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

Annual Report **2013**

專業旅運
Travel Expert Ltd.

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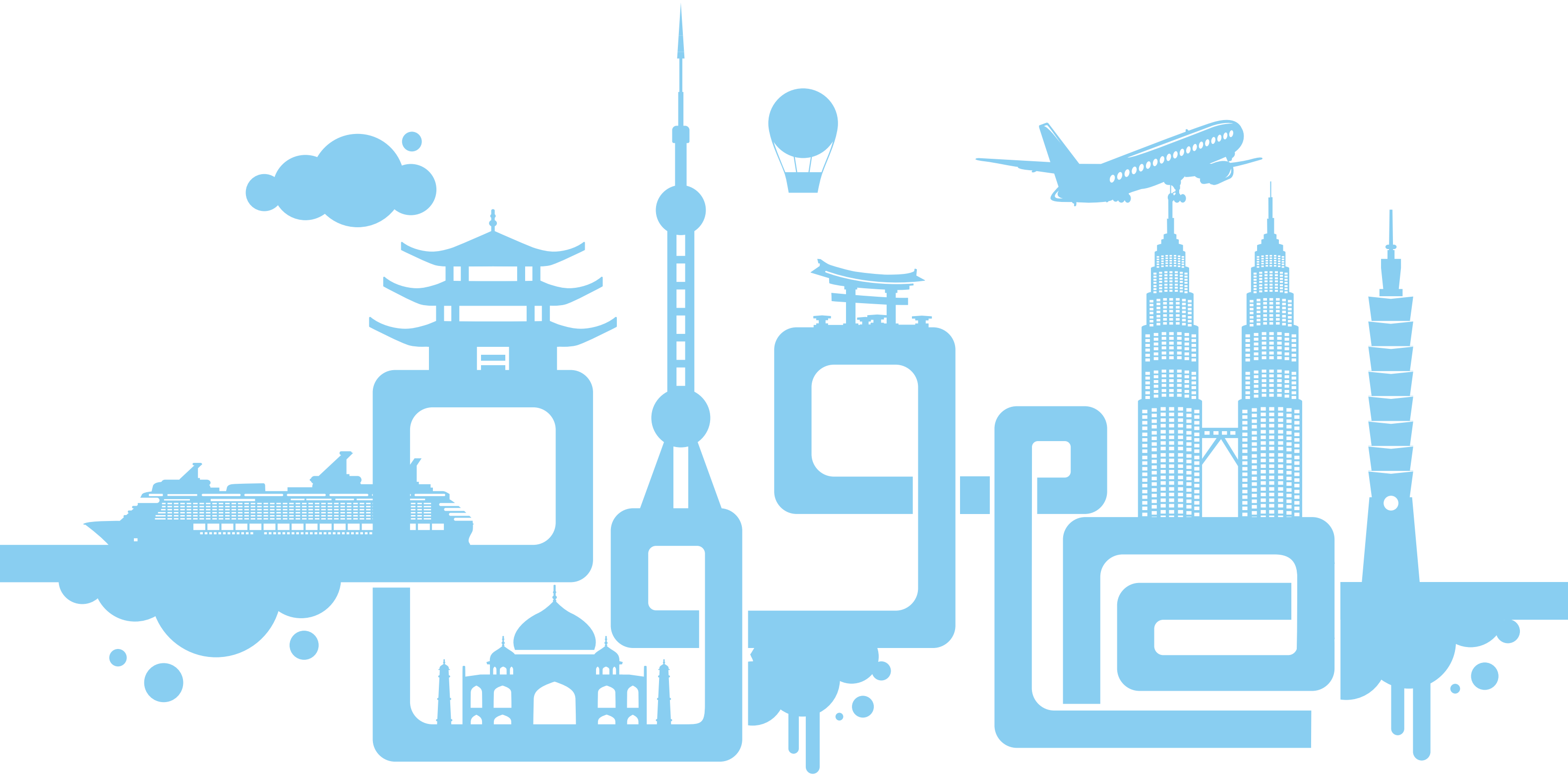

CORPORATE INFORMATION

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

REORIENT Financial Markets 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

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
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	2013 HK$'000	2012 HK$'000	Year-on-Year change
Profitability				
Gross sales proceeds		**1,604,767**	1,433,879	+11.9%
Revenue				
— Travel and travel related business		**263,823**	229,188	+15.1%
— Rental income from investment property		**440**	–	N/A
		264,263	229,188	+15.3%
Profit attributable to owners of the Company		**41,339**	30,339	+36.3%
Profit attributable to owners of the Company (excluding the impact of increase in fair value of investment property)		**32,790**	30,339	+8.1%
Financial ratio				
Return on equity (%)	*1*	**31.0%**	28.2%	
Current ratio (time)	*2*	**1.11**	1.37	
Gearing ratio (%)	*3*	**20.5%**	6.1%	

Notes:

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

CHAIRMAN'S STATEMENT

Dear Honorable Shareholders,

The Group achieved a satisfactory growth in terms of revenue and profit for the year ended 31 March 2013 despite of the constant rise in operating costs especially the shop rental and staff costs that brought pressure to the profit margin. Although the entrance of new competitors into the market intensified the competition in the industry, the Group strived to differentiate itself to maintain its leadership position.

Coupled with long established brand and reputation, the Group optimized its operating strategies continuously in order to enhance service quality and provide better customer service. Furthermore, the Group put more effort on training to the middle management team to strengthen their management and execution capability.

After a series of control measures implemented by the Hong Kong Government to rein in the property market, the Group expects that shop rental for the coming year will be stabilized and customers will be more willing to spend in travelling due to lesser pressure of repaying mortgage loan. It is a favorable business factor to the Group.

The Group has worked vigorously on diversification of business and expansion of product range in order to explore new business opportunities. The Group introduced a new brand, Tailor Made Holidays (度新假期), to the FIT (frequent individual traveller) market to provide hassle-free travel services. A new retail shop under this new brand name was opened in April 2013 at Telford Plaza, Kowloon Bay. Furthermore, complimented the Group's widespread retail shop network in different locations in Hong Kong, an e-business team was established as a new sales channel to grasp the enormous business opportunities through on-line platforms. Apart from FIT market, the Group started to explore the tour business by operating long haul tours under the brand name of "TE Tours (專賞團)".

Also, the Group is working on other new initiatives including a possible acquisition of a company with operations of travel-related business in the People's Republic of China and the setup of an investment unit for approved treasury activities.

The Group is optimistic about the outlook of the travel industry and will work with ceaseless efforts in exploring opportunities and possibilities in business expansion and diversification.

On behalf of the Board, I wish to express my sincere gratitude to shareholders, business partners and customers for their continued support, and to employees for their dedication and hard work.

Ko Wai Ming, Daniel
Chairman and Executive Director

Hong Kong, 28 June 2013

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group recorded a satisfactory business growth for the year ended 31 March 2013. Total revenue including rental income from investment property of HK$0.4 million (2012: Nil) increased to HK$264.3 million (2012: HK$229.2 million), representing an increase of 15.3% over the previous year. The increase was primarily contributed by the revenue growth in the Group's retail business. During the year under review, the Group purchased an investment property at Yuen Long that generated rental income together with an increase in fair value of investment property of about HK$8.5 million (2012: Nil). Including the increase in fair value of investment property, profit for the year attributable to owners of the Company increased significantly by 36.3% from HK$30.3 million in the previous year to HK$41.3 million. Excluding such fair value adjustment impact, the profit for the year is HK$32.8 million, representing an increase of 8.3% over the previous year. Basic earnings per share attributable to owners of the Company for the year ended 31 March 2013 was HK8.3 cents, representing an increase of 23.9% from HK6.7 cents over the previous year.

BUSINESS REVIEW

The Group's retail business is operated mainly through Travel Expert Limited (專業國際旅運有限公司), which is the core focus of the Group. For the year ended 31 March 2013, sales performance from retail customers continued to show a considerable growth, which was attributable to the Group's efforts in maintaining an effective sales network, good marketing programmes and high quality frontline staff. The Group will continue to identify strategic locations for new retail shops to expand its sales coverage. In addition, the Group has expanded several existing shops located in high traffic shopping centres. Throughout the fiscal year of 2013, the Group organised various marketing programmes to promote the Company's highly reputable image on FIT (frequent individual traveller) products as well as new travel destinations to attract more customers' attention. In the second half of the fiscal year, the number of customers travelling to Japan, one of the most popular travel destinations for Hong Kong people, has increased significantly due to the devaluation of the Japanese currency. The Group believes that all these positive factors have contributed to the satisfactory growth in the revenue of retail business despite the keen market competition in the year.

The Group's corporate and MICE (Meeting, Incentive, Conference and Exhibition) business is operated mainly through Travel Expert Business Services Limited (專業旅運商務有限公司). For the year ended 31 March 2013, sales performance from corporate and MICE business customers made a relatively insignificant contribution to the total Group's result. Since the business growth of this segment has not yet reached the management's original expectations, the Group is exploring new measures to increase the customer base in the future.

Overall, the Group's gross sales proceeds amounted to HK$1,604.8 million for the year ended 31 March 2013, representing an increase of 11.9% as compared with HK$1,433.9 million for the year ended 31 March 2012. After deducting the cost of travel related products, net of the incentive income from service providers, airlines and other travel products suppliers (which primarily consists of cost of air tickets, hotel accommodations and other travel related products, such as visa processing and travel insurance processing) of HK$1,341.0 million for the year ended 31 March 2013 (2012: HK$1,204.7 million), revenue excluding the rental income from investment property of HK$0.4 million (2012: Nil) for the year ended 31 March 2013 was HK$263.8 million, representing an increase of 15.1% over HK$229.2 million for the year ended 31 March 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Selling and Distribution Costs

For the year ended 31 March 2013, selling and distribution costs amounted to HK$186.3 million, representing an increase of 22.2% over HK$152.5 million for the year ended 31 March 2012. For the year under review, selling and distribution costs accounted for 70.5% of the Group's total revenue, having increased from 66.5% in the previous year. Since staff costs and shop rental accounted for the majority of the Group's selling and distribution costs, the steady upward pressure on the average rental of retail premises and the increasing labour costs have primarily contributed to the increase of selling and distribution costs for the year. Despite the upsurge in shop rental expenses, the Group will continue to maintain an effective sales network in order to deliver convenient and quality services to its retail customers. As at 31 March 2013, the Group operated a total of 60 retail shops in Hong Kong.

Administrative Expenses

For the year ended 31 March 2013, administrative expenses amounted to HK$45.9 million, representing a slight increase of 0.4% over HK$45.7 million for the year ended 31 March 2012. Administrative expenses accounted for 17.4% of the Group's total revenue, which decreased slightly from 19.9% in the previous year. This was partly attributable to the reduction of share-based payment expenses and to the non-recurring listing expenses incurred in the previous year. In addition, the Group has imposed a tighter control of back office expenses in the year. Salaries of back office staff accounted for the majority of the Group's administrative expenses.

Finance Cost

The finance cost of the Group for the year ended 31 March 2013 was HK$223,000, which was mainly related to the interest-bearing bank borrowing of mortgage loans for the Group's properties. (2012: HK$90,000).

Liquidity, Financial Resources and Capital Resources

The Group generally finances its liquidity requirements through internally generated resources and will only utilise available banking facilities whenever necessary. The Group's financial position as at 31 March 2013 remained healthy with net assets of HK$133.6 million (as at 31 March 2012: HK$107.4 million). The Group continued to record a strong cash inflow generated from operating activities during the year. Including the time deposits over three months, the Group had total cash and cash equivalents of HK$148.3 million as at 31 March 2013 (as at 31 March 2012: HK$157.1 million). As at 31 March 2013, apart from an investment property with fair value at HK$62.0 million, the Group did not hold any significant financial investment.

As at 31 March 2013, the Group's current ratio (current assets divided by current liabilities) was 1.11 times compared with 1.37 times as at 31 March 2012. Due to the purchase of the investment property at Yuen Long during the year, a new mortgage loan was taken out which resulted in the gearing ratio (interest-bearing borrowings divided by equity attributable to owners of the Company) increasing significantly to 20.5% as compared with 6.1% as at 31 March 2012. Nevertheless, in view of the Group's steady cash inflow from operations together with the surplus cash position, the Group has adequate financial resources to meet the future payment obligation and support its future business development plan.

Contingent Liabilities

The Group did not have any contingent liabilities as at 31 March 2013.

Capital Commitment

The Group did not have any significant capital commitment as at 31 March 2013.

Pledge of Assets

As at 31 March 2013, the Group had two outstanding mortgage loans amounting in total to HK$27.4 million (as at 31 March 2012: HK$6.5 million) which were repayable on demand and secured by the Group's land and buildings and investment property.

MANAGEMENT DISCUSSION AND ANALYSIS

Foreign Exchange Risks and Treasury Policies

The Group has foreign currency exposures that mainly result from the balance of assets and liabilities in currencies other than in Hong Kong dollars, the Group's functional currency. The Group's policy requires the management to monitor the 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 purpose of meeting the Group's future payment obligation in foreign currencies. For the year ended 31 March 2013, an exchange gain of approximately HK$0.7 million was recorded (2012: exchange gain of HK$1.2 million).

Human Resources and Employee's Remuneration

As at 31 March 2013, the Group had a total workforce of 585 (as at 31 March 2012: 483), of which about 78.1% were front line staff. Employees' remuneration packages are determined with reference to the market information and individual performance and will be reviewed on a regular basis. Other benefits include contributions to mandatory provident fund and medical insurance coverage. In addition, the Group has granted share options to certain eligible persons pursuant to a Pre-IPO share option scheme adopted by the Company on 31 March 2011, i.e. before the listing of the Company's shares in the Stock Exchange in September 2011. The remuneration policy will be reviewed by the Board from time to time. Emoluments of Directors are determined by the Remuneration Committee after considering the Group's operating results, individual performance and comparing with market conditions.

Event after the Reporting Period

With a view to enhancing the yield of the Group's surplus funds, the Company on 8 February 2013 announced its proposal to amend the Group's treasury policy to allow the Group's surplus funds to be invested in more investment choices in addition to term deposits (the "Treasury Activities"). To facilitate the Treasury Activities, the Group has set an initial investment cap of HK$20 million (the "Initial Investment Cap") from the Group's surplus funds (i.e. any amount in excess of the Group's operating funds requirement and the remaining proceeds balance of the initial public offering). Subsequent to 31 March 2013, on 18 April 2013, an extraordinary general meeting was held and the Treasury Activities was approved by the Company's shareholders. As of the date of this annual report, the Group is still in the process of recruiting a Chief Investment Officer. No Treasury Activities has been entered into by the Group and the Initial Investment Cap remains unutilised as at the date of this annual report.

OUTLOOK

The Group will endeavour to diversify its business portfolio and increase its market share in the travel industry. In addition to the further development of corporate and MICE business, a new brand name "Tailor Made Holidays (度新假期)" was developed for both retail and wholesale business. A new retail shop under this new brand name was opened in April 2013 at Telford Plaza, Kowloon Bay. According to the business plan, more retail shops under this new brand name will be opened in the coming years. The Group is also looking to develop the on-line business in response to the growing demand on the e-Business sales channel. A new e-Business Sales Team has been established in order to better serve those customers using the internet for sales booking. In addition, the Group is exploring business opportunities in the tour business sector.

Regarding overseas expansion, as stated in the Company's announcement dated 14 March 2013, the Group is in preliminary discussions with an independent third party in relation to a possible acquisition of equity interest in a travel-related business in the People's Republic of China. The Group will continue the discussion with an aim to expand our business into China.

In addition to the Group's core travel business, as stated above, the Company has obtained shareholders' approval to carry out the Treasury Activities. This is a new initiative by the Group and will be closely monitored in order to get a better yield on the Group's surplus funds.

DIRECTORS' BIOGRAPHIES

EXECUTIVE DIRECTORS

Mr. Ko Wai Ming, Daniel, aged 53, became the Chairman and an Executive Director of the Company on 6 September 2011 and 30 September 2010 respectively. Mr. Ko has over 11 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 54, is one of the co-founders of the Group and became the Chief Executive Officer and an Executive Director of the Company on 6 September 2011 and 30 September 2010 respectively. Ms. Cheng has over 27 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, the Chairman and an Executive Director of the Company.

Mr. Kam Tze Ming, Alfred, aged 53, joined the Group as Chief Operating Officer in May 2010. He became an Executive Director of the Company on 30 September 2010. Mr. Kam is mainly responsible for overseeing sales operations of the 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 the Group, Mr. Kam was Head of Information Technology of Maxim's Caterers Limited. He has more than 21 years of experience in the information technology and retail industries.

Mr. Chan Wan Fung, aged 44, joined the 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 21 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.

DIRECTORS' BIOGRAPHIES

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Mak King Sau, aged 39, was appointed as an Independent Non-executive Director of the Company 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 11 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).

Mr. Szeto Chi Man, aged 56, was appointed as an Independent Non-executive Director of the Company 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 11 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 59, was appointed as an Independent Non-executive Director of the Company 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 (the "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. During the year ended 31 March 2013, the Company has complied with all the applicable code provisions as set out in the Corporate Governance Code (the "Code") in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), save as disclosed below.

Code provision E.1.3 requires the Company to arrange for the notice to shareholders to be sent for annual general meetings at least 20 clear business days before the meeting and to be sent at least 10 clear business days for all other general meetings. For the annual general meeting of the Company held on 17 August 2012 ("2012 AGM"), the Company followed the notice requirement stated in the Articles of Association of the Company (the "Articles") and sent the notice of 2012 AGM to shareholders of not less than 21 clear days on 24 July 2012 (i.e. 17 clear business days before the 2012 AGM) instead of 20 clear business days. This practice will be changed for future annual general meetings to follow the code provision E.1.3.

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 year.

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"). 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 the INEDs has the professional qualifications or accounting or related financial management expertise required by the Listing Rules. Throughout the year, 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 year 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)*
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.

CORPORATE GOVERNANCE REPORT

The Board schedules at least four regular meetings a year on quarterly basis and also meets as and when required. During the year ended 31 March 2013, the Board held five meetings of which four were regular meetings in line with the meeting schedule. 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. One of the five Board meetings was a non-regular meeting which was convened by notice of less than 14 days to enable the Board to take expeditious actions for the proposed treasury activities and convening of an extraordinary general meeting for the extension of investment scope. The Board does not consider that this non-regular meeting convened by notice of less than 14 days is a deviation from the requirement of code provision A.1.3. 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 and signed by the respective Chairman. 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 Article 84 of the Articles, at each annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting of the Company at least once every three years. All retiring Directors shall be eligible for re-election.

Article 83(3) of the Articles provides that (i) any director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the shareholders after his appointment and be subject to re-election at such meeting, and (ii) any director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

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.

CORPORATE GOVERNANCE REPORT

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 positions of the Chairman and the Chief Executive Officer is beneficial to the business prospects of the Group.

DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT

Directors are encouraged to participate in continuing professional development to develop and refresh their knowledge and skills. The Company continuously updates the Directors on the Group's business and the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

During the year, the Directors have participated following trainings:

Name of Directors	Type of trainings		
	A	B	C
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	✓	✓	✓

A: Seminars/conferences relevant to directors' duties and responsibilities

B: Reading materials given by the Company relating to the Company's business and updates on Listing Rules and other applicable regulatory requirements relevant to directors' duties and responsibilities

C: Reading newspapers, journals, books and updates relating to the economy, environment and social issues or the directors' duties and responsibilities

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.

CORPORATE GOVERNANCE REPORT

The individual attendance records of each Director at the meetings of the Board, Nomination Committee, Remuneration Committee and Audit Committee during the year 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)*	5/5	1/1	–	–
Ms. Cheng Hang Fan *(Chief Executive Officer)*	5/5	–	2/2	–
Mr. Kam Tze Ming, Alfred *(Chief Operating Officer)*	5/5	–	–	–
Mr. Chan Wan Fung *(Chief Financial Officer)*	5/5	–	–	–
Independent Non-executive Directors:				
Mr. Mak King Sau	5/5	1/1	2/2	2/2
Mr. Szeto Chi Man	5/5	1/1	2/2	2/2
Mr. Yung Ha Kuk, Victor	5/5	1/1	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 year, the Nomination Committee has reviewed the structure, size and composition of the Board and considered that the current composition of the Board was appropriate to the Company and no change to the Board was proposed.

CORPORATE GOVERNANCE REPORT

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 year, the Remuneration Committee performed the works as summarized below:

(1) reviewed and recommended bonus payment of Executive Directors for the year ended 31 March 2013 and revision of the Chairman's remuneration for the Board's approval; and

(2) reviewed and recommended the remuneration proposal for Directors for the financial year of 2013–2014 for the Board's approval.

CORPORATE GOVERNANCE REPORT

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 discuss the internal control system with management to ensure that management has performed its duty to have an effective internal control system and that such discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function; 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; where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness; 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; to report to the Board on the matters in the Terms of Reference; and to consider other topics, as defined by the Board.

During the year, the Audit Committee performed the works as summarized below:

(1) reviewed and recommended the unaudited interim results of the Group for the six months ended 30 September 2012 for the Board's approval;

(2) reviewed and recommended the audited consolidated annual results of the Group for the year ended 31 March 2013 for the Board's approval; and

(3) reviewed the Report on Internal Control Review 2013 as prepared by an independent internal control consultant mainly covering corporate governance, internal control and operational (payroll system).

CORPORATE GOVERNANCE REPORT

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 year is summarized as below:

Service Types	HK$'000
Audit services — Annual audit	525
Non-audit services	125
Total	650

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing the corporate governance duties as set out below:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(e) to review the Company's compliance with the code and disclosure in the Corporate Governance Report.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNITY

To indemnify Directors and officers of the Company against all costs, charges, losses, expenses and liabilities incurred by them in the execution of and discharge of their duties or in relation thereto, the Company has arranged insurance cover for this purpose.

INTERNAL CONTROL

The Board has overall responsibility for maintaining a sound and effective internal control system of the Group to safeguard shareholders' investment and the Company's assets. 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.

During the year, the Company appointed an independent internal control consultant to perform a review of the internal control system of the Group which mainly covering corporate governance, internal control and operational (payroll system). The report on internal control review 2013 confirmed that the review results were satisfactory.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

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.

The responsibilities of the external auditors of the Company on the financial statements are set out in the "Independent Auditor's Report" on pages 29 to 30.

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 the 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 2012 AGM, all the Directors of the Company attended the 2012 AGM and the Chairman of the Board as well as Chairman of each of the Board Committees made themselves available to answer questions. External auditor was invited and attended the 2012 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 year, no shareholders' enquiry was received.

REPORT OF THE DIRECTORS

The Directors present their annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2013.

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 2013 and the state of affairs of the Company and the Group at that date are set out in the consolidated financial statements on pages 31 to 87.

No interim dividend was paid during the year (2012: Nil)

The Board has proposed a final dividend of HK4.0 cents (2012: HK3.6 cents) per share for the year ended 31 March 2013, representing a total payout of approximately HK$20.1 million, or a distribution of 48.7% of the current year's profit attributable to owners of the Company. Subject to shareholders' approval at the forthcoming annual general meeting (the "AGM") to be held on 20 August 2013, the proposed final dividend will be paid on or around 10 September 2013.

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on page 88.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The register of members of the Company will be closed from 16 August 2013 to 20 August 2013, both days inclusive, for the purpose of determining the entitlement to attend and vote at the AGM scheduled to be held on 20 August 2013. 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 Branch Share Registrar in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong ("Branch Share Registrar") not later than 4:30 p.m. on 15 August 2013.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The register of members of the Company will be closed from 27 August 2013 to 29 August 2013, both days inclusive, for the purpose of determining the entitlement to the proposed final dividend for the year ended 31 March 2013. In order to qualify for the proposed final dividend for the year ended 31 March 2013, all transfers forms accompanied by relevant share certificates must be lodged with the Branch Share Registrar not later than 4:30 p.m. on 26 August 2013.

REPORT OF THE DIRECTORS

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

The net proceeds from the placing and initial offer of the Company amounted to HK$49.5 million. Up to 31 March 2013, the proceeds were used for the following purposes:

— approximately HK$1.7 million was used to increase the Group's headcount and resources for developing corporate and MICE (meetings, incentives, conferences and exhibitions) business;

— approximately HK$2.0 million was used as the set-up and general operating expenses for the Group's China business;

— approximately HK$5.0 million was used to set-up the Group's new headquarters and upgrade its operational infrastructure; and

— approximately HK$2.8 million was used for general working capital of the Group.

The unutilised balance has been placed at commercial banks in Hong Kong as time deposits.

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.

INVESTMENT PROPERTY

Details of movements in and particulars of the investment property of the Group are set out in note 14 to the consolidated financial statements.

BANK BORROWINGS

Details of the bank borrowings of the Group at 31 March 2013 are set out in note 22 to the consolidated financial statements.

CHARITABLE DONATION

The Group made charitable donation during the year totalling HK$18,000 (2012: Nil).

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 to 26 to the consolidated financial statements.

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 of Hong Kong Limited (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 during the year.

REPORT OF THE DIRECTORS

RESERVES

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

DISTRIBUTABLE RESERVES

At 31 March 2013, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Chapter 22 (as amended) of the Cayman Islands, amounted to HK$85.9 million, of which HK$20.1 million has been proposed as a final dividend for the year after the reporting period. The amount of HK$85.9 million includes the Company's share premium account of HK$49.5 million in aggregate at 31 March 2013, 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

During the year, the percentage of turnover or sales attributable to the Group's five largest customers combined was less than 30%. The percentage of purchases attributable to the Group's five largest suppliers combined and the largest supplier were 41.99% and 22.27% 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 suppliers.

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)*
Independent Non-executive Directors	Mr. Mak King Sau Mr. Szeto Chi Man Mr. Yung Ha Kuk, Victor

Pursuant to Articles 84(1) and 84(2), Ms. Cheng Hang Fan, Mr. Kam Tze Ming, Alfred and Mr. Mak King Sau will retire by rotation at the AGM and, being eligible, will offer themselves for re-election.

REPORT OF THE DIRECTORS

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

All the Executive Directors have entered into service contracts 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 date of listing of the Company's shares on the Stock Exchange.

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 subsisted at the end of the year or during the year ended 31 March 2013.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN SHARE CAPITAL

At 31 March 2013, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers 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")	–	10,860,000 *(Note a)*	356,615,000 *(Note b)*	367,475,000	73.21%
Ms. Cheng Hang Fan ("Mrs. Ko")	10,860,000	–	356,615,000 *(Note b)*	367,475,000	73.21%
Mr. Kam Tze Ming, Alfred ("Mr. Kam")	500,000	–	–	500,000	0.10%

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 of the Company owned by Mrs. Ko.

(b) These shares of the Company are owned by Colvin & Horne Holdings Limited ("CHHL"), which is owned as to 60% and 40% by Mr. Ko and Mrs. Ko respectively.

REPORT OF THE DIRECTORS

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

Name of Director	Number of Pre-IPO share options held			Approximate percentage of the issued share capital
	Beneficial owner	Family interest	Total *(Note a)*	
Mr. Ko	500,000	500,000 *(Note b)*	1,000,000	0.20%
Mrs. Ko	500,000	500,000 *(Note b)*	1,000,000	0.20%
Mr. Kam	4,500,000	–	4,500,000	0.90%
Mr. Chan Wan Fung ("Mr. Chan")	2,500,000	–	2,500,000	0.50%

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 of the Company subject to the share options granted to Mrs. Ko and Mrs. Ko is deemed to be interested in the shares of the Company subject to the share options 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	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 of CHHL owned by Mrs. Ko and Mrs. Ko is deemed to be interested in the shares of CHHL owned by Mr. Ko.

Save as disclosed above, as at 31 March 2013, 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.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEMES

Pre-IPO Share Option Scheme

The Company adopted the Pre-IPO Share Option Scheme for the purpose of recognizing the contribution of selected eligible persons to the growth of the Group and the listing of the shares of the Company. Options to subscribe for an aggregate of 23,704,000 shares of the Company (the "Pre-IPO Share Options") were granted on 6 September 2011 and no further options would be granted under the Pre-IPO Share Option Scheme. The options vest within one or two years from the dates of grant and then are exercisable within a period of one year.

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 dated 16 September 2011 issued by the Company (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 2012	Grant during the year	Exercised during the year	Forfeited during the year	Balance at 31 March 2013	Exercise price per share (HK$)
Executive Directors							
Mr. Ko	30 September 2012 to 29 September 2013	500,000	–	–	–	500,000	0.5040
Mrs. Ko	30 September 2012 to 29 September 2013	500,000	–	–	–	500,000	0.5040
Mr. Kam	30 September 2012 to 29 September 2013	5,000,000	–	(500,000)	–	4,500,000	0.5040
Mr. Chan	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
Employees of the Group	30 September 2012 to 29 September 2013	12,372,000	–	(436,000)	(564,000)	11,372,000	0.5355
	30 September 2012 to 29 September 2013	2,000,000	–	(1,000,000)	–	1,000,000	0.5040
		22,872,000	–	(1,936,000)	(564,000)	20,372,000	

Further details of the Pre-IPO Share Option Scheme, please refer to note 26 to the consolidated financial statements.

REPORT OF THE DIRECTORS

Share Option Scheme

The Company adopted a Share Option Scheme (the "Share Option Scheme") on 6 September 2011. The purpose of the Share Option Scheme is to enable the Board to grant options to selected eligible persons 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 since the adoption of the Share Option Scheme.

The maximum number of shares of the Company 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 date of listing of the Company's shares on the Stock Exchange, i.e., 50,000,000 shares. The Company may seek approval from shareholders to refresh such limit. Moreover, the maximum number of shares of the Company 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.

REPORT OF THE DIRECTORS

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

As at 31 March 2013, 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 of Shareholders	Nature of interests Beneficial Owner	 Family Interest	Total number of Shares held	Approximate percentage of the issued Shares
CHHL *(Note a)*	356,615,000	–	356,615,000	71.05%
Mr. Chu Hung Kwan ("Mr. Chu") *(Note b)*	27,735,000	11,500,000	39,235,000	7.82%
Ms. Tai Kan Yuet ("Mrs. Chu") *(Note b)*	11,500,000	27,735,000	39,235,000	7.82%

Notes:

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

(b) Mr. Chu and Mrs. Chu are spouses. Pursuant to the Part XV of the SFO, Mr. Chu is deemed to be interested in the shares of the Company owned by Mrs. Chu and Mrs. Chu is deemed to be interested in the shares of the Company 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 2013, 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.

REPORT OF THE DIRECTORS

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 2013 HK$'000
Lease between Evergood Holdings Limited ("Evergood") and Travel Expert Limited ("TEL")	216
Lease between Red & White System Limited and TEL	1,075
Lease between Central City International Limited ("CCIL") and TEL — First Floor of Grand Building	1,140
Lease between CCIL and TEL — Ground Floor of Far East Consortium Building	2,513
Lease between Hombest Investment Limited ("Hombest") and MICExpert Limited (formerly known as Travel Expert Online Limited)	65
Lease between Hombest and TEL	126
Aggregated annual consideration paid by the Group	5,135

Details of the continuing connected transactions have been disclosed in the Prospectus and the announcements of the Company relating to continuing connected transactions involving tenancy agreements entered into between the Group and the connected persons of Mr. Ko.

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 ("BDO"), 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 have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to the Stock Exchange.

The Directors confirm that the disclosure requirements in accordance with Chapter 14A of the Listing Rules have been complied with by the Company.

REPORT OF THE DIRECTORS

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.

AUDITOR

The financial statements of the Company for the years ended 31 March 2012 and 2013 were audited by BDO. A resolution will be proposed at the AGM to re-appoint BDO as the auditor of the Company.

On behalf of the Board
Ko Wai Ming, Daniel
Chairman

Hong Kong, 28 June 2013

INDEPENDENT AUDITOR'S REPORT

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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 31 to 87, which comprise the consolidated and company statements of financial position as at 31 March 2013, 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 2013 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 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2013

	Notes	2013 HK$'000	2012 HK$'000
Revenue	*6*	**264,263**	229,188
Other income	*6*	**6,903**	5,870
Increase in fair value of investment property	*14*	**8,549**	–
Selling and distribution costs		**(186,273)**	(152,498)
Administrative expenses		**(45,885)**	(45,666)
Profit from operations	*7*	**47,557**	36,894
Finance cost	*8*	**(223)**	(90)
Profit before income tax		**47,334**	36,804
Income tax expense	*9*	**(5,995)**	(6,465)
Profit for the year attributable to owners of the Company		**41,339**	30,339
Other comprehensive income			
Fair value loss on available-for-sale financial assets		**–**	(142)
Reclassification adjustment for disposal of available-for-sale financial assets		**–**	175
Exchange difference on translation of financial statements of overseas subsidiary		**9**	–
Other comprehensive income for the year, net of tax		**9**	33
Total comprehensive income for the year attributable to owners of the Company		**41,348**	30,372
Earnings per share attributable to owners of the Company	*11*		
— Basic		**HK 8.3 cents**	HK 6.7 cents
— Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2013

	Notes	2013 HK$'000	2012 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*13*	**52,311**	53,135
Investment property	*14*	**62,000**	–
		114,311	53,135
Current assets			
Inventories	*16*	**2,390**	1,701
Trade receivables	*17*	**8,224**	7,985
Prepayments, deposits and other receivables	*18*	**40,387**	31,792
Prepaid tax		**855**	814
Time deposits over three months	*19*	**70,000**	100,000
Cash and cash equivalents	*19*	**78,279**	57,136
		200,135	199,428
Current liabilities			
Trade payables	*20*	**119,603**	110,446
Accrued charges, deposits received and other payables	*21*	**33,426**	28,104
Bank borrowings	*22*	**27,415**	6,533
Provision for tax		**443**	84
		180,887	145,167
Net current assets		**19,248**	54,261
Net assets		**133,559**	107,396
EQUITY			
Equity attributable to owners of the Company			
Share capital	*24*	**5,019**	5,000
Reserves	*25*	**128,540**	102,396
Total equity		**133,559**	107,396

Cheng Hang Fan
Director

Chan Wan Fung
Director

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2013

	Notes	2013 HK$'000	2012 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investments in subsidiaries	*15*	**36,900**	36,900
		36,900	36,900
Current assets			
Prepayments and other receivables	*18*	**484**	245
Amounts due from subsidiaries	*23*	**56,579**	27,800
Loan to a subsidiary	*23*	**–**	16,000
Time deposits over three months	*19*	**35,000**	40,000
Cash and cash equivalents	*19*	**3,825**	642
		95,888	84,687
Current liabilities			
Accrued charges and other payables	*21*	**1,147**	1,221
Amount due to a subsidiary	*23*	**–**	5,519
Provision for tax		**18**	–
		1,165	6,740
Net current assets		**94,723**	77,947
Net assets		**131,623**	114,847
EQUITY			
Share capital	*24*	**5,019**	5,000
Reserves	*25*	**126,604**	109,847
Total equity		**131,623**	114,847

Cheng Hang Fan
Director

Chan Wan Fung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2013

	Share capital HK$'000	Share premium HK$'000 (note 25(a))	Share option reserve HK$'000	Merger reserve HK$'000 (note 25(a))	Available-for-sale financial assets revaluation reserve HK$'000	Foreign exchange reserve HK $'000	Proposed final dividend HK$'000	Retained profits HK$'000	Total HK$'000
At 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 and 1 April 2012	5,000	48,110	2,466	(9,000)	–	–	18,000	42,820	107,396
Share issued under share option scheme	19	1,370	(400)	–	–	–	–	–	989
Forfeiture of share-based payment expenses	–	–	(58)	–	–	–	–	58	–
Recognition of share-based payment expenses	–	–	1,826	–	–	–	–	–	1,826
Transactions with owners	19	1,370	1,368	–	–	–	–	58	2,815
Profit for the year	–	–	–	–	–	–	–	41,339	41,339
Other comprehensive income for the year:									
Exchange alignment	–	–	–	–	–	9	–	–	9
Total comprehensive income for the year	–	–	–	–	–	9	–	41,339	41,348
Final dividend declared	–	–	–	–	–	–	(18,000)	–	(18,000)
Final dividend proposed	–	–	–	–	–	–	20,077	(20,077)	–
At 31 March 2013	**5,019**	**49,480**	**3,834**	**(9,000)**	**–**	**9**	**20,077**	**64,140**	**133,559**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2013

	Notes	2013 HK$'000	2012 HK$'000
Cash flows from operating activities			
Profit before income tax		**47,334**	36,804
Adjustments for:			
Interest income	*6*	**(1,593)**	(935)
Dividend income	*6*	**–**	(160)
Increase in fair value of investment property	*14*	**(8,549)**	–
Loss on disposal of available-for-sale financial assets	*7*	**–**	175
Depreciation of property, plant and equipment	*7*	**6,171**	5,019
Loss on disposal of property, plant and equipment	*7*	**14**	4
Interest expenses	*8*	**223**	90
Share-based payment expenses	*26*	**1,826**	2,466
Operating profit before working capital changes		**45,426**	43,463
Increase in inventories		**(689)**	(978)
Increase in trade receivables		**(239)**	(2,721)
(Increase)/decrease in prepayments, deposits and other receivables		**(8,590)**	2,606
Increase in trade payables		**9,157**	22,830
Increase/(decrease) in accrued charges, deposits received and other payables		**5,321**	(1,402)
Cash generated from operations		**50,386**	63,798
Income tax paid		**(5,677)**	(8,326)
Income tax refund		**–**	9
Net cash generated from operating activities		**44,709**	55,481
Cash flows from investing activities			
Purchase of property, plant and equipment		**(5,361)**	(51,607)
Decrease in pledged deposits		**–**	34
Decrease/(increase) in cash deposit with an original maturity of more than three months		**30,000**	(100,000)
Purchase of investment property		**(53,451)**	–
Proceeds from settlement of available-for-sale financial assets		**–**	7,714
Interest received		**1,593**	935
Dividend received		**–**	160
Net cash used in investing activities		**(27,219)**	(142,764)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2013

	Notes	2013 HK$'000	2012 HK$'000
Cash flows from financing activities			
Dividends paid		(17,997)	(10,000)
Proceeds from issue of shares		989	63,000
Share issue expenses		–	(9,890)
Proceeds from bank borrowings		25,000	6,533
Repayments of bank borrowings		(4,118)	–
Interest paid		(223)	(90)
Net cash generated from financing activities		3,651	49,553
Net increase/(decrease) in cash and cash equivalents		21,141	(37,730)
Cash and cash equivalents at beginning of year		57,136	94,866
Effect of foreign exchange rate changes		2	–
Cash and cash equivalents at end of year	*19*	78,279	57,136
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		50,579	41,341
Short-term deposits in banks and a financial institution		27,700	15,795
	19	78,279	57,136

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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").

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 on 30 September 2011, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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 for the year ended 31 March 2012 have therefore been prepared using the principles of merger accounting as if the current group structure had been in existence since 1 April 2011. Under this method, the Company has been treated as the holding company of its subsidiaries for the year ended 31 March 2012 rather than from the date of acquisition of the subsidiaries. The financial statements for the year ended 31 March 2012 have been prepared as if the Company has always been the holding company of the Group. The results and cash flows of the Group include the results and cash flows of each of the combining entities or businesses since 1 April 2011 or from the date of incorporation/establishment. 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. In the opinion of the directors, the financial statements prepared on the above basis, present more fairly the results, cash flows and state of affairs of the Group as a whole.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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 31 to 87 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 of Hong Kong Limited.

The financial statements have been prepared under the historical cost basis except for available-for-sale financial assets and investment property 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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

3.6 Investment property

Investment property is property held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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

3.7 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.

3.8 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) Rental income from investment property is recognised on a straight-line basis over the periods of the respective tenancy;

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

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

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

3.9 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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

3.10 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) loans and receivables; and (ii) 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) *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.

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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

3.10 Financial assets *(Continued)*

Classification of financial assets *(Continued)*

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

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 are reviewed to determine whether there is any objective evidence of impairment.

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

(i) significant financial difficulty of the debtor;

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

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

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

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

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

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

(i) *Financial assets carried at amortised cost*

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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

3.10 Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

(i) Financial assets carried at amortised cost (Continued)

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

(ii) Available-for-sale financial assets

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

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

(iii) Financial assets carried at cost

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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

3.11 Financial liabilities

The Group's financial liabilities include trade and other payables, bank borrowings, 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.

3.12 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.

3.13 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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

3.13 Accounting for income taxes *(Continued)*

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS40 "Investment Property". Unless the presumption is rebutted, the deferred tax amount on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amount at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodies in the property overtime, rather than through sale.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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

3.14 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.

3.15 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.

3.16 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.

3.17 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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

3.18 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.

3.19 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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

3.19 Related parties *(Continued)*

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.

3.20 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.

3.21 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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

3.22 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major operations.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except that:

(a) expenses related to share-based payments;

(b) finance costs;

(c) income tax;

(d) corporate income and expenses which are not directly attributable to the business activities of any operating segment; and

(e) Fair value gain on investment property;

are not included in arriving at the operating results of the operating segment.

Corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment. These include deferred tax liabilities attributable to investment properties.

4. ADOPTION OF NEW AND AMENDED STANDARDS

(a) Adoption of new/revised HKFRSs — effective on 1 April 2012

In the current year, the Group has for the first time applied 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 2012.

Amendments to HKFRS 7	Disclosures — Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax — Recovery of Underlying Assets

Except as 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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

(a) Adoption of new/revised HKFRSs — effective on 1 April 2012 *(Continued)*

Amendments to HKAS 12-Deferred Tax — Recovery of Underlying Assets

The amendments to HKAS 12 introduce a rebuttable presumption that an investment property that is stated at fair value under HKAS 40 "Investment Property" is recovered entirely through sale. The measurement of the deferred tax liability or deferred tax asset reflects the tax consequences of recovering the carrying amount of the investment property entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If this presumption is rebutted, the amount of deferred tax is measured based on the expected manner in which the carrying amount of the investment property would be recovered, using the appropriate tax rates enacted or substantially enacted at the reporting date (see note 3.13).

The Group has investment property located in Hong Kong measured at fair value of approximately HK$62,000,000 as at 31 March 2013 (31 March 2012: nil) with an increase in fair value of approximately HK$8,549,000 as disclosed in note 14. The Group has assessed that the presumption in the amendments to HKAS 12 should be adopted in respect of the Group's investment property and the associated deferred tax liability of the investment property has been re-measured on the presumption that it is recovered entirely through sale. The directors of the Company consider that the effect of the adoption of the amendments to HKAS 12 on the financial statements of the Group is to decrease the deferred tax liability and the income tax expense of approximately HK$1,411,000 as there is no capital gain tax on sale of the investment property located in Hong Kong.

(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.

HKFRSs (Amendments)	Annual Improvements 2009–2011 Cycle[2]
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[3]
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 19 (2011)	Employee Benefits[2]
HKAS 27 (2011)	Separate Financial Statements[2]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[2]

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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

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

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 any material financial impact on the Group's results and financial position.

HKFRSs (Amendments) — Annual Improvements 2009–2011 Cycle

The improvements made amendments to four standards.

(i) *HKAS 1 Presentation of Financial Statements*

The amendments clarify that the requirement to present a third statement of financial position when an entity applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items in its financial statements is limited to circumstances where there is a material effect on the information in that statement of financial position. The date of the opening statement of financial position is the beginning of the preceding period and not, as at present, the beginning of the earliest comparative period. The amendments also clarify that, except for disclosures required by HKAS 1.41-44 and HKAS 8, the related notes to the third statement of financial position are not required to be presented. An entity may present additional voluntary comparative information as long as that information is prepared in accordance with HKFRS. This may include one or more statements and not a complete set of financial statements. Related notes are required for each additional statement presented.

(ii) *HKAS 16 Property, Plant and Equipment*

The amendments clarify that items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

(iii) *HKAS 32 Financial Instruments: Presentation*

The amendments clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. Depending on the circumstances these items of income tax might be recognised in equity, other comprehensive income or in profit or loss.

(iv) *HKAS 34 Interim Financial Reporting*

The amendments clarify that in interim financial statements, a measure of total assets and liabilities for a particular reportable segment needs to be disclosed when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total assets and liabilities for that segment from the amount disclosed in the last annual financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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

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

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.

Amendments to HKAS 32 — Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

Amendments to HKFRS 7 — Offsetting Financial Assets and Financial Liabilities

HKFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under HKAS 32 and those that are subject to an enforceable master netting agreement or similar arrangement, irrespective of whether they are set off under HKAS 32.

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 implementation 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.

HKFRS 12 — Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosure requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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

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

HKFRS 13 — Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(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.

(vi) Estimates of fair value of investment property

The Group's investment property was revalued at the end of each reporting period by independent professional valuer. Such valuations were based on certain assumptions which are subject to uncertainty and might materially differ from the actual results. In making the judgement, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

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 and the property investment. An analysis of the Group's revenue from principal activities which is the Group's turnover and other income is as follows:

	2013 HK$'000	2012 HK$'000
Turnover/Revenue		
Travel and travel related business *(note i)*	**263,823**	229,188
Rental income from investment property	**440**	–
	264,263	229,188
Other income		
Interest income on deposits in banks and financial institutions stated at amortised cost	**1,593**	935
Dividend income	**–**	160
Sundry income	**5,310**	4,775
	6,903	5,870
Total revenue and other income	**271,166**	235,058

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

6. REVENUE AND OTHER INCOME AND SEGMENT INFORMATION *(Continued)*

Note i:

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:

	2013 HK$'000	2012 HK$'000
Gross sales proceeds	**1,604,767**	1,433,879

Segment information

The executive directors have identified the Group's operating segments as follows. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

	Travel and travel related business		Rental income from investment property		Total	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Revenue						
From external customers	**263,823**	229,188	**440**	–	**264,263**	229,188
Reportable segment revenue	**263,823**	229,188	**440**	–	**264,263**	229,188
Reportable segment profit	**39,012**	39,436	**8,977**	–	**47,989**	39,436
Interest income	**1,593**	935	**–**	–	**1,593**	935
Depreciation	**(6,171)**	(5,019)	**–**	–	**(6,171)**	(5,019)
Interest expenses	**(91)**	(90)	**(132)**	–	**(223)**	(90)
Increase in fair value of investment property	**–**	–	**8,549**	–	**8,549**	–
Income tax expense	**5,995**	6,465	**–**	–	**5,995**	6,465
Reportable segment assets	**213,303**	211,383	**62,163**	–	**275,466**	211,383
Additions to non-current segment assets during the year	**5,361**	53,135	**53,451**	–	**58,812**	53,135
Reportable segment liabilities	**155,008**	142,706	**24,827**	–	**179,835**	142,706

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

6. REVENUE AND OTHER INCOME AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the consolidation financial statements as follows:

	2013 HK$'000	2012 HK$'000
Reportable segment revenue	**264,263**	229,188
Group revenue	**264,263**	229,188
Reportable segment profit	**47,989**	39,436
Finance cost	**(223)**	(90)
Other corporate expenses	**(432)**	(2,542)
Profit before income tax expense	**47,334**	36,804
Reportable segment assets	**275,466**	211,383
Other corporate assets	**38,980**	41,180
Group assets	**314,446**	252,563
Reportable segment liabilities	**179,835**	142,706
Other corporate liabilities	**1,052**	2,461
Group liabilities	**180,887**	145,167

The Group's revenues from external customers and its non-current assets are all divided into the following geographical areas:

	Revenue from external customers		Non-current assets	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Hong Kong (domicile)	**264,263**	229,188	**114,193**	53,135
The People's Republic of China (the "PRC") excluding Hong Kong	**–**	–	**118**	–
	264,263	229,188	**114,311**	53,135

The country of domicile is determined by referring to the country which the Group regards as its home country, has the majority of operations and centre of management.

The geographical location of customers is based on the location at which the services were provided. The geographical location of the non-current assets is based on the physical location of the asset.

The Group has a large number of customers, and no significant revenue was derived from specific external customers for the years ended 31 March 2012 and 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

7. PROFIT FROM OPERATIONS

	2013 HK$'000	2012 HK$'000
Profit from operations is arrived at after charging/(crediting):		
Auditor's remuneration	**525**	580
Depreciation*	**6,171**	5,019
Loss on disposal of property, plant and equipment	**14**	4
Loss on disposal of available-for-sale financial assets	**–**	175
Net foreign exchange gain	**(720)**	(1,208)
Operating lease charges in respect of leasehold premises:		
— Minimum leases payments	**37,203**	33,359
— Contingent rents**	**13**	1
	37,216	33,360
Operating leases in respect of office equipment	**1,072**	708
Staff costs (excluding directors' remuneration *(note 12)*):		
— Salaries	**130,474**	110,702
— Retirement scheme contribution	**5,179**	4,081
— Share-based payment expenses	**1,124**	1,755
	136,777	116,538

* Depreciation expenses have been included in:

— selling and distribution costs of approximately HK$3,211,000 for the year ended 31 March 2013 (2012: HK$3,690,000); and

— administrative expenses of approximately HK$2,960,000 for the year ended 31 March 2013 (2012: HK$1,329,000).

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

8. FINANCE COST

	2013 HK$'000	2012 HK$'000
Interest on bank borrowings		
— not wholly repayable within five years	**223**	90

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

9. INCOME TAX EXPENSE

	2013 HK$'000	2012 HK$'000
Current tax — Hong Kong		
Tax for the year	6,053	6,478
Over provision in respect of prior year	(58)	(13)
	5,995	6,465

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

	2013 HK$'000	2012 HK$'000
Profit before income tax	47,334	36,804
Tax calculated at the rates applicable to profits in the tax jurisdiction concerned	7,774	6,072
Tax effect of non-deductible items	173	660
Tax effect of non-taxable items	(1,969)	(226)
Tax loss utilised for the year	(196)	(162)
Tax effect of tax losses not recognised	402	249
Over provision in prior year	(58)	(13)
Tax effect of taxable/(deductible) temporary differences not recognised	(131)	(115)
Income tax expense	5,995	6,465

Hong Kong profits tax is calculated at 16.5% (2012: 16.5%) on the estimated assessable profits for the year.

A subsidiary of the Company established in the PRC is subject to PRC enterprise income tax at the rate of 25%. No PRC enterprise income tax has been provided as there is no assessable profit arising in the PRC 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$2,704,000, subject to the agreement by the Hong Kong Inland Revenue Department, for the year ended 31 March 2013 to offset against future taxable income (2012: HK$1,457,000). These tax losses do not expire under current legislation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

10. DIVIDEND

	2013 HK$'000	2012 HK$'000
Proposed final dividend	**20,077**	18,000
	20,077	18,000

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

	2013 HK$'000	2012 HK$'000
Final dividend proposed in the previous year	**18,000**	–
	18,000	–

The directors recommend a final dividend of HK 4.0 cents (2012: HK 3.6 cents) per ordinary share for the year ended 31 March 2013, amounting to approximately HK$20,077,000 (2012: HK$18,000,000), which is subject to approval by the shareholders in the forthcoming annual general meeting. The proposed dividend is 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$41,339,000 (2012: HK$30,339,000) and 500,055,000 (2012: 450,820,000) weighted average number of ordinary shares in issue during the year.

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 400,000,000 ordinary shares which represents the number of shares of the Company issued immediately after the Reorganisation and the Capitalisation Issue (as defined in note 24) excluding any share issued pursuant to the Company's placement and public offering in September 2011.

No diluted earnings per share is presented for the years ended 31 March 2012 and 2013 as the exercise price of the Company's outstanding options were higher than the average market price for the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

12. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

The emoluments paid or payable to the directors and the chief executive were as follows:

	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
2013						
Executive directors						
Mr. Ko Wai Ming, Daniel	–	618	–	15	46	679
Ms. Cheng Hang Fan	–	624	390	15	46	1,075
Mr. Kam Tze Ming, Alfred	–	1,632	290	15	455	2,392
Mr. Chan Wan Fung *(note i)*	–	1,152	232	15	155	1,554
	–	4,026	912	60	702	5,700
Independent non-executive directors						
Mr. Yung Ha Kuk, Victor	150	–	–	–	–	150
Mr. Szeto Chi Man	120	–	–	–	–	120
Mr. Mak King Sau	120	–	–	–	–	120
	390	–	–	–	–	390
	390	4,026	912	60	702	6,090
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 ii)*	–	–	–	–	–	–
Mr. Szeto Chi Man	60	–	–	–	–	60
Mr. Mak King Sau	60	–	–	–	–	60
	195	–	–	–	–	195
	495	2,440	1,729	30	711	5,405

Notes:

(i) Mr. Chan Wan Fung has been appointed as executive director on 1 April 2012.

(ii) Mr. Lee Pui Wah was appointed as independent non-executive director on 20 April 2011 and resigned on 29 June 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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:

	2013 Number of individuals	2012 Number of Individuals
Directors	3	2
Non-director, highest paid individuals	2	3
	5	5

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

	2013 HK$'000	2012 HK$'000
Salaries, allowances and other benefits	2,070	2,131
Discretionary bonuses	140	733
Retirement scheme contribution	29	35
Share-based payment expenses	24	388
	2,263	3,287

Their emoluments fell within the following emolument bands:

	2013 Number of individuals	2012 Number of Individuals
Nil–HK$1,000,000	–	1
HK$1,000,001–HK$1,500,000 *(Note)*	2	2

Note: One of these two non-director, highest paid individuals for the year ended 31 March 2012 was also a member of senior management of the Group.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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 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
Year ended 31 March 2013					
Opening net book amount	4,899	2,392	1,155	44,689	53,135
Additions	2,970	1,568	823	–	5,361
Disposals	(11)	–	(3)	–	(14)
Depreciation	(2,957)	(1,393)	(565)	(1,256)	(6,171)
Closing net book amount	4,901	2,567	1,410	43,433	52,311
At 31 March 2013					
Cost	14,033	8,987	3,541	45,108	71,669
Accumulated depreciation	(9,132)	(6,420)	(2,131)	(1,675)	(19,358)
Net book amount	4,901	2,567	1,410	43,433	52,311

At 31 March 2013, land and buildings of approximately HK$43,433,000 (2012: HK$44,689,000) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

14. INVESTMENT PROPERTY

Group

	2013 HK$'000	2012 HK$'000
At beginning of the year	–	–
Additions	53,451	–
Increase in fair value of investment property	8,549	–
At end of the year	62,000	–

The investment property represents property interests held under operating leases to earn rentals or for capital appreciation purposes and the medium term leasehold land in Hong Kong will expire in 2047. The investment property is situated at Yuen Long Town Lot No. 42 and known as Shop D1 on Ground Floor, Fung Hing Building, Nos. 33–35 Yuen Long Hong Lok Road, 36, 40 & 42 Kau Yuk Road, Yuen Long, New Territories, Hong Kong.

The fair value of the Group's investment property as at 31 March 2013 was arrived at on the basis of a valuation carried out as at that date by B.I. Appraisals Limited, an independent qualified professional valuer not connected to the Group. B.I. Appraisals Limited is a member of the Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experience in the valuation of properties in the relevant location. The valuation was arrived at using the investment approach by taking into account the current net rents passing of the property being held under existing tenancy and the reversionary potential of the tenancy and by marking reference to comparable sale evidences in the relevant market. The revaluation gain is recognised in profit or loss for the year.

The Group's investment property is pledged to a bank to secure a bank borrowing granted to the Group as at 31 March 2013 (note 22).

15. INVESTMENTS IN SUBSIDIARIES

Company

	2013 HK$'000	2012 HK$'000
Non-current asset		
— Unlisted shares, at cost	36,900	36,900

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

15. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Details of the subsidiaries at 31 March 2013 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 (專業旅運企業有限公司)	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$18,000,000 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
MICExpert Limited (formerly known as Travel Expert Online Limited) (尊業旅程策劃有限公司)	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
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$1,000,000 at HK$1.00 per share	100%	Travel and travel related business
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)	The PRC 21 December 2011	RMB500,000	100%	Inactive
Smart Elite Investments Limited (傑駿投資有限公司)	Hong Kong 23 August 2012	HK$1 at HK$1.00 per share	100%	Investment holding and property holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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)				
Premium Holidays Limited (尊賞假期有限公司)	Hong Kong 13 July 2012	HK$1 at HK$1.00 per share	100%	Inactive
SHAREXpert Travel Limited (專享旅運有限公司)	Hong Kong 6 September 2012	HK$500,000 at HK$1.00 per share	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

Group

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

Group

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:

	2013 HK$'000	2012 HK$'000
0 – 30 days	**6,865**	6,164
31 – 90 days	**1,280**	1,564
Over 90 days	**79**	257
	8,224	7,985

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

17. TRADE RECEIVABLES *(Continued)*

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

	2013 HK$'000	2012 HK$'000
Neither past due nor impaired	**6,903**	4,864
Not more than 3 months past due	**1,321**	3,121
	8,224	7,985

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 believes 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

	2013 HK$'000	2012 HK$'000
Prepayments	**2,182**	2,595
Deposits	**22,450**	20,257
Other receivables	**15,755**	8,940
	40,387	31,792

Company

	2013 HK$'000	2012 HK$'000
Prepayments	**382**	209
Other receivables	**102**	36
	484	245

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

19. TIME DEPOSITS AND CASH AND CASH EQUIVALENTS

Group

	2013 HK$'000	2012 HK$'000
Cash deposits in banks and financial institutions	**50,579**	41,341
Short-term deposits in banks and a financial institution	**97,700**	115,795
	148,279	157,136
Time deposits with an original maturity of more than three months	**(70,000)**	(100,000)
Cash and cash equivalents	**78,279**	57,136

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 month and one year (2012: one day and eight months) depending on the immediate cash requirement of the Group, and earn interest at respective short-term deposit rates, ranging from 0.6% to 1.6% (2012: from 0.05% to 3.55%) per annum.

The Group had cash and bank balances denominated in RMB of approximately RMB75,000 (2012: RMB500,000) and the remittance of these funds out of the PRC was subject to the exchange control restrictions imposed by the PRC government.

Company

	2013 HK$'000	2012 HK$'000
Cash deposits in banks	**1,125**	642
Short-term deposits in banks	**37,700**	40,000
	38,825	40,642
Time deposits with an original maturity of more than three months	**(35,000)**	(40,000)
Cash and cash equivalents	**3,825**	642

Cash at banks earn interest at floating rates based on daily deposit rates. Short-term deposits in banks are made for varying periods between three months and six months (2012: three months and eight months) depending on the immediate cash requirement of the Company, and earn interest at respective short-term deposit rates, ranging from 0.61% to 1.30% (2012: from 1.30% to 1.54%) per annum.

The Company did not have cash and bank balances denominated in RMB as at 31 March 2013 (2012: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

20. TRADE PAYABLES

Group

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:

	2013 HK$'000	2012 HK$'000
0 – 30 days	**85,125**	84,713
31–90 days	**27,149**	20,799
Over 90 days	**7,329**	4,934
	119,603	110,446

The trade payables are short term 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

	2013 HK$'000	2012 HK$'000
Accrued charges	**22,143**	14,168
Deposits received	**5,534**	4,375
Other payables	**5,749**	9,561
	33,426	28,104

Company

	2013 HK$'000	2012 HK$'000
Accrued charges	**1,145**	1,221
Other payables	**2**	–
	1,147	1,221

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

22. BANK BORROWINGS

Group

	2013 HK$'000	2012 HK$'000
Secured bank borrowings		
Portion due for repayment within one year	**2,924**	701
Portion due for repayment after one year which contain a repayable on demand clause	**24,491**	5,832
	27,415	6,533

The Group's interest-bearing bank borrowing of approximately HK$2,979,000 (2012: HK$6,533,000) bears interest at a floating rate of 1.75% per annum over 1 month HIBOR and is secured by the Group's land and buildings of approximately HK$43,433,000 (2012: HK$44,689,000) as at 31 March 2013 (note 13).

The Group's interest-bearing bank borrowing of approximately HK$24,436,000 (2012: nil) bears interest at a floating rate of 2.85% per annum below the prime rate quoted by Bank of China and is secured by the Group's investment property of approximately HK$62,000,000 (2012: nil) as at 31 March 2013 (note 14).

The current liabilities include bank borrowings of approximately HK$24,491,000 (2012: HK$5,832,000) that are not scheduled for repayment within one year. They are classified as 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/AMOUNTS DUE FROM/TO SUBSIDIARIES

Company

The loan to a subsidiary was unsecured, repayable on demand and was interest bearing of 1.7% per annum as at 31 March 2012. The loan has been repaid during the year ended 31 March 2013.

The amounts due from/to subsidiaries were interest-free, unsecured and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

24. SHARE CAPITAL

Company

	Number of shares '000	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 April 2011	39,000	390
Increase in authorised ordinary shares	1,961,000	19,610
At 31 March 2012 and 31 March 2013	2,000,000	20,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 April 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 and 1 April 2012	500,000	5,000
Shares issued under share option scheme	1,936	19
At 31 March 2013	501,936	5,019

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 respects.

On 6 September 2011, the Company allotted and issued 9,999 ordinary shares of HK$0.01 each as consideration for the 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 HK$63,000,000. Dealings of the Company's shares on the Main Board of the Stock Exchange were commenced on 30 September 2011.

During the year ended 31 March 2013, the Company allotted and issued 1,936,000 ordinary shares of HK$0.01 each under the share option scheme (note 26).

After the year ended 31 March 2013 and up to the date of this report, the Company allotted and issued 1,288,000 ordinary shares of HK$0.01 each under the share option scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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.

(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 2011	–	–	–	–	(2,342)	(2,342)
Issue of shares	62,000	–	–	–	–	62,000
Share issue expenses	(9,890)	–	–	–	–	(9,890)
Share capitalization	(4,000)	–	–	–	–	(4,000)
Share swap issue *(Note)*	–	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 and 1 April 2012	48,110	36,900	2,466	18,000	4,371	109,847
Share issued under share option scheme	1,370	–	(400)	–	–	970
Forfeiture of share-based payment expenses	–	–	(58)	–	58	–
Recognition of share-based payment expenses	–	–	1,826	–	–	1,826
Final dividend declared	–	–	–	(18,000)	–	(18,000)
Final dividend proposed	–	–	–	20,077	(20,077)	–
Profit for the year	–	–	–	–	31,961	31,961
At 31 March 2013	**49,480**	**36,900**	**3,834**	**20,077**	**16,313**	**126,604**

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 approximately HK$41,339,000 (2012: HK$30,339,000), a loss of approximately HK$8,359,000 (2012: a loss of HK$8,196,000), excluding the transactions with the Company's subsidiaries, has been dealt with in the financial statements of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

26. SHARE OPTION SCHEME

Group and Company

The Company operates an equity-settled share-based remuneration schemes for the 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 ended 31 March 2013.

		Number of options					
Grantee	Exercisable period	Balance at 1 April 2012	Grant during the year	Exercised during the year	Forfeited during the year	Balance at 31 March 2013	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	–	(500,000)	–	4,500,000	0.5040
Mr. Chan Wan Fung *(Note 1)*	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
Employees of the Group	30 September 2012 to 29 September 2013	12,372,000	–	(436,000)	(564,000)	11,372,000	0.5355
	30 September 2012 to 29 September 2013	2,000,000	–	(1,000,000)	–	1,000,000	0.5040
		22,872,000	–	(1,936,000)	(564,000)	20,372,000	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

26. SHARE OPTION SCHEME *(Continued)*

The following table discloses the movements of the share options during the year ended 31 March 2012.

Grantee	Exercisable period	Number of options					
		Balance at 1 April 2011	Grant during the year	Exercised during the year	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	

Note 1: Mr. Chan Wan Fung is employed by the Group during the year ended 31 March 2012 and has been appointed as executive director of the Company on 1 April 2012.

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.

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 share-based payment expenses of approximately HK$1,826,000 (2012: HK$2,466,000) is charged to the profit or loss for the year ended 31 March 2013.

The options outstanding as at 31 March 2013 have a weighted average remaining contractual life of 0.12 years (2012: 1.12 years) and weighted average exercise price of HK$0.5757 (2012: HK$0.5693).

The options exercised during the year have a weighted average share price of HK$0.61 (2012: nil) at the date of options exercised during the year ended 31 March 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

27. FINANCIAL GUARANTEE CONTRACTS

Company

As at 31 March 2013, the Company provided corporate cross-guarantees of approximately HK$77,000,000 (2012: 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 2013, the Company provided corporate guarantees of approximately HK$23,000,000 (2012: nil) to various banks in connection with the bank facilities granted to its subsidiaries. Under the guarantee contracts, the Company would be liable to pay the holders of these guarantees in the event of any default.

As at 31 March 2012 and 2013, 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

Group

As at 31 March 2013, the Group's banking facilities are approximately HK$134,626,000 (2012: HK$64,110,000) with approximately HK$71,277,000 (2012: HK$27,671,000) being utilised. The Group's banking facilities were secured by:

(i) the land and buildings with carrying amount of approximately HK$43,433,000 as at 31 March 2013 (2012: HK$44,689,000);

(ii) the investment property with carrying amount of approximately HK$62,000,000 as at 31 March 2013 (2012: nil);

(iii) cross-guarantees among certain subsidiaries of the Group to the extent of approximately HK$78,700,000 as at 31 March 2013 (2012: HK$72,700,000); and

(iv) a guarantee by the Company to the extent of approximately HK$100,000,000 as at 31 March 2013 (2012: HK$50,000,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

29. COMMITMENTS

Operating lease commitments

Group as lessee

The Group leases certain premises and office equipment under operating lease commitments for terms ranging from one to four 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.

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

	2013 HK$'000	2012 HK$'000
Buildings:		
— Within one year	**36,824**	28,113
— In the second to fifth years, inclusive	**23,210**	15,475
	60,034	43,588
Other assets:		
— Within one year	**684**	518
— In the second to fifth years, inclusive	**919**	119
	1,603	637

Group as lessor

The Group's investment property is leased to tenant under operating lease. At the end of the year, the Group had total future minimum lease receivables under non-cancellable operating leases falling due as follows:

	2013 HK$'000	2012 HK$'000
— Within one year	**1,930**	–
— In the second to fifth years, inclusive	**2,338**	–
	4,268	–

Company

As at 31 March 2012 and 2013, the Company did not have any operating lease commitment.

Capital commitments

Group and Company

As at 31 March 2012 and 2013, the Group and the Company did not have any significant capital commitments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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.

(ii) 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 (note 19) and bank borrowings (note 22) which are at floating rates. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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

(ii) Interest rate risk *(Continued)*

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 2012	+1%	413	–1%	(413)
31 March 2013	**+1%**	**232**	**–1%**	**(232)**

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 2012	+1%	6	–1%	(6)
31 March 2013	**+1%**	**11**	**–1%**	**(11)**

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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

(iii) 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 reporting date that are considered significant by the directors of the Company are stated as follows:

Group

	2013 HK$'000	2012 HK$'000
Assets:		
JPY	**7,712**	6,137
USD	**4,235**	5,487
AUD	**517**	689
SGD	**4,511**	2,537
RMB	**5,855**	6,189
EUR	**66**	30
	22,896	21,069
Liabilities:		
JPY	**(7,591)**	(6,272)
USD	**(1,458)**	(1,001)
EUR	**(11)**	(9)
AUD	**(471)**	(223)
SGD	**(4,491)**	(2,546)
MYR	**(1,118)**	(1,017)
PHP	**(114)**	(117)
THB	**(478)**	(357)
RMB	**(211)**	(343)
MOP	**(555)**	–
	(16,498)	(11,885)
Net exposure to foreign currency risk	**6,398**	9,184

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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

(iii) Foreign currency risk *(Continued)*

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	
	2013	2012
	HK$'000	HK$'000
JPY	(5)	6
SGD	(1)	3
AUD	(2)	(19)
RMB	(236)	(244)
MYR	47	42
PHP	5	5
THB	20	15
EUR	(2)	–
MOP	23	–
	(151)	(192)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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

(iv) 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 HK$'000	Less than three months HK$'000	Total HK$'000
At 31 March 2013			
Trade payables	**34,482**	**85,121**	**119,603**
Bank borrowings	**27,415**	**–**	**27,415**
Other payables	**5,749**	**–**	**5,749**
	67,646	**85,121**	**152,767**
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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

(iv) Liquidity risk *(Continued)*

The table that stated follows summarises the maturity analysis of bank borrowings 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 borrowings 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 not less than 5 years HK$'000	More than 5 years HK$'000
At 31 March 2013						
Bank borrowings	**27,415**	**32,406**	**4,039**	**3,975**	**11,414**	**12,978**
At 31 March 2012						
Bank borrowing	6,533	7,163	828	813	2,355	3,167

Company

	On demand HK$'000
At 31 March 2013	
Other payables	**2**
Financial guarantees issued	
Maximum amount guaranteed	**100,000**
At 31 March 2012	
Amount due to a subsidiary	5,519
Financial guarantees issued	
Maximum amount guaranteed	50,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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

(v) 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 3.10 and 3.11 for explanations about how the category of financial instruments affects their subsequent measurement.

Group

	2013 HK$'000	2012 HK$'000
Financial assets		
Loans and receivables		
— Trade receivables	8,224	7,985
— Other receivables	15,755	8,940
	23,979	16,925
Cash and cash equivalents	78,279	57,136
Time deposits over three months	70,000	100,000
	172,258	174,061

	2013 HK$'000	2012 HK$'000
Financial liabilities		
Measured at amortised cost		
— Trade payables	119,603	110,446
— Bank borrowings	27,415	6,533
— Other payables	5,749	9,430
	152,767	126,409

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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

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

Company

	2013 HK$'000	2012 HK$'000
Financial assets		
Loans and receivables		
— Amounts due from subsidiaries	**56,579**	27,800
— Loan to a subsidiary	**–**	16,000
— Other receivables	**102**	36
	56,681	43,836
Cash and cash equivalents	**3,825**	642
Time deposits over three months	**35,000**	40,000
	95,506	84,478
Financial liabilities		
Measured at amortised cost		
— Amount due to a subsidiary	**–**	5,519
— Other payables	**2**	–
	2	5,519

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

31. CAPITAL MANAGEMENT *(Continued)*

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

	2013 HK$'000	2012 HK$'000
Capital:		
Total equity	**133,559**	107,396
Overall financing:		
Bank borrowings	**27,415**	6,533
Capital-to-overall financing ratio	**4.87 times**	16.43 times

32. RELATED PARTY TRANSACTIONS

In addition to those disclosed elsewhere in these 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

	2013 HK$'000	2012 HK$'000
Rental expenses paid to related companies *(note 1)*	**5,951**	6,318
Rental deposit paid to related companies included in prepayments, deposits and other receivables *(note 2)*	**1,427**	1,643

Notes:

1. Except for the rental expenses paid to related companies of approximately HK$816,000 during the year ended 31 March 2013 (2012: HK$749,000), the remaining rental expenses paid to related companies constitute continuing connected transactions as defined in Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. For the deposits paid to related companies, the maximum balance outstanding during the years ended 31 March 2012 and 2013 were approximately HK$1,567,000 and HK$1,643,000 respectively.

3. Mr. Ko Wai Ming, Daniel and/or Ms. Cheng Hang Fan, the directors of the Company, are directors and/or ultimate beneficial owners of the related companies.

4. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

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:

	2013 HK$'000	2012 HK$'000
— Short term employee benefits	**5,328**	5,641
— Retirement scheme contribution	**60**	41
— Share-based payment expenses	**702**	863
	6,090	6,545

33. PROPOSED TREASURY ACTIVITIES

On 8 February 2013, the Company made announcement in relation to the proposed treasury activities to establish an investment unit of initial investment cap of HK$20 million (the "Treasury Activities"). Subsequent to the reporting date, on 18 April 2013, an extraordinary general meeting was held and the Treasury Activities was approved by the Company's shareholders. The initial investment cap of HK$20 million is generated from the surplus funds of the Group (i.e. any amount in excess of the Group's operating funds requirement and the remaining proceeds balance of the initial public offerings). As of the approval date of these financial statements, the Group did not enter into any treasury transaction.

34. POSSIBLE ACQUISITION OF A COMPANY

On 14 March 2013, the Company made announcement in relation to the possible acquisition of interests in the equity of a company of which the principal business is the operations of travel-related business in the PRC (the "Possible Acquisition"). As of the approval date of these financial statements, no legal binding agreement in relation to the Possible Acquisition has been entered into by the Group.

35. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 June 2013.

FIVE-YEAR FINANCIAL SUMMARY

	2013 HK$'000	2012 HK$'000	2011 HK$'000	2010 HK$'000	2009 HK$'000
Gross sales proceeds	**1,604,767**	1,433,879	1,285,036	1,025,637	1,016,068
Revenue	**264,263**	229,188	204,842	168,538	166,813
Other income	**6,903**	5,870	2,250	2,128	2,116
Increase in fair value of investment property	**8,549**	–	–	–	–
Selling and distribution costs	**(186,273)**	(152,498)	(138,418)	(113,568)	(109,065)
Administrative expenses	**(45,885)**	(45,666)	(30,345)	(20,839)	(22,149)
Profit from operations	**47,557**	36,894	38,329	36,259	37,715
Finance cost	**(223)**	(90)	–	–	–
Profit before income tax	**47,334**	36,804	38,329	36,259	37,715
Income tax expense	**(5,995)**	(6,465)	(7,220)	(6,099)	(6,329)
Profit for the year attributable to owners of the Company	**41,339**	30,339	31,109	30,160	31,386
Other comprehensive income for the year, net of tax	**9**	33	(33)	–	–
Total comprehensive income for the year attributable to owners of the Company	**41,348**	30,372	31,076	30,160	31,386
ASSETS AND LIABILITIES					
Non-current assets	**114,311**	53,135	14,407	2,708	2,096
Current assets	**200,135**	199,428	135,285	112,558	148,018
TOTAL ASSETS	**314,446**	252,563	149,692	115,266	150,114
TOTAL LIABILITIES	**(180,887)**	(145,167)	(128,244)	(95,873)	(76,684)
	133,559	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 2012 and 2013 and the consolidated assets and liabilities of the Group as at 31 March 2012 and 2013 are those set out on page 31 to 87 of this annual report. Such summary was prepared as if the current structure of the Group had been in existence throughout these financial years.