately HK$34,000 (note 19) as at 31 March 2011.

29. 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 meet certain specified level.

Group

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

	2012 **HK$'000**	2011 HK$'000
Buildings:		
— Within one year	**28,113**	24,269
— In the second to fifth years, inclusive	**15,475**	14,231
	43,588	38,500
Other assets:		
— Within one year	**518**	473
— In the second to fifth years, inclusive	**119**	564
	637	1,037

29. COMMITMENTS *(Continued)*

Company

As at 31 March 2011 and 2012, the Company did not have any operating lease commitment.

Capital commitments

Group

	2012 HK$'000	2011 HK$'000
Property, plant and equipment:		
— Contracted but not provided for	—	40,850

Company

As at 31 March 2011 and 2012, the Company did not have any significant capital commitments.

30. 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 Company has entered into financial guarantee contracts in which it has guaranteed the banks for the repayment of loan by its subsidiaries. The Company has the obligation to compensate the banks for the loss it would suffer if the subsidiaries fail to repay. The Company's maximum exposure under the financial guarantee contracts was stated in note 27.

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.

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(Continued)*

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

HKFRS 7 Improving Disclosures about Financial Instruments introduced 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 and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial asset 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 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 are grouped into the fair value hierarchy as follows:

Group

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

Note: 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 reporting period where appropriate.

There have been no transfers between different levels during the year.

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

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

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(Continued)*

(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 19). 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 profits HK$'000	Possible change in interest rates	Decrease in profit and retained profits HK$'000
31 March 2011	+1%	904	–1%	(904)
31 March 2012	**+1%**	**413**	**–1%**	**(413)**

Company

	Effect on profit for the year and retained earnings			
	Possible change in interest rates	Increase in profit and retained profits HK$'000	Possible change in interest rates	Decrease in profit and retained profits HK$'000
31 March 2011	+1%	1	–1%	(1)
31 March 2012	**+1%**	**6**	**–1%**	**(6)**

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

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(Continued)*

(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 the year are as follows:

Group

	2012 HK$'000	2011 HK$'000
Assets:		
JPY	**6,137**	7,111
USD	**5,487**	1,064
AUD	**689**	831
SGD	**2,537**	1,181
RMB	**6,189**	2,910
	21,039	13,097
Liabilities:		
JPY	**(6,272)**	(4,407)
USD	**(1,001)**	(722)
EUR	**(9)**	(11)
AUD	**(223)**	(233)
SGD	**(2,546)**	(1,873)
MYR	**(1,017)**	(1,153)
PHP	**(117)**	(36)
THB	**(357)**	(471)
RMB	**(343)**	(266)
	(11,885)	(9,172)
Net exposure to foreign currency risk	**9,154**	3,925

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(Continued)*

(iv) Foreign currency risk *(Continued)*

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 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 period.

The following table illustrates the sensitivity of the Group's profit after tax for the year and equity during the year in regard 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 the year has been determined based on the assumed percentage changes in foreign currency exchange rates taking place at the beginning of the year and held constant throughout the year.

	Effect on profit for the year and equity	
	2012	2011
	HK$'000	HK$'000
JPY	**6**	(113)
SGD	**3**	29
AUD	**(19)**	(25)
RMB	**(244)**	(110)
MYR	**42**	48
PHP	**5**	2
THB	**15**	20
	(192)	(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.

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(Continued)*

(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 at the end of the year, 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 2012			
Trade payables	**26,269**	**84,177**	**110,446**
Bank borrowing	**6,533**	**—**	**6,533**
Other payables	**9,430**	**—**	**9,430**
	42,232	**84,177**	**126,409**
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

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(Continued)*

(v) Liquidity risk *(Continued)*

The table that stated follows summarises the maturity analysis of bank borrowing with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreement. The amount includes interest payments computed using contractual rates. As a result, the amount was greater than the amount disclosed in the above "on demand" time band in the maturity analysis. Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such bank borrowing will be repaid in accordance with the scheduled repayment dates set out in the loan agreement.

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
At 31 March 2012						
Bank borrowing	**6,533**	**7,163**	**828**	**813**	**2,355**	**3,167**
At 31 March 2011						
Bank borrowing	—	—	—	—	—	—

Company

	On demand HK$'000
At 31 March 2012	
Amount due to a subsidiary	5,519
Financial guarantees issued	
Maximum amount guaranteed	50,000
At 31 March 2011	
Amount due to a subsidiary	4,603

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(Continued)*

(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 the year are analysed into the following categories. See notes 3.9 and 3.10 for explanations about how the category of financial instruments affects their subsequent measurement.

Group

	2012 **HK$'000**	2011 HK$'000
Financial assets		
Available-for-sale financial assets	**—**	7,856
Loans and receivables		
— Trade receivables	**7,985**	5,264
— Other receivables	**8,940**	14,989
	16,925	20,253
Cash and cash equivalents	**57,136**	94,866
Time deposits	**100,000**	—
Pledged deposits	**—**	34
	174,061	123,009

	2012 **HK$'000**	2011 HK$'000
Financial liabilities		
Measured at amortised cost		
— Trade payables	**110,446**	87,616
— Other payables	**9,430**	5,454
— Dividend payable	**—**	10,000
— Bank borrowing	**6,533**	—
	126,409	103,070

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT *(Continued)*

(vi) Summary of financial assets and liabilities by category *(Continued)*

Company

	2012 HK$'000	2011 HK$'000
Financial assets		
Loans and receivables		
— Amount due from a subsidiary	27,800	—
— Loan to a subsidiary	16,000	—
— Other receivables	36	—
	43,836	—
Cash and cash equivalents	40,642	95
	84,478	95
Financial liability		
Measured at amortised cost		
— Amount due to a subsidiary	5,519	4,603

31. 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. No changes were made in the objectives, policies or processes for managing capital during the year.

31. CAPITAL MANAGEMENT *(Continued)*

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

	2012 HK$'000	2011 HK$'000
Capital:		
Total equity	**107,396**	21,448
Overall financing:		
Bank borrowing	**6,533**	—
Capital-to-overall financing ratio	**16.43 times**	N/A

32. RELATED PARTY TRANSACTIONS

In addition to those disclosed elsewhere in the financial statements, the following transactions were carried out by the Group with related parties during the years.

(i) Significant related party transactions during the years

	2012 HK$'000	2011 HK$'000
Rental expenses paid to related companies	**6,318**	5,881
Rental deposit paid to related companies included in prepayments, deposits and other receivables *(note 1)*	**1,643**	1,567
License expenses paid to a related company	**—**	24
IT expenses paid to a related company	**—**	561

Notes:

1. For the deposits paid to related companies, the maximum balance outstanding during the years ended 31 March 2011 and 2012 were HK$1,567,000 and HK$1,643,000 respectively.

2. Mr. Ko Wai Ming, Daniel and Ms. Cheng Hang Fan, the directors of the Company, 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.

32. RELATED PARTY TRANSACTIONS *(Continued)*

(ii) Compensation of key management personnel

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

	2012 HK$'000	2011 HK$'000
— Short term employee benefits	**5,641**	8,554
— Retirement scheme contribution	**41**	117
— Share-based payment expenses	**863**	—
	6,545	8,671

33. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 June 2012.

FOUR YEARS FINANCIAL SUMMARY

	2012 HK$'000	2011 HK$'000	2010 HK$'000	2009 HK$'000
Gross sales proceeds	**1,433,879**	1,285,036	1,025,637	1,016,068
Revenue	**229,188**	204,842	168,538	166,813
Other income	**5,870**	2,250	2,128	2,116
Selling and distribution costs	**(152,498)**	(138,418)	(113,568)	(109,065)
Administrative expenses	**(45,666)**	(30,345)	(20,839)	(22,149)
Profit from operations	**36,894**	38,329	36,259	37,715
Financial cost	**(90)**	—	—	—
Profit before income tax	**36,804**	38,329	36,259	37,715
Income tax expense	**(6,465)**	(7,220)	(6,099)	(6,329)
Profit for the year attributable to owners of the Company	**30,339**	31,109	30,160	31,386
Other comprehensive income for the year, net of tax	**33**	(33)	—	—
Total comprehensive income for the year attributable to owners of the Company	**30,372**	31,076	30,160	31,386
ASSETS AND LIABILITIES				
Non-current assets	**53,135**	14,407	2,708	2,096
Current assets	**199,428**	135,285	112,558	148,018
TOTAL ASSETS	**252,563**	149,692	115,266	150,114
TOTAL LIABILITIES	**(145,167)**	(128,244)	(95,873)	(76,684)
	107,396	21,448	19,393	73,430

Notes:

(i) The summary of the consolidated results of the Group for each of the three years ended 31 March 2009, 2010 and 2011 and of the assets and liabilities as of 31 March 2009, 2010 and 2011 have been extracted from the Company's listing prospectus dated 16 September, 2011. Such summary was prepared as if the current structure of the Group had been in existence throughout these financial years.

(ii) The consolidated results of the Group for each of the two years ended 31 March 2011 and 2012 and the consolidated assets and liabilities of the Group as at 31 March 2011 and 2012 are those set out on page 28 to 29 of this annual report. Such summary was prepared as if the current structure of the Group had been in existence throughout these financial years.

The financial information for the year ended 31 March 2008 was not disclosed as consolidated financial statement for the Group have not been prepared for the year.