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

Application Proof of

縱橫遊

WWPKG Holdings Company Limited

(the "Company")

(Incorporated in the Cayman Islands with limited liability)

WARNING

The publication of this Application Proof is required by The Stock Exchange of Hong Kong Limited (the "**Exchange**") and the Securities and Futures Commission (the "**Commission**") solely for the purpose of providing information to the public in Hong Kong.

This Application Proof is in draft form. The information contained in it is incomplete and is subject to change which can be material. By viewing this document, you acknowledge, accept and agree with the Company, its sponsor, advisers or member of the underwriting syndicate that:

(a) this document is only for the purpose of providing information about the Company to the public in Hong Kong and not for any other purposes. No investment decision should be based on the information contained in this document;

(b) the publication of this document or supplemental, revised or replacement pages on the Exchange's website does not give rise to any obligation of the Company, its sponsor, advisers or members of the underwriting syndicate to proceed with an offering in Hong Kong or any other jurisdiction. There is no assurance that the Company will proceed with the offering;

(c) the contents of this document or supplemental, revised or replacement pages may or may not be replicated in full or in part in the actual final listing document;

(d) the Application Proof is not the final listing document and may be updated or revised by the Company from time to time in accordance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Exchange;

(e) this document does not constitute a prospectus, offering circular, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it calculated to invite offers by the public to subscribe for or purchase any securities;

(f) this document must not be regarded as an inducement to subscribe for or purchase any securities, and no such inducement is intended;

(g) neither the Company nor any of its affiliates, advisers or underwriters is offering, or is soliciting offers to buy, any securities in any jurisdiction through the publication of this document;

(h) no application for the securities mentioned in this document should be made by any person nor would such application be accepted;

(i) the Company has not and will not register the securities referred to in this document under the U.S. Securities Act or any state securities laws of the U.S.;

(j) as there may be legal restrictions on the distribution of this document or dissemination of any information contained in this document, you agree to inform yourself about and observe any such restrictions applicable to you; and

(k) the application to which this document relates has not been approved for listing and the Exchange and the Commission may accept, return or reject the application for the subject public offering and/or listing.

If an offer or an invitation is made to the public in Hong Kong in due course, prospective investors are reminded to make their investment decisions solely based on the Company's prospectus registered with the Registrar of Companies in Hong Kong, copies of which will be distributed to the public during the offer period.

IMPORTANT

IMPORTANT: If you are in any doubt about any of the contents of this document, you should seek independent professional advice.

縱橫遊

WWPKG Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)

[REDACTED]

Number of [REDACTED]	**:**	**[REDACTED] Shares**
Number of [REDACTED]	**:**	**[REDACTED] Shares (subject to adjustment)**
Number of [REDACTED]	**:**	**[REDACTED] Shares (subject to adjustment)**
Maximum [REDACTED]	**:**	**[REDACTED] per [REDACTED], plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars, subject to refund on final pricing)**
Nominal value	**:**	**HK$0.01 per Share**
Stock code	**:**	**[●]**

Sole Sponsor

Lego Corporate Finance Limited
力高企業融資有限公司

[REDACTED], [REDACTED] and [REDACTED]

[●]

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

A copy of this document, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix V to this document, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this document or any of the other documents referred to above.

The **[REDACTED]** is expected to be fixed by an agreement between our Company and the **[REDACTED]** (for itself and on behalf of the Underwriters) on the **[REDACTED]** which is expected to be on or about **[REDACTED]** or such other date as may be agreed between our Company and the **[REDACTED]** (for itself and on behalf of the Underwriters), but in any event no later than **[REDACTED]**. The **[REDACTED]** will not be more than **[REDACTED]** per **[REDACTED]** Share and is expected to be not less than **[REDACTED]** per **[REDACTED]**. Applicants for the **[REDACTED]** are required to pay, on application, the maximum **[REDACTED]** of **[REDACTED]** for each **[REDACTED]** together with brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the **[REDACTED]** finally determined is lower than **[REDACTED]** per **[REDACTED]** (the maximum **[REDACTED]**). If, for any reason, the **[REDACTED]** is not agreed between us and the **[REDACTED]** (for itself and on behalf of the Underwriters) by **[REDACTED]**, the **[REDACTED]** will not proceed and will lapse.

The **[REDACTED]** (for itself and on behalf of the Underwriters), with the consent of our Company, may reduce the number of **[REDACTED]** and/or the indicative **[REDACTED]** below that as stated in this document (which is **[REDACTED]** to **[REDACTED]** per **[REDACTED]**) at any time prior to the morning of the last day for lodging applications under the **[REDACTED]**. In such a case, notice of the reduction in the number of **[REDACTED]** and/or the indicative **[REDACTED]** will be published on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.wwpkg.com.hk**. Further details are set out in "Structure and Conditions of the **[REDACTED]**" and "How to Apply for **[REDACTED]**".

The obligations of the **[REDACTED]** under the **[REDACTED]** to subscribe for, and to procure subscriptions for, the **[REDACTED]**, are subject to termination by the **[REDACTED]** (for itself and on behalf of the **[REDACTED]**) if certain grounds arise prior to 8:00 a.m., on the **[REDACTED]**. Please refer to "Underwriting" for more details. It is important that you refer to that section for further details.

Prior to making an investment decision, prospective investors should carefully consider all of the information set out in this document, including, without limitation, the risk factors set out in "Risk Factors".

The **[REDACTED]** have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with Regulation S of the U.S. Securities Act.

[REDACTED]

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the website of the Stock Exchange at www.hkexnews.hk in order to obtain up-to-date information on companies listed on GEM.

EXPECTED TIMETABLE[1]

[REDACTED]

EXPECTED TIMETABLE[1]

[REDACTED]

[REDACTED]

CONTENTS

IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This document is issued by our Company solely in connection with the **[REDACTED]** *and the* **[REDACTED]** *and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the* **[REDACTED]** *offered by this document pursuant to the* **[REDACTED]**. *This document may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a* **[REDACTED]** *of the* **[REDACTED]** *in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this document in any jurisdiction other than Hong Kong. The distribution of this document and the offering of the* **[REDACTED]** *in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.*

You should rely only on the information contained in this document and the **[REDACTED]** *to make your investment decision. The* **[REDACTED]** *is made solely on the basis of the information contained and the representations made in this document. We have not authorised anyone to provide you with information that is different from what is contained in this document. Any information or representation not made in this document must not be relied on by you as having been authorised by us, the Sole Sponsor, the* **[REDACTED]**, *the* **[REDACTED]**, *the* **[REDACTED]**, *the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees or agents or any other person or party involved in the* **[REDACTED]**. *The information contained on our website at* ***www.wwpkg.com.hk*** *does not form part of this document.*

CONTENTS

This summary aims to give you an overview of the information contained in this document. Since it is a summary, it does not contain all the information that may be important to you, and is qualified in its entirely by, and should be read in conjunction with, the full text of this document. You should read this document in its entirety including the appendices hereto before you decide to invest in the **[REDACTED]**.

There are risks associated with any investment. Some of the particular risks in investing in the **[REDACTED]** *are set out in "Risk Factors". You should read that section carefully before you decide whether to invest in the* **[REDACTED]**.

OVERVIEW

Founded in 1979, we are one of the long-established and well-known travel agents in Hong Kong. We market our travel related products under our brand "縱橫遊". We are principally engaged in (i) the design, development and sales of outbound package tours; (ii) the sales of FIT products; and (iii) the provision of ancillary travel related products and services. Our major business is the provision of outbound package tours to various destinations with particular focus on Japan bound tours. We also offer FIT products such as air tickets, hotel accommodation and a combination of both and other ancillary travel related products and services.

For the years ended 31 March 2015 and 2016, our revenue was approximately HK$461.5 million and HK$452.6 million respectively. The table below shows the breakdown of our revenue by categories for the Track Record Period:

	Year ended 31 March			
	2015		2016	
	HK$'000	*%*	*HK$'000*	*%*
Package tours	451,117	97.7	443,941	98.1
FIT products*(Note)*	4,383	1.0	4,009	0.9
Ancillary travel related products and services*(Note)*	6,046	1.3	4,682	1.0
	461,546	100.0	452,632	100.0

Note: Our revenue from sales of FIT products and ancillary travel related products and services is recognised on net basis.

According to the CH Report, we were the second largest travel agent in Hong Kong in terms of number of travellers for package tours bound for Japan in 2015, and ranked eighth in terms of number of travellers for outbound package tours amongst the travel agents in Hong Kong which provided outbound package tours in 2015.

Our success and commitment to high quality products and professional services has earned us numerous awards including top agents awards by Cathay Pacific Airways for 15 consecutive years from 2001, top agent awards by Dragonair for three consecutive years since 2013, The Most Favorite Travel Package Award 2011, 2013, 2015 and Travel Trendsetter Award 2013 by Weekend Weekly, a travel magazine in Hong Kong, "我最喜愛日本旅行團 2013 (My Most Favourite Japan Tour 2013)" by U Magazine, a lifestyle magazine in Hong Kong; and "我最喜愛日本旅遊旅行社 2015" (My Most favourite Travel Agent for Japan Travel 2015)" by Flyagain.la, an online travel information platform.

Leveraged on our experience and success, we strive to deliver the best travel experience and customer satisfaction and become the favourite travel agent in Hong Kong.

BUSINESS MODEL

We operate as a licensed travel agent in Hong Kong to provide comprehensive travel solutions to our customers. We offer a variety of package tours including traditional sight-seeing package tours, special theme tours, luxurious experience tours and tours designed for families, as well as MICE tours which are specifically designed according to customers' specifications. We also sell FIT products which include air tickets, hotel accommodation and a combination of both. In order to provide comprehensive travel services to our customers, we also provide ancillary travel related products and services such as admission tickets to attractions, local transportation, car rental, prepaid telephone and internet cards, travel insurance and travel visa application.

Package tours are our main products with Japan bound tours being our particular focus. Apart from Japan, we also provide package tours bound for South Korea, China, Taiwan, Thailand, Malaysia and Singapore, Vietnam, Cambodia, Dubai, Australia, New Zealand and Europe. Our revenue from Japan bound package tours accounted for approximately 78.1% and 84.4% of our revenue from package tours for the years ended 31 March 2015 and 2016 respectively.

We usually plan our package tours semi-annually taking into account the availability of flight seats. For Japan bound tours (except Okinawa), we make bookings for other travel elements such as hotel accommodation, tour buses and meals directly or through our reservation agent in Japan. For our package tours bound for Okinawa and other non-Japan destinations, we engage land operators to arrange for the local travel elements.

We sell our products and services through a number of channels including our four branches in Causeway Bay, Tsim Sha Tsui, Mongkok and Shatin under the tradename "翱翔遊", online sales platform at our website and online sales platforms operated by online group buying intermediaries. We also sell tailor made tours to customers through our MICE tour department. In addition, we sell our travel products to other travel agents in Hong Kong and Macau.

PRICING

We generally determine the selling price of our travel products, including package tours, FIT products and ancillary travel related products and services, on a cost-plus basis. For package tours, we determine the selling price based on the cost of travel elements and also take into consideration other factors, such as market demand, historical prices of our products, price of similar products offered by our competitors, tour enrolment situation, and for Japan bound tours, the exchange rate of JPY. We review the price of our package tours on a regular basis.

CUSTOMERS

Our customers are mainly retail customers who purchase our package tour products, FIT products and ancillary travel related products and services. In addition, we also sell our travel products to other travel agents in Hong Kong and Macau. During the Track Record Period, approximately 97.0% and 97.7% of our revenue from the sales of package tours were derived from retail customers respectively. We do not rely on any major customers. Sales invoice amount with our five largest customers, which are mainly MICE tour customers and other travel agents, accounted for approximately 1.3% and 2.6% of our total sales invoice amount for the years ended 31 March 2015 and 2016 respectively.

SUPPLIERS

Our suppliers mainly include airlines, land operators, tour bus operators and other local transportation operators, hotel operators, restaurants and attraction operators. Purchases from our single largest supplier accounted for approximately 42.5% and 40.1% of our total purchases for the years ended 31 March 2015 and 2016 respectively, whilst purchases from our five largest suppliers accounted for approximately 54.4% and 54.0% of our total purchases for the years ended 31 March 2015 and 2016 respectively.

Our largest supplier in each of the years ended 31 March 2015 and 2016 was an airline group based in Hong Kong. We sourced air tickets from our largest supplier for our business operations. We have established business relationship with our largest supplier for more than 20 years and have not experienced any material non-performance by our largest supplier which caused disruption to our operation. For the risk associated with our reliance on our largest supplier, please refer to "Risk Factors".

JCS, one of our five largest suppliers during the Track Record Period, is a connected person of our Company. JCS is a tour bus operator in Japan from which we procured the supply of tour bus service for our tour operations in Japan.

COMPETITION LANDSCAPE AND COMPETITIVE STRENGTHS

We operate in the travel service industry in Hong Kong. According to the CH Report, there were 1,771 licensed travel agents in Hong Kong as at 29 June 2016, 563 of which engage in the wholesale and/or operation of package tours. Amongst these 563 licensed travel agents, the ten largest market players accounted for over 75% market share in terms of number of Hong Kong travellers who joined package tours in 2015. As our major business is the provision of outbound package tours, we mainly compete with other licensed travel agents in Hong Kong which offer outbound package tours to their customers. However, we also face competition from airlines and other travel service providers in and outside Hong Kong, which offer similar products and services directly to customers or over the Internet.

Our Directors believe that our competitive strengths set out below will enable our Group to maintain its competitive position in the market: (i) established market presence and well-known brand name in Hong Kong; (ii) commitment to provide quality products and services which meet customers' needs; (iii) diversified product range which offers different travel experience to our customers; (iv) established good business relationship with airlines and other suppliers; and (v) experienced management team.

STRATEGIES

We aim to deliver the best travel experience and customer satisfaction and become the favourite travel agent in Hong Kong by implementing the following strategies: (i) maintaining our brand recognition and awareness; (ii) improving our membership system to increase customer loyalty; (iii) developing and improving products and services; (iv) strengthening our sales network; (v) improving our information system to improve operational efficiency; and (vi) expanding our staff team.

RISK FACTORS

There are certain risks involved in our business operations and in connection with the **[REDACTED]**, many of which are beyond our control. Any of the factors set out in "Risk Factors" may limit our ability to execute our business strategies and implementation plans successfully. The risks faced by us can be broadly categorised into: (i) risks relating to our business; (ii) risks relating to our industry; and (iii) risks relating to the **[REDACTED]**. Some of the major risks that could materially and adversely affect our business and results of operation are as follows:

- Natural disasters, acts or threats of terrorism, wars, travel-related accidents, outbreak of contagious or infectious diseases or other catastrophic events, political instability and issuance of any outbound travel alert may significantly and adversely impact on our business and operating results.

- Our Group's continuing success depends on our reputation and brand recognition and any damage to our brand could materially and adversely affect our business and operating results.

- We generated a material portion of our revenue from the sales of tours bound for Japan and any decrease in the demand for Japan bound tours may materially and adversely affect our business and operating results.

- Our Group derives material portion of our revenue from customers in Hong Kong and any downturn in the Hong Kong economy could have a material adverse effect on our business and operating results.

- Failure to anticipate and respond in a timely manner to rapid changes in consumer preferences and spending habits and decrease in demand for package tours may cause our sales to decline and our business, results of operation may be materially and adversely affected.

- Package tours may be subject to cancellation due to various reasons which may result in complaints from customers and adverse impact on our business and operating results.

You should read the entire "Risk Factors" carefully before deciding to invest in the **[REDACTED]**.

SHAREHOLDERS' INFORMATION

Immediately following the completion of the **[REDACTED]** and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), our Company will be owned as to **[REDACTED]** by WWPKG Investment, which is in turn owned as to 68.02%, 23.42% and 8.56% by Ms. Chan, Mr. SK Yuen and Mr. CN Yuen respectively, all of whom are our executive Directors. Please refer to "History, Reorganisation and Development" for further details. Our Group has entered into and is expected to continue after **[REDACTED]** certain transactions with certain associates of our Controlling Shareholders. Details of these continuing connected transactions are set out in "Connected Transactions".

KEY OPERATIONAL AND FINANCIAL DATA

Key income statement information

	Year ended 31 March	
	2015	**2016**
	HK$'000	*HK$'000*
Revenue	461,546	452,632
Gross profit	73,612	83,235
Profit before income tax	19,689	28,405
Profit and total comprehensive income for the year	16,344	23,328
Profit and total comprehensive income for the year attributable to owners of the Company	16,226	23,109

Key balance sheet information

	As at 31 March	
	2015	2016
	HK$'000	*HK$'000*
Non-current assets	3,382	5,881
Current assets	88,836	89,778
Non-current liabilities	995	915
Current liabilities	53,310	33,463
Total equity	37,953	61,281
Equity attributable to owners of the Company	37,499	60,608

Selected cash flow items

	Year ended 31 March	
	2015	2016
	HK$'000	*HK$'000*
Operating cash flows before changes in working capital	21,312	28,531
Net cash generated from operating activities	1,208	23,137
Net cash used in investing activities	(1,252)	(3,040)
Net cash used in financial activities	(8,225)	(2,991)
Net (decrease)/increase in cash and cash equivalents	(8,269)	17,106

Key financial ratios

	As at/Year ended 31 March	
	2015	2016
Net profit margin before interest and tax (%)	4.3	6.3
Net profit margin (%)	3.5	5.1
Return on equity (%)	43.3	38.1
Return on total assets (%)	17.6	24.2
Interest coverage (times)	2,188.7	1,015.5
Current ratio and Quick ratio (times)	1.7	2.7
Gearing ratio (%)	1.6	1.0
Debt-to-equity ratio (%)	N/A	N/A

[REDACTED] EXPENSES

Our Directors are of the view that the financial results of our Group for the year ending 31 March 2017 are expected to be adversely affected by, among others, the **[REDACTED]** expenses in relation to the **[REDACTED]**, the nature of which is non-recurring. The total **[REDACTED]** fees in relation to the **[REDACTED]**, primarily consisting of fees paid or payable to professional parties and underwriting fees and commission, are estimated to be approximately HK$**[REDACTED]** (based on the mid-point of the indicative **[REDACTED]** of HK$**[REDACTED]** per Share and **[REDACTED]**). Among the estimated total **[REDACTED]** fees, (i) approximately HK$**[REDACTED]** is expected to be accounted for as a deduction from equity upon **[REDACTED]**; and (ii) approximately HK$**[REDACTED]** is expected to be recognised as expenses in our consolidated statements of comprehensive income, of which approximately HK$**[REDACTED]** had been recognised for the year ended 31 March 2016 and the remaining of approximately HK$**[REDACTED]** is expected to be recognised for the year ending 31 March 2017.

[REDACTED]

Our Directors believe that the **[REDACTED]** will enhance our Group's corporate image and reputation as well as further strengthen our market position in the travel industry in Hong Kong. We estimate that the **[REDACTED]** from the **[REDACTED]** (after deducting underwriting commissions and estimated expenses payable by us in connection with the **[REDACTED]**), assuming an **[REDACTED]** of **[REDACTED]** per Share (being the mid-point of the indicative **[REDACTED]**, will be approximately HK$**[REDACTED]**. We currently intend to apply the **[REDACTED]** in the following manner:

- approximately **[REDACTED]**, or HK$**[REDACTED]**, to be used to promote our brand recognition and awareness;
- approximately **[REDACTED]**, or HK$**[REDACTED]**, to be used to strengthen and enhance our sales channels;
- approximately **[REDACTED]**, or HK$**[REDACTED]**, to be used to improve our operational efficiency; and
- approximately **[REDACTED]**, or HK$**[REDACTED]**, to be used for our general corporate and working capital purposes.

Please refer to "Future Plans and **[REDACTED]**" for further details of our use of **[REDACTED]** and implementation plans of our business strategies, as well as the reasons for the **[REDACTED]** and the **[REDACTED]**.

[REDACTED] STATISTICS

	Based on an [REDACTED] of	
	[REDACTED] per [REDACTED]	[REDACTED] per [REDACTED]
Market capitalisation*(Note)*	HK$**[REDACTED]**	HK$**[REDACTED]**
Unaudited pro forma adjusted combined net tangible assets per Share*(Note)*	HK$**[REDACTED]**	HK$**[REDACTED]**

Note: Please see "Unaudited Pro Forma Financial Information" in Appendix II to this document for details regarding the assumptions and calculation basis.

DIVIDEND

The declaration of future dividends will be subject to our Directors' decision and will depend on, among other things, our earnings, financial condition, cash requirements and availability, and any other factors our Directors may consider relevant. Cash dividends on the Shares, if any, will be paid in Hong Kong dollars. Currently, we do not have any predetermined dividend distribution ratio.

During the Track Record Period, dividends of approximately HK$7.9 million and HK$2.0 million were declared and paid by Worldwide Package and PTHK to their then shareholders respectively.

RECENT DEVELOPMENTS AND MATERIAL ADVERSE CHANGE

Based on the unaudited financial information of our Group, we recorded notable declines in our revenue and gross profit margin for the two months ended 31 May 2016 as compared to the corresponding period in 2015. Our Directors believe that such decline was a combined result of (i) the occurrence of the 2016 Kumamoto Earthquake in April 2016; and (ii) the continued appreciation of Japanese Yen against Hong Kong dollars subsequent to 31 March 2016, which affected customers' sentiment and their demand for travelling to Japan during the two months ended 31 May 2016. The intense competition with online agencies and booking platforms of airlines and hotels has also continued to exert pressure on our revenue from sales of package tours during the period. We also recorded significant increase in administrative expenses during the two months ended 31 May 2016 due to further recognition of **[REDACTED]** expenses.

The 2016 Kumamoto Earthquake

In April 2016, a strong earthquake measuring a maximum of 7 on the Japan Meteorological Agency seismic intensity scale occurred in Kumamoto Prefecture in Kyushu, Japan, being one of the most popular tour destinations of our Group in Japan in terms of number of customers during the Track Record Period. Such earthquake, named the 2016 Kumamoto Earthquake, was the first intensity-7 earthquake since the Great East Japan Earthquake of March 2011 and was the strongest earthquake ever recorded in Kyushu since the establishment of Japan Meteorological Agency. The earthquake has caused adverse conditions in Kumamoto Prefecture and its surrounding areas, including extensive damages and suspension of public transportation system. Our Directors believe that the earthquake has resulted in adverse impact on customers' sentiment and their demand for travelling to the affected regions in Kyushu.

Appreciation of Japanese Yen against Hong Kong dollars

Since the beginning of 2016, Japanese Yen has been on an appreciating trend against Hong Kong dollars. Subsequent to the Track Record Period, the exchange rate of Japanese Yen against Hong Kong dollars raised above HK$0.07:JPY1. As at the Latest Practicable Date, the exchange rate of Japanese Yen against Hong Kong dollars reached approximately HK$0.075:JPY1. The appreciation of Japanese Yen is expected to affect our Group's financial performance in various aspects, including decline in customers' demand for our package tours and FIT products bound for Japan and increase in our land costs which are settled in Japanese Yen, such as hotel tariffs, transportation costs, meal expenses and admission ticket costs, which accounted for approximately 37.8% of our total cost of sales for the year ended 31 March 2016.

Intensified competition with online agencies and booking platforms

Our Group continued to face intense competition with online agencies and booking platforms of airlines and hotels during the two months ended 31 May 2016. Their aggressive marketing campaigns and promotion programmes are considered to have reduced the demands of customers for our package tours bound for major destinations, such as Japan and South Korea, which in turn adversely affected our revenue from sales of package tours during the period.

Recognition of [REDACTED] expenses

During the two months ended 31 May 2016, our Group continued to recognise **[REDACTED]** expenses, which has resulted in significant increase in our administrative expenses for the period as compared to the two months ended 31 May 2015. It is estimated that **[REDACTED]** expenses of approximately HK$**[REDACTED]** million will be recognised in our consolidated statements of comprehensive income for the year ending 31 March 2017.

Prospective investors should note that the financial results of our Group for the year ending 31 March 2017 will be materially and adversely affected by the aforesaid factors, some of which are non-recurring in nature, and that our Group's consolidated statements of profit or loss and other comprehensive income for the year may show a significant decline as compared to that for the previous financial year. Notwithstanding, our Directors are of the view that there is no fundamental deterioration in the commercial and operational viability of our business.

Save as disclosed above, our Directors confirm that, up to the date of this document, there had been no material adverse change in our financial or trading position or prospect since 31 March 2016, being the date to which our latest audited financial information was prepared and there had been no event since 31 March 2016 which would materially affect the information shown in the Accountant's Report.

SUSTAINABILITY OF OUR BUSINESS

Notwithstanding that our Group's results of operation and financial condition for the year ending 31 March 2017 are expected to be adversely impacted by certain factors as mentioned in "— Recent developments and material adverse change" above, our Directors believe that our business is sustainable based on the following reasons:

Our long established track record, our brand awareness and our well-maintained business relationship with suppliers

With a track record of 37 years, we are one of the long-established and well known travel agents in Hong Kong. Our executive Directors, Mr. SK Yuen and Ms. Chan have 37 years of experience and Mr. CN Yuen has over 10 years of experience in the travel industry. Our Directors believe that we are, and have always been, capable of understanding and adapting to our customers' needs. We have a proven record of providing quality products and services to our customers by designing comprehensive itinerary of tours.

We have been promoting our brand awareness through various marketing channels including but not limited to sponsorship of television travel programmes and films, advertisements on newspapers, travel magazines and public transportation. All of these have made us stood out in the travel service industry in Hong Kong. This is proven by our established market presence. As stated in the CH Report, we were the second largest travel agent in Hong Kong in terms of number of travellers for package tours bound for Japan in 2015, and ranked eighth in terms of number of travellers for outbound package tours amongst the travel agents in Hong Kong which provided outbound package tours in 2015.

We intend to apply part of the **[REDACTED]** from the **[REDACTED]** for, among others, advertisements in various media channels including television, travel and life style magazines, Internet and public transportation and for marketing campaigns such as television travel programmes and film sponsorship, which we believe will help further promote our brand awareness, and in turn will boost our business performance in both short and long run.

Apart from our continuous effort in promoting our package tour services, we will continue to devote in development and enhancement of our online sales platform. We have engaged an independent software developer to develop and enhance our online sales platform with an integrated booking system where our customers will be able to view real time information on the availability and pricing of package tours and FIT products and where they can make purchase and booking with real-time confirmation. We believe the development and enhancement of our online web portal will create greater flexibility and extent of convenience to customers and in turn lift up our competitiveness.

For details of our business strategies and future plans, please refer to "Business — Strategies" and "Future Plans and **[REDACTED]**".

According to the CH Report, maintaining good suppliers' network, such as airline companies, hotel operators and land operators, is one of the key factors of success for travel agent companies. Having stable suppliers' network and relationship can ensure stable supply and reliable services from the suppliers. We have maintained long term business relationship of more than 14 years with some of our major airline suppliers and we are allocated with block seats to ensure there are sufficient seats for our tour operations. We have enjoyed good business relationship with other suppliers including land operators and bus operators. We have also maintained long term business relationship with some of our land operators for at least 10 years. We are of the view that our established good business relationships with suppliers can minimise the risk of shortage of quality supplies and also maintain the quality of our services, which in turn ensure the stable operation of our business.

Continuous growth of market size and market opportunities

According to the CH Report, it is expected that the revenue of outbound package tours in Hong Kong will increase from 2016 to 2020 with a CAGR of approximately 6.1%. Our revenue generated from package tours bound for Japan accounted for approximately 78.1% and 84.4% of our total revenue for the years ended 31 March 2015 and 2016 respectively. As stated in the CH Report, the total revenue from package tours bound for Japan from Hong Kong has been increasing from 2011 to 2015 and is projected to steadily grow at around 6.0% annually from 2016 to 2020. According to the CH Report, outbound travelling has become part of a lifestyle for many Hong Kong residents who are always on the lookout for relief from their stressful lifestyles. Moreover, the higher spending power of Hong Kong travellers will drive the growth of the size of the travel industry in Hong Kong. The growth of market size will in turn benefit our Group's business growth. Low-cost carrier flights are rapidly emerging in the airline industry. Their relatively lower prices help lower the costs of sales of package tours. In addition, new flight destinations offered by airlines can further expand our tour destinations so as to enhance the diversity of our products. For instance, one of our air flight suppliers launches direct flights from Hong Kong to three new destinations in Japan, namely Ishigaki, Takamatsu and Kagoshima, in June and July 2016. It has also been adding extra daily flights frequency to certain areas in Japan from Hong Kong. Our Directors believe the above drivers are beneficial to the industry in Hong Kong, particularly to travel agents who arrange package tours bound for Japan, and create business opportunities to us.

There had also been various measures implemented by the Ministry of Finance of Japan regarding consumption tax in Japan, for instance, (i) since 1 October 2014, the number of items eligible for tax exemption by tourists in Japan have been increased to include consumables including medicine, food and cosmetics from designated shops; and (ii) the tax exemption procedure can be conducted at a one-stop counter on behalf of groups of shops in shopping streets and malls since April 2015. Our Directors consider that the above factors will continue to contribute to the higher demand for travelling to Japan. Further, Japan National Tourist Organisation targets to attract 20 million tourists a year by 2020 when it hosts the Olympic Games in Tokyo. This includes promoting tourism for the 2020 Olympics and beyond, putting in place plans to expand the inbound market, simplifying entry procedures such as relaxing visa requirements, cultivating hidden regional tourism resources, promoting a welcoming environment for international visitors and developing the meetings and incentives market. Our Directors believe the local civil and infrastructure development will further enhance the attractiveness of Japan, which will help drive the number of Hong Kong travellers travelling to Japan and in turn promote our sales.

Our ability to respond to adversities

As disclosed in "Risk Factors", inherent in the travel industry, our operation is vulnerable to interruption and damage from natural disasters, acts or threats of terrorism, wars, travel-related accidents, outbreak of contagious or infectious disease, political instability or other catastrophic events. Moreover, we are exposed to foreign exchange risk, particularly in relation to Japanese Yen. Changes in the foreign exchange rate between Japanese Yen and Hong Kong dollar would impact on our Group's operating performance as well as our financial position. Further, the travel industry is sensitive to the economic cycle of the Hong Kong economy, which may be affected by the global economic condition. Although such events and changes may unfavourably affect our business performance and financial position, our Directors are of the view that such adverse event changes are isolated events or cyclical and shall not have a long term impact.

In the past ten years, our Group encountered adverse economic environment and events which would affect our business operation and results, including but not limited to the global financial crisis in 2007 and 2008, worldwide outbreak of H1N1 flu epidemic in 2009, the Great East Japan Earthquake of March 2011 and the appreciation of Japanese Yen against Hong Kong dollar in 2011 which reached its record high. Nevertheless, save for the years ended 31 March 2010 and 2011, our Group had been profit-making in each year during the past ten years. Our Directors believe that although our business is sensitive and vulnerable to adversities, our historical financial performance and position and our established market presence have demonstrated our ability to respond to adversities and to minimise their impact to our Group, so as to remain as a key player in the travel industry in Hong Kong.

Strong and healthy financial position

Our Group consistently recorded net assets position as at each year end of the past ten financial years. As at 31 March 2015 and 2016, our total assets reached approximately HK$92.2 million and HK$95.7 million respectively and net assets amounted to approximately HK$38.0 million and HK$61.3 million respectively. Our liquidity remained healthy with net current assets of approximately HK$35.5 million and HK$56.3 million as at 31 March 2015 and 2016, which represented current ratio of approximately 1.7 times and 2.7 times respectively. Our Group maintained minimal gearing throughout the Track Record Period. We had cash and cash equivalents of approximately HK$72.4 million as at 31 May 2016. Our Directors believe that the strong and healthy financial position will sustain our business operation and our growth.

Our Directors believe that the **[REDACTED]** will enhance our Group's corporate image and reputation as well as further strengthen our market position in the travel industry in Hong Kong. According to the CH Report, the reputation of a travel agent company is one of the major considerations for Hong Kong travellers. The **[REDACTED]** status will help advertise our Group to potential customers and enhance our corporate profile and credibility with the public and business partners. This in turn will strengthen our competitiveness and benefit our business performance and growth.

Based on the above, our Directors are of the view that our Group's business is sustainable.

In this document, unless the context otherwise requires, the following words and expressions shall have the following meanings.

"Accountant's Report"	the accountant's report of our Company prepared by the Reporting Accountant as set out in Appendix I to this document
"**[REDACTED]**"	**[REDACTED]**
"Articles" or "Articles of Association"	the articles of association of our Company conditionally adopted on [●] which will take effect from the **[REDACTED]** Date, as amended from time to time
"associate(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Board"	our board of Directors
"Business Day(s)"	any day(s) (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are open generally for normal banking business
"BVI"	the British Virgin Islands
"Capitalisation Issue"	the issue of new Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in "Statutory and General Information — A. Further information about our Company and our subsidiaries — 3. Written resolutions of our Shareholder passed on [●]" in Appendix IV to this document
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"CH" or "Industry Consultant"	Crowe Horwath (HK) Consulting & Valuation Limited, an industry research consultant, an Independent Third Party

"CH Report"	the industry report commissioned by us and prepared by CH in relation to, amongst other things, the travel industry in Hong Kong
"China" or "PRC"	the People's Republic of China and, for the purpose of this document only, excludes Hong Kong, Taiwan and Macau
"close associate(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Companies Law"	the Companies Law (as revised) of the Cayman Islands, as amended, supplemented and/or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	WWPKG Holdings Company Limited, an exempted company with limited liability incorporated on 8 June 2016 in the Cayman Islands
"connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the GEM Listing Rules and, in the context of our Company, refers to Mr. SK Yuen, Ms. Chan and WWPKG Investment
"core connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Corporate Governance Code"	Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules
"Deed of Indemnity"	the deed of indemnity dated [●] and executed by our Controlling Shareholders in favour of our Company, particulars of which are set out in "Statutory and General Information — E. Other information — 1. Estate duty, tax and other indemnity" in Appendix IV to this document
"Deed of Non-competition"	the deed of non-competition undertakings dated [●] executed by our Controlling Shareholders in favour of our Company, particulars of which are set out in "Relationship with our Controlling Shareholders — Deed of Non-competition"
"Director(s)" or "our Directors"	director(s) of our Company
"**[REDACTED]**"	instruction given by a CCASS Participant electronically via CCASS to HKSCC, being one of the methods to apply for the **[REDACTED]**

"GDP"	gross domestic product
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM (as amended, supplemented or otherwise modified from time to time)
"Group", "we", "our", "our Group" and "us"	our Company and its subsidiaries, or where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, such subsidiaries as if they were our subsidiaries at that time
"HKFI"	The Hong Kong Federation of Insurers
"HKFRSs"	Hong Kong Financial Reporting Standards, as issued by the Hong Kong Institute of Certified Public Accountants
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Branch Share Registrar"	**[REDACTED]**
"Hong Kong dollars", "HKD" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"IA"	Insurance Authority of Hong Kong
"IA Code of Practice"	Code of Practice for the Administration of Insurance Agents
"IARB"	Insurance Agents Registration Board of Hong Kong
"IATA"	International Air Transport Association, a global trade organisation in the air travel industry and the administrator of the IATA Passenger Agency Programme which is a global programme designed to facilitate the secure distribution and sale of airline tickets
"ICO"	Insurance Companies Ordinance (Chapter 41 of the Laws of Hong Kong), as amended or supplemented from time to time

"Independent Third Party(ies)"	any entity(ies) or person(s) which or who is/are not our connected person(s)
"Japan Legal Advisers"	Soga Law Office, a qualified Japan law firm and the Japan legal advisers to our Company as to Japan Law for the proposed **[REDACTED]**
"Japanese Yen" or "JPY"	Japanese Yen, the lawful currency of Japan
"JCS"	有限会社ジェイ・シィサービス (JC Service Ltd.*), a company incorporated in Japan with limited liability on 9 October 1998, a company wholly and beneficially owned by Mr. Yuen Chun Yu Adrian who is the son of Ms. Chan and Mr. SK Yuen and the brother of Mr. CN Yuen, and a connected person of our Company
"Latest Practicable Date"	1 July 2016, being the latest practicable date for ascertaining certain information in this document

[REDACTED]

"Listing Division"	the Listing Department of the Stock Exchange
"Macau"	the Macau Special Administrative Region of the PRC
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM
"Memorandum" or "Memorandum of Association"	the memorandum of association of our Company, conditionally adopted on [●] and as amended from time to time
"Mr. CN Yuen"	Mr. Yuen Chun Ning, an executive Director, the chief executive officer of our Company and the son of Mr. SK Yuen and Ms. Chan
"Mr. SK Yuen"	Mr. Yuen Sze Keung, an executive Director, the chairman of our Board, a Controlling Shareholder, the spouse of Ms. Chan and the father of Mr. CN Yuen
"Ms. Chan"	Ms. Chan Suk Mei, an executive Director, a Controlling Shareholder, the spouse of Mr. SK Yuen and the mother of Mr. CN Yuen

[REDACTED]

"PTHK"	Package Tours (Hong Kong) Limited (縱橫旅遊有限公司), a company incorporated in Hong Kong with limited liability on 1 June 1979, an indirect subsidiary of our Company

[REDACTED]

[REDACTED]

"Regulation S"	Regulation S under the U.S. Securities Act
"Reorganisation"	the reorganisation of our Group in preparation for the **[REDACTED]**, details of which are set out in "History, Reorganisation and Development — Reorganisation"
"Reporting Accountant"	PricewaterhouseCoopers, the auditor and reporting accountant of our Company
"Repurchase Mandate"	the general unconditional mandate given to the Directors by the Shareholders relating to the repurchase of Shares, as further described in "Statutory and General Information — A. Further information about our Company and subsidiaries — 7. Repurchase of our own securities" in Appendix IV to this document
"RTA"	the Registrar of Travel Agents appointed under the TAO
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of HK$0.01 each

[REDACTED]

"Share Option Scheme"	the share option scheme conditionally adopted by our Company on [●], as described in "Statutory and General Information — D. Share Option Scheme" in Appendix IV to this document
"Shareholder(s)"	holder(s) of the Share(s)

[REDACTED]

"Sole Sponsor"	Lego Corporate Finance Limited, a licensed corporation licensed to carry on Type 6 (advising on corporate finance) regulated activities under the SFO
"sq.ft."	square foot or square feet
"sq.m." or "m^2"	square metre(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiaries"	has the meaning ascribed thereto under the GEM Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the GEM Listing Rules
"Takeovers Code"	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"TAO"	Travel Agents Ordinance (Chapter 218 of the Laws of Hong Kong)
"TAR"	Travel Agents Registry
"TIC"	Travel Industry Council of Hong Kong
"TICF"	Travel Industry Compensation Fund
"Track Record Period"	the period comprising the two financial years ended 31 March 2015 and 2016, and the phrase "for/during the Track Record Period", followed by a series of figures or percentages, refers to information relating to the financial years ended 31 March 2015 and 2016 respectively
"U.S. dollars" or "USD" or "US$"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time

"Underwriters"	the **[REDACTED]** and the **[REDACTED]**

[REDACTED]

"United States" or "U.S." or "US"	the United States of America

[REDACTED]

"Worldwide Package"	Worldwide Package Travel Service Limited (翱翔旅遊有限公司), a company incorporated in Hong Kong with limited liability on 19 July 1985, an indirect wholly-owned subsidiary of our Company
"WWPKG Investment"	WWPKG Investment Holdings Limited, a company incorporated in the BVI with limited liability on 7 June 2016 and owned as to 68.02%, 23.42%, and 8.56% by Ms. Chan, Mr. SK Yuen and Mr. CN Yuen respectively, and a Controlling Shareholder
"WWPKG Management"	WWPKG Management Company Limited, a company incorporated in the BVI with limited liability on 10 June 2016, a direct wholly-owned subsidiary of our Company
"Y's"	ワイズ•ジャパン株式会社 (Y's Japan Co., Ltd.*), a limited company incorporated in Japan on 22 September 2011, a company wholly and beneficially owned by Mr. Yuen Chun Yu Adrian who is the son of Ms. Chan and Mr. SK Yuen and the brother of Mr. CN Yuen, and a connected person of our Company

[REDACTED]

"%"	per cent

If there is any inconsistency of this document and the Chinese translation of this document, this document shall prevail.

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

* *for identification purpose only*

GLOSSARY OF TECHNICAL TERMS

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

"CAGR"	compound annual growth rate
"charter flight"	a flight requested by travel agents or a flight to be shared by travel agents where the travel agents take risk on the inventory
"FIT"	free independent traveller or free independent tourist, an individual (or small group of travellers) purchasing FIT products for his or her own travel itinerary, instead of package tour
"FIT products"	comprise one or more individual travel elements, such as flight tickets, hotel accommodation and cruise holidays
"GDS"	Global Distribution System, a computerised reservation system that renders global coverage offering information, reservations, ticketing and other facilities for airlines, hotels, transportation rental companies and other travel ancillary products
"IATA accredited agent"	a travel agent which has been admitted by IATA subject to compliance with certain regulations which govern the relationship between IATA accredited agents and participating airline members
"IATA Passenger Agency Programme"	a global programme operated by IATA to facilitate the secure distribution of air tickets through a network of accredited agents or participants
"land operator"	a handling agent providing local services at the tour destination, such as hotel booking, local transportation and other travel related arrangements to travel agents
"MICE"	Meetings, Incentives, Conferences and Exhibitions, a focused niche of group tourism dedicated to planning, booking and facilitating conferences, seminars and other events
"ancillary travel related products and services"	travel related products excluding package tours and FIT products such as admission tickets to attractions, local transportation, car rental, prepaid telephone and internet cards, travel insurance and travel visa application

"package tour"	a tour which is organised and hosted by a travel agent, and usually comprises of various travel elements including flight tickets, hotel accommodations, meals, other activities and tour escort services at a bundled price
"tour escort"	a person appointed by travel agents to accompany tour groups throughout the journey of a tour
"travel agent"	a person who carries on the business of obtaining for another person (i) carriage on a journey to take place mainly outside the place of departure, or (ii) accommodation at a place outside the place of departure for which payment is made to that person of an amount on account of the cost of that accommodation

This document contains forward-looking statements in respect of our plans, intentions, beliefs, expectations or predictions for the future, which are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

— our business prospects and future developments, trends and conditions in the industry and market in which we operate

— our business strategies and operating strategies and our various measures to implement such strategies;

— our ability to meet the changing needs of our customers;

— our liquidity and financial condition;

— changes in the laws, rules and regulations of the local governments in countries in which we operate;

— the general economic trends and conditions;

— exchange rate fluctuation;

— our relationship with, and other conditions affecting, our suppliers and customers;

— catastrophic losses from natural disasters;

— currency exchange restrictions;

— changes in competitive conditions and our ability to compete under these conditions;

— our ability to recruit and retain employees and personnel;

— the general economic trends, market and business conditions in the countries in which we have operations; and

— other factors beyond our control.

When used in this document, the words "aim", "anticipate", "believe", "consider", "continue", "could", "estimate", "expect", "forecast", "going forward", "intend", "may", "might", "ought to", "plan", "predict", "project", "propose", "potential", "seek", "should", "will", "would", "with a view to" and the negatives of these terms and similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risk factors set forth under "Risk Factors". Our Directors confirm that these forward-looking statements are made after due and careful consideration.

Although our Directors believe that our current views as reflected in these forward-looking statements based on currently available information are fair and reasonable, we can give no assurance that these views will prove to be correct. You are cautioned that reliance on any forward-looking statements in this document involves risks and uncertainties. The uncertainties in this regard include, but are not limited to, those identified in "Risk Factors", many of which are not within our control. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations by us or our Directors that our plans or objectives will be achieved.

Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove to be incorrect, our financial condition may be adversely affected and may vary materially from those described herein as anticipated, believed, estimated or expected.

Subject to the requirements of applicable laws, rules (including the GEM Listing Rules) and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or developments or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances contained in this document might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this document are qualified by reference to the cautionary statements set out in this section.

In this document, statements of or reference to our intentions or that of any of our Directors are made as of the date of this document. Any such intentions may change in light of future developments.

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

1. RISKS RELATING TO OUR GROUP'S BUSINESS

1.1 Natural disasters, acts or threats of terrorism, wars, travel-related accidents, outbreak of contagious or infectious diseases or other catastrophic events, political instability and issuance of any outbound travel alert may significantly and adversely impact on our business and operating results

Our operation is vulnerable to interruption and damage from natural disasters including snowstorms, typhoons, tornado, volcanic eruption, earthquakes, fire, floods and similar events. Occurrence of natural disasters may reduce customer's sentiment to travel to those affected regions or countries as customers would generally perceive as a risk that endanger their safety if to travel to the affected destinations. For the same reason, occurrence of wars, and acts or threats of terrorism could reduce customers' demand in travelling to those affected regions or countries, which may adversely impact our business and operating results. As a result of the occurrence of the 2016 Kumamoto Earthquake in April 2016, our revenue from package tours bound for Japan in the two months ended 31 May 2016 experienced a notable decrease as compared with the corresponding period in 2015.

In addition, the outbreak or general apprehension of outbreak of any contagious or infectious disease, such as Severe Acute Respiratory Syndrome, Ebola virus disease, H1N1 influenza and H7N9 influenza, may reduce customers' travelling demand to those affected region or country, particularly if the outbreak cannot be controlled. For instance, affected by the outbreak of Middle East respiratory syndrome in South Korea in May 2015, our revenue from package tours bound for South Korea for the year ended 31 March 2016 dropped by approximately 49.6% as compared to the year ended 31 March 2015.

Our business and results of operation may also be adversely and materially affected if there is any material adverse change in the political and social situation in the destinations for which our tours are bound. In addition, the issuance of any outbound travel alert by the government of Hong Kong may defer customers from travelling to the affected destinations. Such political instability and issuance of outbound travel alert may significantly affect customers' demand of these destinations and adversely affect the tour operations in the affected destinations and have material impact on our business and results of operation.

1.2 Our Group's continuing success depends on our reputation and brand recognition and any damage to our brand could materially and adversely affect our business and operating results

According to the CH Report, the reputation of a travel agent is one of the major consideration for customers in their choice of travel agents. We believe our success in the past was largely dependent on our reputation and established brand built over the last 37 years of business. However, our reputation and brand may be damaged by various factors including adverse publicity, customers' complaints over our products and services, misconduct or negligence committed by our employees or service providers and accidents during the tours giving rise to injuries to our customers. Any damage to our reputation and brand image will have serious adverse impact on our business, results of operation and prospects.

Our quality control system will not completely eliminate the risk of substandard quality or safety issues relating to our products and services. If our customers are dissatisfied with our products or services or if incidents attracting adverse publicity arise, it may damage our reputation and brand image, which in turn will adversely affect our business, and results of operation and prospects.

1.3 We generated a material portion of our revenue from the sales of tours bound for Japan and any decrease in the demand for Japan bound tours may materially and adversely affect our business and operating results

During the Track Record Period, approximately 78.1% and 84.4% of our revenue from sales of package tours were derived from the sales of package tours bound for Japan. Demand for Japan bound tours may be adversely affected by the happening of natural or other disasters, changes in Japan's political, economical or social environment, changes in the preference of the customers in Hong Kong or the exchange rate of Japanese Yen against Hong Kong dollars. If the demand for our Japan bound tours decreases and we are unable to increase our sales of package tours bound for other destinations to compensate the decrease in demand for Japan bound tours, our business and results of operation may be adversely affected.

1.4 Our Group derives material portion of our revenue from customers in Hong Kong and any downturn in the Hong Kong economy could have a material adverse effect on our business and operating results

Our Group's business is largely dependent on the outbound travel decisions and preferences of the customers in Hong Kong which in turn are affected by changes in the economic condition in Hong Kong. There may be uncertainties relating to the economic condition in Hong Kong in the future and any prolonged downturn in the Hong Kong economy in the future may bring material adverse effect on the travelling demand which may in turn lead to decline in demand for our products and services and hence adversely impact on our business, results of operation and prospects.

1.5 Failure to anticipate and respond in a timely manner to rapid changes in consumer preferences and spending habits and decrease in demand for package tours may cause our sales to decline and our business, results of operation may be materially and adversely affected

The sales of our Group's products and services depends on a variety of factors, one of which is that our Group is able to accurately anticipate changes in consumer preference and spending habits. It is uncertain as to whether our Group will continue to be successful in identifying the trends in consumer preference and spending habits. Failure to adapt our products and services to respond to such changes in a timely manner may result in decrease in the sales and thus our financial condition and results of operation may be materially and adversely affected.

The growth of internet use has made it easier for consumers to conduct research for and plan their own holiday trip, leading to the growth in the FIT travel sector. According to the CH Report, the total revenue of outbound package tour increased from approximately HK$5.8 billion in 2011 to approximately HK$7.2 billion in 2015 at a CAGR of approximately 5.6% whereas the revenue of FIT products in Hong Kong increased from approximately HK$2.0 billion in 2011 to approximately HK$5.6 billion in 2015 at a CAGR of approximately 29.7%. The increase in the demand of FIT products may set back the demand for package tours. Since a substantial portion of our revenue were derived from the sales of package tours, if the demand for package tours decreases, it may have a material adverse effect on our business, financial condition and results of operation.

1.6 Package tours may be subject to cancellation due to various reasons which may result in complaints from customers and adverse impact on our business and operating results

Our package tours may be cancelled for various reasons, such as the outbreak of contagious or infectious disease at the destination region and occurrence of terrorist attack or travel-related accidents or other similar events that endanger the safety relating to the tour destinations. We may also cancel our tours due to reasons such as insufficient tour participants. Our Group is entitled to cancel the tour in such circumstances provided that the full amount of the deposit or the payment is refunded to the customers with compensation made in accordance with the relevant TIC directives in relation to refund arrangement. During the Track Record Period, we incurred compensation to customers in such regards of approximately HK$0.3 million and HK$0.2 million respectively. In the event of such circumstance leading to cancellation of tour before departure date, even if our Group has followed and complied with all applicable directives in making such refund and compensation to customers, customers may still be dissatisfied with the arrangement and may lodge complaints to our Group, TIC or the media. If our Group fails to properly deal with those complaints, whether meritorious or not, it may lead to negative publicity and may damage our reputation and brand image. Our Group's profitability could be adversely affected as a result of any damage on the corporate brand name, which could further adversely affect our business and results of operations.

1.7 We may not be able to resolve customers' complaints which may materially affect our business and results of operation

During the Track Record Period, we received a total of 257 cases of complaints either directly from customers or via TIC. 194 cases of these complaints were resolved amicably with our letter of apology or explanation without any monetary payment, 58 cases were resolved involving monetary settlement, and five cases were still pending as at the Latest Practicable Date. We have to divert the time of our management and other resources in order to deal with customer complaints, which may adversely affect our business.

If we are unable to resolve customer complaints in amicable manner, such complaints may develop into adverse publicity which may damage our reputation and brand image, thereby adversely affecting our business, results of operation and prospects.

1.8 Any increase in the costs of travel elements could adversely affect our Group's operation, turnover and profitability

Our Group's key suppliers include airlines, hotels, land transportation and land operators. Costs of them together accounted for an aggregate of approximately 93.2% and 93.2% of our Group's cost of sales for the years end 31 March 2015 and 2016 respectively. The costs of the travel elements are the most important factor in determining the selling price of our products and services. Increase in costs may reduce our profit if we are unable to adjust the price of our products and services correspondently. Our Group cannot predict whether the prices of travel elements would abruptly increase. If the costs for the travel elements increase and we are unable to pass on such increases to the customers in a timely manner, it may materially and adversely affect our business and financial results. On the other hand, if our Group does seek to pass such costs to the customers, this may reduce our price competitiveness of and, hence, customer demand for, our products and services.

1.9 Over 40% of our total purchases were made with our largest supplier during the Track Record Period and termination or interruption of our business relationship with our largest supplier may adversely affect our business and results of operation

Purchases from our largest supplier from which we sourced air tickets for our business operation accounted for approximately 42.5% and 40.1% of our total purchases for the years ended 31 March 2015 and 2016 respectively. We intend to continue our business relationship with our largest supplier as our major airline supplier. If our business relationship with our largest supplier is terminated or disrupted and we are unable to obtain adequate supply of air tickets from other airlines necessary for our operation, our business and results of operation may be adversely affected.

1.10 We are exposed to foreign exchange risk particularly in relation to JPY which would impact on our Group's operating performance as well as our financial position

During the Track Record Period, we derived a majority of our revenue from the sales of travel products bound for Japan. Our receipts from customers are denominated in Hong Kong dollars while the settlement of substantial portion of our land costs, such as hotel tariffs, transportation costs, meal expenses and admission ticket costs are denominated in Japanese Yen. The difference in the exchange rates at which the payables are recorded and finally settled may give rise to transactional foreign currency exchange gain or loss. Moreover, certain of our financial assets and liabilities, such as cash and cash equivalents, deposits and other receivables, trade payables and amounts due to related companies, are denominated in Japanese Yen and are therefore subject to translation difference at year-end exchange rates. Accordingly, we are exposed to foreign currency risk mainly aroused from transactions, assets and liabilities denominated in Japanese Yen. If there is significant fluctuation in the exchange rate of Japanese Yen against Hong Kong dollars, being the functional and presentation currency in our combined financial statements, we could experience material fluctuation in our land costs and incur material exchange differences in our combined statements of comprehensive income, which could in turn materially and adversely affect our financial conditions and results of operation.

1.11 We may not achieve the same growth in gross profit or gross profit margin for our sales of package tours

We experienced an increase in gross profit and gross profit margin from the sales of package tours during the Track Record Period. Our gross profit generated from the sales of package tours were approximately HK$63.2 million and HK$74.5 million for the years ended 31 March 2015 and 2016 respectively, representing a gross profit margin of approximately 14.0% and 16.8% for the corresponding years. Such increase was primarily driven by (i) the decrease in airfare costs mainly due to the comparatively more use of low-cost carrier by our Group during the year ended 31 March 2016; and (ii) the relatively stable transportation costs, meal expenses and admission ticket costs incurred for our package tours bound for Japan (except Okinawa) mainly due to the generally weaker exchange rate of Japanese Yen against Hong Kong dollars during the year ended 31 March 2016 as compared to the previous financial year. There can be no assurance that we could achieve the same growth in gross profit or maintain the gross profit margin in the future.

1.12 Our financial results for the year ending 31 March 2017 are expected to be adversely affected by the recognition of [REDACTED] expenses

Our Directors are of the view that there would be a negative impact on the financial results, including the net profit of our Group, for the year ending 31 March 2017 due to the non-recurring **[REDACTED]** expenses. The total **[REDACTED]** fees are estimated to be approximately HK$**[REDACTED]** million (assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, being the mid-point of the indicative **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** and HK$**[REDACTED]** per **[REDACTED]**). Among the estimated **[REDACTED]** expenses, approximately HK$**[REDACTED]** million is expected to be accounted for as a deduction from equity upon **[REDACTED]**. The remaining amount of approximately HK$**[REDACTED]** million is expected to be recognised as expenses in our combined statements of comprehensive income, of which approximately HK$1.2 million had been recognised for the year ended 31 March 2016 and approximately HK$**[REDACTED]** million is expected to be recognised for the year ending 31 March 2017. The estimated future **[REDACTED]** expenses to be charged to our consolidated statements of comprehensive income are current estimate for reference only and are subject to adjustments based on audit and changes in variables and assumptions. As such, our financial results for the year ending 31 March 2017 are expected to be adversely affected by the non-recurring **[REDACTED]** expenses and may or may not be comparable to the financial performance of our Group in the past.

1.13 Our business is subject to seasonality factors

The travel industry business is inherently seasonal. Demand for our products will generally increase during holiday periods such as Chinese New Year, Easter, schools summer holiday in July and August, and Christmas. Moreover, demand for our Japan bound tours will generally increase in October due to the "Autumn leaves" season in Japan. Further, the prices of our products and thus our revenue are generally higher in peak seasons than low seasons. As such, our operating results are subject to fluctuations due to seasonal factors from time to time.

1.14 Our Group's continuing success depends on our ability to retain our senior management and key personnel

We rely on the experience, expertise, business insight and leading skills of the senior management and key personnel who are responsible for our Group's overall business development and strategic planning as well as the operation and management in general. Our Group's continuing success depends on our ability to retain our senior management and key personnel. However, competition in the travel industry for experienced and appropriate personnel is intense as it is difficult to recruit a person with relevant professional skills and experience in the travel industry. If one or more of the senior management or key personnel is or are unable or unwilling to continue in their present positions, we may not be able to replace them promptly or at all in the future and hence our business and results of operation may be adversely affected.

1.15 Our Group engages third-party land operators to provide services for some of our tours and any unsatisfactory performance or misconduct of the relevant land operators may adversely affect our reputation and business

Our Group engages third-party land operators for package tours bound for Okinawa and destinations other than Japan to provide tour guiding service to our customers and the tour operation will be handled by the land operators with agreed arrangements for hotels, meals, local transportation and activities. As they are third-party land operators, their conduct and the performance and quality of their service are not subject to our Group's direct management or immediate control. Since the service standard of the land operators engaged by us will directly affect the quality of the tours and the satisfaction level of the customers, in the event that the customers receive unsatisfactory services or arrangement from the third-party land operators, customers may lodge complaints to our Group, TIC or the media. Therefore, any unsatisfactory performance or misconduct of relevant land operators may adversely affect our reputation and business. In addition, if our Group fails to properly deal with those complaints, whether meritorious or not, it may lead to negative publicity and may damage our reputation and brand image. Our Group's profitability may be adversely affected as a result of any damage on the corporate brand name, which could further adversely affect our business and results of operations.

1.16 Any disruption to the supply of flights and other travel elements may significantly and adversely affect our business and results of operation

The smoothness of our Group's operation relies on the availability and punctuality of flights. In turn, the ability of airlines to offer flights and their punctuality are dependent on the daily operations of their cabin crew and/or air crew. Any prolonged strikes of cabin crew and/or air crew and the consequential flight delay or cancellation may affect adversely on our Group's operation and business. In addition, such significant delay or cancellation of flight may affect the tour's schedule.

Our business operations is also dependent on the availability of other travel elements such as hotel accommodation, local transportation and the services of land operators. The continuous provisions of products and services by our suppliers may not be guaranteed due to reasons such as termination of business relationship with us, or cessation of business operations of our suppliers. If any of our major suppliers such as hotel operators or land operators is unable or unwilling to provide us with the relevant products or services and we are unable to obtain such products and services from alternative suppliers at comparative costs, our tour operation and tour schedule will be adversely affected.

Customers may raise complaints on the consequential disruption to their travel plans. If our Group fails to properly deal with those complaints, it may lead to negative publicity and may damage our reputation and brand image. Our Group's profitability may be adversely affected as a result of any damage on our brand name, which could further adversely affect our Group's business and results of operation.

1.17 The deposit paid to airlines may not be refundable if our Group fails to utilise all the seats reserved by our Group for charter flights, ad-hoc seats or block reservation

Some of our airline suppliers require us to pay deposit for block reservation. We are also required to pay full amount for ad-hoc seats and charter flight seats reserved. In the event that our Group is unable to fully utilise all the seats reserved, the airlines may not refund the full amount paid by our Group. There can be no assurance that we will be able to limit or reduce such forfeiture, and any material increase in forfeiture may have a material adverse effect on our financial condition and results of operation.

1.18 Any fraud or misconduct committed by our employees, customers or other third parties may have material adverse effect on our reputation, business and results of operation

Our business operations may involve cash transactions, the amount of which may be substantial. Our branch staff handle cash received from sales of our products and services. Cash advances are prepaid to our tour escorts for Japan bound tours (except Okinawa) prior to departure for paying for accommodation, food and beverage and other tour related costs during the tour. We are therefore exposed to the risk of fraud, theft or corruption by our employees, our tour escorts, our customers or other third parties. We may suffer financial losses and damage to our reputation if such misconduct is practiced on us. If we are unable to deter or prevent such misconduct, our business and results of operation as well as our reputation may be adversely affected.

1.19 We may not be able to protect our trademarks and intellectual property rights

As at the date of this document, we were the registered owner of three trademarks in Hong Kong and the beneficial owner of one trademark in Hong Kong; and we have filed 3 trademark applications in Hong Kong and 6 trademark applications in China. For details of our Group's registered trademarks, please refer to "Statutory and General Information — B. Further information about our business — 2. Intellectual property of our Group" in Appendix IV to this document.

Our Directors consider our success depends in part on the protection of our trademarks and intellectual property rights. Any infringement or unauthorised use of our trademarks or our brand name could harm our goodwill and business. There can be no assurance that we can prevent or deter infringement or other misappropriation of our intellectual property rights. We may not be able to detect any infringement or take appropriate steps to enforce our intellectual property rights. We may be required to institute legal proceedings to enforce our intellectual property rights which may be costly, unsuccessful, and divert the efforts of our management away from our business and thereby adversely affect our business, financial position and our results of operation.

1.20 We may not be successful in the implementation of our future plans

We have formulated our future plans with the view to increase our market share and sustain business growth. Details of our future plans are set out in "Future Plans and **[REDACTED]**". The successful implementation of our future plans may be affected by various factors including changes in business environment, economic conditions, market demands and regulatory framework, and other contingencies which are beyond our control. Such uncertainties and contingencies may lead to the postponement of our future plans or may increase the costs of implementation. There can be no assurance that our future plans will materialise.

1.21 Our Group's insurance coverage may not adequately protect our Group against all our risks

We may be subject to third party claim for injury suffered in our business premises in which we operate our business. Any third party claim may have a material and adverse effect on our business and operating results as well as damage to our reputation. We may also be subject to claims for losses and damage and accidents arising in the course of our tour operations. There can be no assurance that the insurance policies maintained by us will be sufficient to cover all our risks in connection with our operations. Losses incurred which are not covered by our insurance policies may have material adverse effect on our business, financial position and results of operation.

1.22 We rely on third party service providers on information technology systems and services

We rely on computer and information technology system in our daily operations. It is essential to our business operations that our systems integrate with those of our suppliers and service providers. Our systems were developed and maintained by third party information technology providers. We also rely on external service providers for GDS, with which we make air tickets reservation with airlines. Any unsatisfactory performance of these service providers may lead to an incompatible and outdated information technology system that are vulnerable to disruptions caused by computer viruses and hacking, which may undermine our operations. In addition, if our arrangements with our information technology providers are terminated and we are unable to source alternative service providers, our business and results of operation may be adversely affected. Our Group also relies on information technology system to store certain personal information in the information system. If the information system is compromised, privacy information may be stolen and used inappropriately. Our Group may be subject to legal proceedings instituted by our customers and credit card companies as a result of the loss and inappropriate use of the personal information which may also cause reputation damage to our Group. All of these could seriously undermine our operation, service quality and customers' perception of our brand.

2. RISKS RELATING TO THE INDUSTRY

2.1 Increased market competition may have a material adverse effect on our Group's business, financial condition and results of operation

According to the CH Report, there were 1,771 licensed travel agents in Hong Kong as at 29 June 2016, 563 of which engage in the wholesale and/or operation of package tours. Amongst these 563 licensed travel agents, the ten largest market players accounted for over 75% market share in terms of number of Hong Kong travellers who joined package tours in 2015. Some of our competitors may possess stronger brand recognition, higher sales volume, larger consumer bases, or greater financial, marketing and/or other resources than us. In particular, with increased popularity of internet use, we may lose sales of travel products to alternative travel booking media that provide online sales platforms. Increased competition could result in price reductions, increased marketing expenditures and loss of market share, any of which could have a material adverse effect on our results of operation and financial condition. There can be no assurance that we will be able to address these challenges and compete successfully against current and future competitors and that competitive pressure may have a material adverse effect on our business, growth prospects, financial condition and results of operation.

2.2 Our business may be adversely affected if our Group is unable to renew the prerequisite travel agency licences or such licences are revoked or suspended

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

In general, the RTA shall grant a licence by directing an approved organisation to accept the applicant who is a fit and proper person to carry on business as a travel agent in accordance with section 11 of the TAO. Under section 12 of the TAO, the RTA may refuse to grant the licence if: the applicant is not a fit and proper person to carry on business as travel agent; any controller of such body corporate is not a fit and proper person to be associated with the business of a travel agent; any director or secretary or officer thereof in Hong Kong, is not a fit and proper person to be associated with the business of a travel agent; or the premises to which the application relates or the situation thereof are not suitable for the carrying on of the business of a travel agent. For details of the licensing requirements for travel agents in Hong Kong, please see "Laws and Regulations".

In the event that we are unable to renew our travel agency licences in a timely manner or if our travel agency licences are revoked or suspended, our Group would not be able to operate as travel agent in Hong Kong which will have a material adverse impact on our business, financial condition, results of operation and prospects.

2.3 Changes in any obligations arising from legislation, regulatory requirements and other standards of the travel industry to which our Group is subject may have material adverse effect on our business and results of operation

If the relevant authorities enact additional legislative and regulatory requirements (including rules, guidelines, codes of conduct and policies issued or adopted by governmental and regulatory authorities) or make changes or reformation to the existing laws or regulations that affect the tourism industry in Hong Kong and make the regulatory framework more onerous, we may be required to respond to any such changes and may need to change our business or operational practices and/or make changes on our products or services. This may require our Group to incur additional compliance costs. If the compliance costs increase and we are unable to pass on such increases to our customers in a timely manner, it may materially and adversely affect our Group's business and results of operation. In addition, if our Group does seek to pass such costs to the customers, this may reduce the price competitiveness of and, hence, customer demand for, our products and services. Further, any non-compliance with the legislation and regulations may lead to sanctions or liabilities, as well as damage to our brand name. There can be no assurance that our Group will be able to comply with all the new and applicable legislation and regulations or new changes to the existing laws or regulations, and this may have a material adverse impact on our Group's business, results of operation, financial condition or prospects.

2.4 Fluctuations in consumer spending caused by changes in global economic conditions may significantly affect our Group's business, financial condition, results of operation and prospects

Our Group's business is dependent on our customers' travel decisions and preferences which could be affected by changes in global economic conditions. Global economic downturn may reduce the disposable income of our customers who will then reduce their spending on travel. As such, any changes in the global economic conditions in the future may affect our Group's business, financial condition, results of operation and prospects.

3. RISKS RELATING TO SHARES AND THE [REDACTED]

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

Prior to the **[REDACTED]**, no public market for the Shares existed. Following the completion of the **[REDACTED]**, the Stock Exchange will be the only market on which the Shares are publicly traded. We cannot assure you that an active trading market for the Shares will develop or be sustained after the **[REDACTED]**. In addition, we cannot assure you that the Shares will trade in the public market subsequent to the **[REDACTED]** at or above the **[REDACTED]**. The **[REDACTED]** for the Shares will be determined by agreement among the **[REDACTED]** (for itself and on behalf of the Underwriters) and us, and may not be indicative of the market price of the Shares following the completion of the **[REDACTED]**. If an active trading market for the Shares does not develop or is not sustained after the **[REDACTED]**, the market price and liquidity of the Shares could be materially and adversely affected.

3.2 The trading price of the Shares may be volatile, which could result in substantial losses to you

The trading price of the Shares may be volatile and could fluctuate widely in response to factors beyond our control, including the general market conditions of the securities markets in Hong Kong and elsewhere in the world. In particular, the trading price performance of other travel agents or players in the travel industry, may affect the trading price of the Shares. In addition to market and industry factors, the price and trading volume of the Shares may be highly volatile for specific business reasons. In particular, factors such as variations in our total revenue, net income and cash flow could cause the market price of the Shares to change substantially. Any of these factors may result in large and sudden changes in the price and trading volume of the Shares.

3.3 Since there will be a gap of several days between pricing and trading of [REDACTED], holders of [REDACTED] are subject to the risk that the price of [REDACTED] could be affected by adverse conditions and developments during the period, and fall below the [REDACTED] when trading of [REDACTED] begins

The **[REDACTED]** of our Shares is expected to be determined on the **[REDACTED]**. However, our Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be five business days after the pricing date. As a result, investors may not be able to sell or otherwise deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of our Shares could be affected by adverse market conditions or other adverse developments that could occur between the **[REDACTED]** and the time trading begins and fall below the **[REDACTED]** when trading begins.

3.4 The interests of the Controlling Shareholders may conflict with the best interests of our other Shareholders

Upon completion of the **[REDACTED]**, our Controlling Shareholders will in aggregate beneficially own approximately **[REDACTED]** of our issued Shares. Subject to our Articles of Association and applicable laws and regulations, our Controlling Shareholders will continue to have the ability to exercise controlling influence on our management, policies and business by controlling the composition of our Board, determining the timing and amount of our dividend payments, approving significant corporate transactions, including mergers and acquisitions, approving our annual budgets and taking other actions that require our Shareholders' approval, which may not be in the best interests of other Shareholders.

3.5 Historical dividend distributions are not indicative of our future dividend policy and we may not pay any dividend in the future

PTHK and Worldwide Package declared and distributed dividend of approximately HK$2.0 million and HK$7.9 million respectively during the Track Record Period. The declaration of future dividends will be subject to discretion of our Board and will depend on, among other things, our earnings, financial condition cash requirements and availability, and any other factors as our Directors may consider relevant. Therefore, historical dividend distribution should not be regarded as indication of our future dividend policy. No assurance can be given that we will declare any dividend or at all in the future.

3.6 Facts and statistics in the document relating to the industry in which we operate have not been independently verified

Some of the facts and statistics in this document relating to the travel industry in which we operate, including those relating to the Hong Kong economy and travel industry, are derived from information published by Hong Kong governmental departments or agencies which our Directors believe are reliable. Our Directors believe that the sources of the information are appropriate and have taken reasonable care in extracting and reproducing such information. Our Directors have no reason to believe that such information is false or misleading in any material aspect or that any material fact has been omitted that would render such information false or misleading. The information has not been independently verified by our Group, the Sole Sponsor, any Underwriter, any other party involved in the **[REDACTED]** or any of our or their respective affiliates or advisers and no representation is given as to its accuracy or completeness. Due to the possibly flawed or ineffective sampling or discrepancies between published information and market practices or other reasons, such facts and statistics may be inaccurate or may not be comparable to official statistics. You should not place undue reliance on them.

3.7 The laws of the Cayman Islands relating to the protection of the interests of minority shareholders may be different from those in Hong Kong

Our corporate affairs are governed by our Articles of Association, the Companies Law and common law of the Cayman Islands. A summary of Companies Law and our Company's constitution is set out in Appendix III to this document. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders may be different in some respects from those established under statutes or judicial precedents in existence in Hong Kong. This may mean that the remedies available to our Company's minority Shareholders may be different from those available under the laws of Hong Kong or other jurisdictions.

3.8 Prospective investors should read the entire document carefully and are strongly cautioned against placing any reliance on the information in any press articles or other media coverage which contains information not being disclosed or which is inconsistent with the information included in this document

You are strongly advised to read the entire document carefully and are cautioned against placing any reliance on the information in any press articles or any other media coverage which contains information not disclosed or not consistent with the information included in this document.

Prior to the completion of the **[REDACTED]**, there may be press and media coverage regarding our Group and the **[REDACTED]**. Our Directors would like to emphasise to prospective investors that we do not accept any responsibility for the accuracy or completeness of such information and such information is not sourced from or authorised by our Directors or management. Our Directors make no representation as to the appropriateness, accuracy, completeness and reliability of any information or the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Group or the Shares. In making decisions as to whether to purchase the Shares, prospective investors should rely only on the financial, operational and other information included in this document and the **[REDACTED]**.

We have entered into, and are expected to continue to carry on certain transactions, which would constitute continuing connected transactions of our Company under the GEM Listing Rules upon **[REDACTED]**.

We have applied to the Stock Exchange for, [and the Stock Exchange has granted] a waiver from strict compliance with the announcement, circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Further details of such non-exempt continuing connected transactions and the waiver are set out in "Connected Transactions".

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Yuen Sze Keung (袁士強)	4C Tower 8 Parc Oasis Yau Yat Chuen Kowloon Hong Kong	Chinese
Chan Suk Mei (陳淑薇)	4C Tower 8 Parc Oasis Yau Yat Chuen Kowloon Hong Kong	Chinese
Yuen Chun Ning (袁振寧)	8A, Broadview Villa 20 Broadwood Road Happy Valley Hong Kong	Chinese
Independent non-executive Directors		
Ho Wing Huen (何永煊)	Room 1503 15/F, Block 11 Heng Fa Chuen 100 Shing Tai Road Hong Kong	Chinese
Lam Yiu Kin (林耀堅)	House B, Louisette 20 Stanley Beach Road Stanley, Hong Kong	Chinese
Yen Yuen Ho Tony (嚴元浩)	4A, Block 6, Yar Chee Villas, 1A Chi Fu Road Pokfulam, Hong Kong	Chinese

Further information of our Directors are disclosed in "Directors and Senior Management".

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor	**Lego Corporate Finance Limited** Room 1601, 16/F China Building 29 Queen's Road Central Hong Kong
[REDACTED]	[●]
[REDACTED]	[●]

Legal advisers to our Company	*As to Hong Kong law:* **Fairbairn Catley Low & Kong** 23/F Shui On Centre 6-8 Harbour Road Hong Kong *As to Japan law:* **Soga Law Office** 2F, Yotsuya Y's Building 7-6 Honshiocho Shinjuku-ku Tokyo 160-0003 Japan *As to Cayman Islands law:* **Appleby** 2206-19 Jardine House 1 Connaught Place Central, Hong Kong
Legal advisers to the Sole Sponsor and the [REDACTED]	**Ma Tang & Co., Solicitors** 3rd Floor, Chinese Club Building 21-22 Connaught Road Central Hong Kong
Auditor and Reporting Accountant	**PricewaterhouseCoopers** 22/F, Prince's Building Central, Hong Kong
Industry Consultant	**Crowe Horwath (HK) Consulting & Valuation Limited** 9/F Leighton Centre 77 Leighton Road Causeway Bay Hong Kong
[REDACTED]	**[●]**

CORPORATE INFORMATION

Registered office	PO Box 1350 Clifton House 75 Fort Street Grand Cayman KY1-1108 Cayman Islands
Headquarters and principal place of business in Hong Kong	Unit 706-8, 7/F., Lippo Sun Plaza, 28 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong
Joint company secretaries	Hon Piu Kwun Queenie (韓佩君), *AICPA* Unit 706-8, 7/F Lippo Sun Plaza 28 Canton Road Tsim Sha Tsui Kowloon Ng Ka Man (吳嘉雯), *ACS, ACIS* 36/F, Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong
Compliance officer	Yuen Chun Ning (袁振寧) 8A, Broadview Villa 20 Broadwood Road Happy Valley Hong Kong
Members of the audit committee	Lam Yiu Kin *(Chairman)* Ho Wing Huen Yen Yuen Ho Tony
Members of the remuneration committee	Yen Yuen Ho Tony *(Chairman)* Ho Wing Huen Lam Yiu Kin Yuen Sze Keung
Members of the nomination committee	Ho Wing Huen *(Chairman)* Yen Yuen Ho Tony Lam Yiu Kin Yuen Sze Keung

Authorised representatives	Hon Piu Kwun Queenie (韓佩君) Unit 706-8, 7/F Lippo Sun Plaza 28 Canton Road Tsim Sha Tsui Kowloon
	Yuen Chun Ning (袁振寧) 8A, Broadview Villa 20 Broadwood Road Happy Valley Hong Kong
Principal share registrar and transfer office	**[REDACTED]**
Hong Kong Branch Share Registrar	**[REDACTED]**
Principal bankers	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Central Hong Kong
	Hang Seng Bank Limited 83 Des Voeux Road Central Central Hong Kong
Compliance adviser	Lego Corporate Finance Limited Room 1601, 16/F China Building 29 Queen's Road Central Hong Kong
Company website *(Note)*	**www.wwpkg.com.hk**

Note: The information on the website of our Company does not form part of this document.

This section contains certain information which is derived from official government resources and a commissioned report, the CH Report, prepared by Crowe Horwath (HK) Consulting & Valuation Limited, which is an Independent Third Party. We believe that the sources of the information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Our Directors confirm that after taking reasonable care, there is no adverse change in the market information since the date of CH Report which may qualify, contradict or have a material and adverse impact on the information in this section. The information has not been independently verified by us, the Sole Sponsor, the **[REDACTED]**, *the* **[REDACTED]**, *the Underwriter(s) or any other party involved in the* **[REDACTED]** *and no representation is given as to the accuracy of the CH Report. After taking reasonable care, our Directors confirm that there has been no adverse change in the market information since the date of the CH Report up to the Latest Practicable Date.*

SOURCE OF INFORMATION

We commissioned CH, an independent industry consultant, to conduct a market analysis of and to provide a research report on, among other things, the travel service industry in Hong Kong for the period from 2011 to 2020. CH provides independent and objective audit, tax, industry research and advisory services. Certain information set forth in this section has been extracted from the CH Report. The CH Report is independent from our influence. The agreed fee for the research and preparation of the CH Report is HK$400,000. The payment of such amount was not conditional on our successful **[REDACTED]** or on the research findings of the CH Report.

The CH Report was prepared based on a top-down approach, utilised both primary and secondary research, and attempted to cross check each significant finding with multiple sources. Their primary research included site visits, management interviews and consultation with industry consultants to verify information from third party sources and data collection and cleansing. Their secondary research included internet research and articles, publications and knowledge base search. Any projections in the CH Report were done utilising a mix of both qualitative and quantitative analysis. Whenever applicable, a set of historical data is used as a basis for its projections, and if necessary, adjustments are subsequently made for projection purposes and to ensure data relevance.

The following principal assumptions are used in the CH Report:

- There will not be substantial incidents such as political, administrative developments or natural disasters causing the economic condition to differ significantly from the forecasts, or adversely affect the travel service industry in Hong Kong.

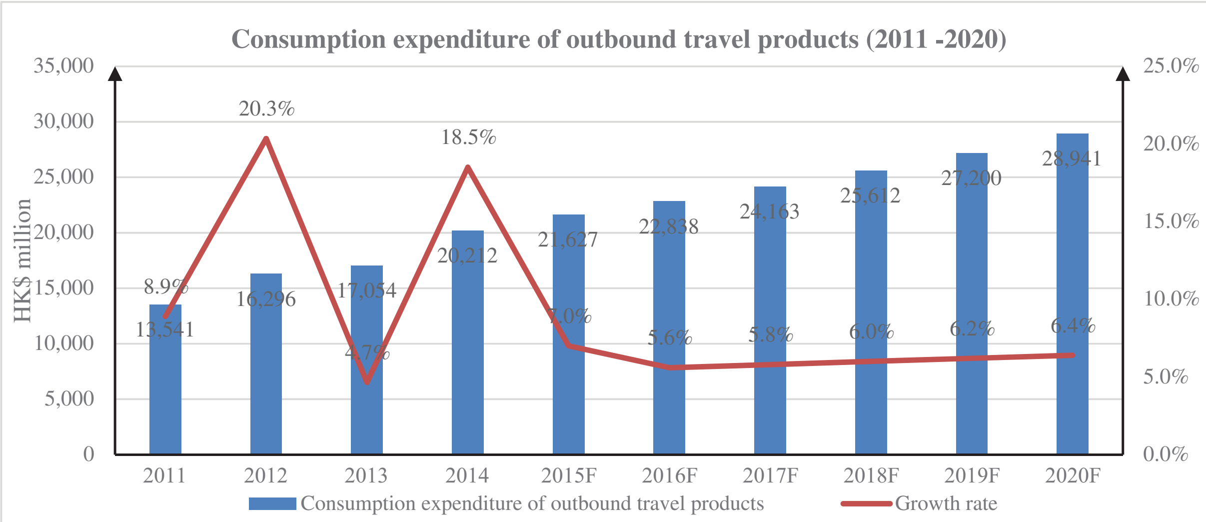
- The economy of Hong Kong will not experience significant and substantial recession in near future.

Except as otherwise noted, all the data and forecasts in this section are derived from the CH Report. Our Directors, after reasonable investigation, confirm that they were not aware of any adverse change to the market information since the date of the CH Report which may qualify, contradict or have an impact on the information in this section.

CHARACTERISTICS OF THE HONG KONG ECONOMY RELEVANT TO THE TRAVEL SERVICE INDUSTRY

Consumption expenditure on outbound travel products

According to Census and Statistics Department of Hong Kong, the outbound tourism expenditure rises from approximately 0.7% to approximately 0.9% of Hong Kong GDP from 2011 to 2014. The outbound tourism consists of expenditure on (i) travel agency, reservation service and related activities; and (ii) cross-boundary passenger transport services. The total consumption expenditure on outbound travel products continued to grow constantly, from approximately HK$13.5 billion in 2011 to approximately HK$20.2 billion in 2014, representing a CAGR of approximately 14.3%. The consumption expenditure of outbound travel products is expected to continue to grow from 2015 to 2020. The consumption expenditure on outbound travel products is expected to grow along the growth rate of Hong Kong GDP.



Source: Census and Statistics Department of Hong Kong; Crowe Horwath

High spending power of Hong Kong people

According to the CH Report, the international tourism expenditure of Hong Kong tourists was steadily increasing from 2012 to the first half of 2015 due to high spending power of Hong Kong tourists. It is expected that the spending power of Hong Kong people will keep increasing because Hong Kong economy is suffering relatively less from the uncertainty of global economy compared to other Western countries and Japan. Although the China economy growth in 2015 was slower compared to previous years, it is still the growth engine for the economy of the whole World. Hong Kong can benefit from the continuous growth of the China economy.

Hong Kong resident departures and tourism expenditure

	2012	**2013**	**2014**	**Six months ended June 2015**
Total departures by resident (million)	85.3	84.4	84.5	43.8 (year on year growth: 6%)
International tourism expenditure (US$ million)	20.5	21.0	22.1	N/A

Source: Census and Statistics Department of Hong Kong; World Tourism Organisation (UNWTO); Crowe Horwath

Value chain analysis of travel service industry

Travel services companies or travel intermediaries

Travel services companies or travel intermediaries sell package tours, FIT products and ancillary products to travellers. In the package tours, travel elements such as flights, hotels, meals and transportations are bundled and offered together in an inclusive rate and the tour groups are generally accompanied by tour escorts during the tour. Package tour is a form of product bundling. Travel companies or travel intermediaries also sell FIT products and ancillary products for margin revenue as agents.

Airlines/cruises and hotel operators

Airlines and cruises provide transportation to the travel destination to the travellers. They mainly make profit by cooperating with travel services companies or intermediaries. Because of the Internet, sometimes the airline companies could bypass all the intermediaries and approach clients directly. In this case, they are both suppliers and competitors for travel services companies. Hotel operators provide accommodation to the travellers. The room rates for hotels with different star-ratings can vary a lot.

Travel service operators / land operators

Travel service operators and land operators act as intermediaries for travel services companies. They usually have better knowledge about the local's tourist spots and service providers. These operators make profit by helping travel services companies to source and arrange local accommodation, local transportation such as shuttle bus, ferry, train, tickets of theme parks and travel spots, and catering services.

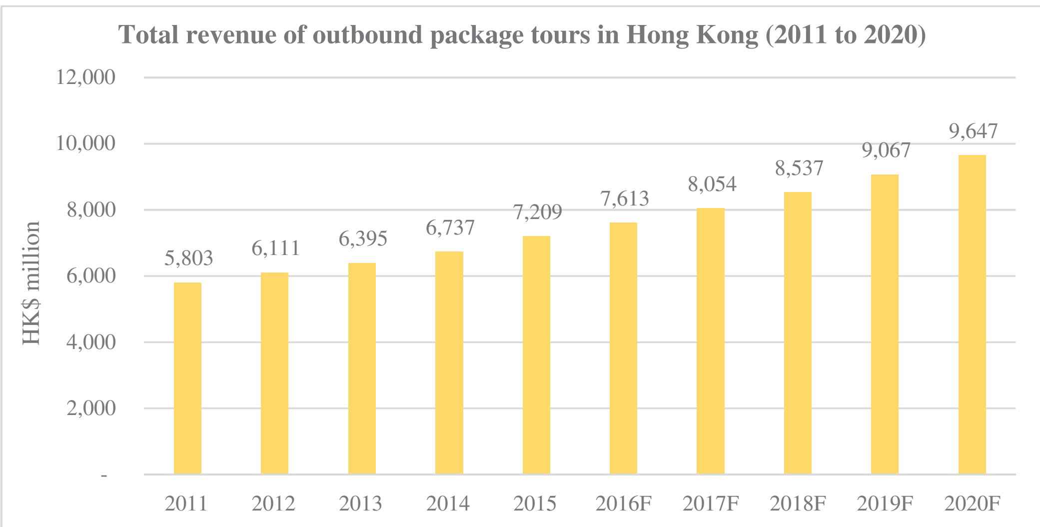
Individual customers/retail customers/corporate customers

Customers have the desire of travelling around the world but they might need some help to plan their trips or implement their travel plans. They could book tour services from the travel services companies as it could save their time and efforts for research and planning. Sometimes they would bypass the travel services companies if the hotel or airline companies offer better prices.

MARKET OVERVIEW OF TRAVEL SERVICE INDUSTRY IN HONG KONG

Revenue of package tours, FIT products and ancillary travel related products and services

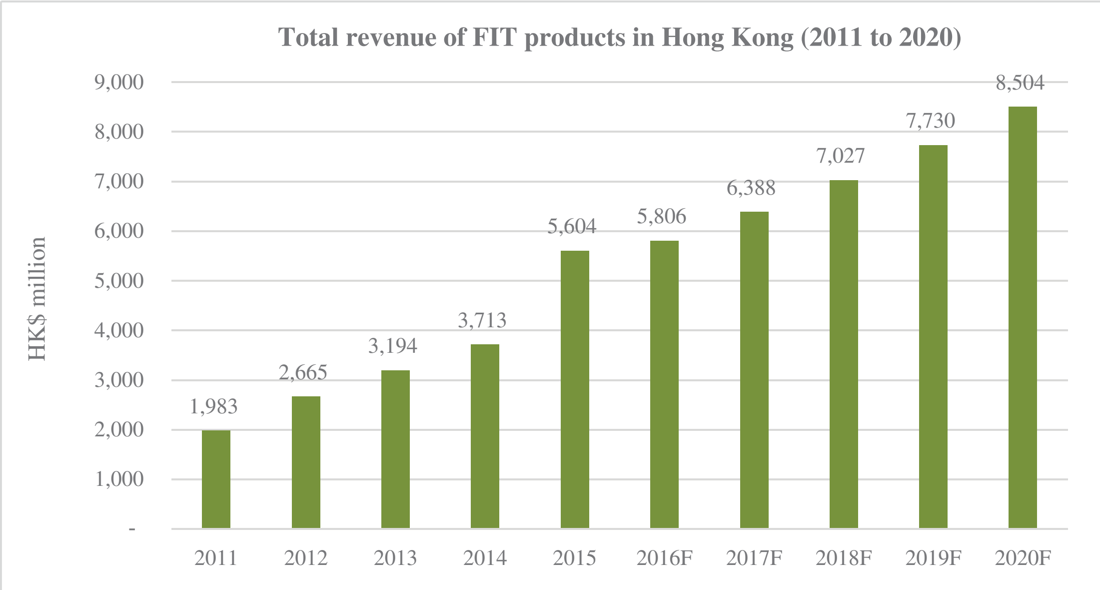
According to the Census and Statistics Department of Hong Kong, expenditure on travel agency, reservation service and related activities accounted for approximately 0.3% of Hong Kong's GDP in all years from 2011 to 2014. It is expected that the percentage remains the same after 2014. The total revenue of package tours in Hong Kong will grow along with Hong Kong GDP. The revenue of outbound package tours in Hong Kong increased from approximately HK$5.8 billion in 2011 to approximately HK$7.2 billion in 2015, representing a CAGR of approximately 5.6%. It is expected that the revenue of outbound package tours in Hong Kong will reach approximately HK$9.6 billion in 2020, representing a CAGR of approximately 6.1% from 2016 to 2020. The reason for the increase in package tour revenue is that the demand on travelling from Hong Kong people is expected increase because outbound travelling has become part of a lifestyle for many Hong Kong residents who are always on the lookout for relief from their stressful lifestyles. Also, the United States has entered an interest rate raising cycle, causing the U.S. dollars and Hong Kong dollars to become stronger and stronger. The rise in Hong Kong dollars will raise the outbound consumption ability of Hong Kong visitors.



Source: Census and Statistics Department of Hong Kong; Crowe Horwath

Besides package tour market, FIT product is another major revenue source for travel service industry. Recently, the number of visitors using FIT products is significantly increasing because it creates greater flexibility so that they can tailor made their favourable itineraries depending on their interest and cost budget. According to International Travel Expo (ITE) Hong Kong, the percentage of all visitors bound from Hong Kong using FIT products increased to approximately 81.0% of total Hong Kong travellers in 2015 as compared to approximately 71.0% of total Hong Kong travellers in 2011.

The revenue of FIT products in Hong Kong increased from approximately HK$2.0 billion in 2011 to approximately HK$5.6 billion in 2015, at a CAGR of approximately 29.7%. The revenue from FIT products is net of costs for suppliers such as hotels, airlines, travel service operators. It is expected that the revenue of FIT products will be approximately HK$5.8 billion in 2016 and will grow to approximately HK$8.5 billion in 2020 with a CAGR of approximately 10.1%.



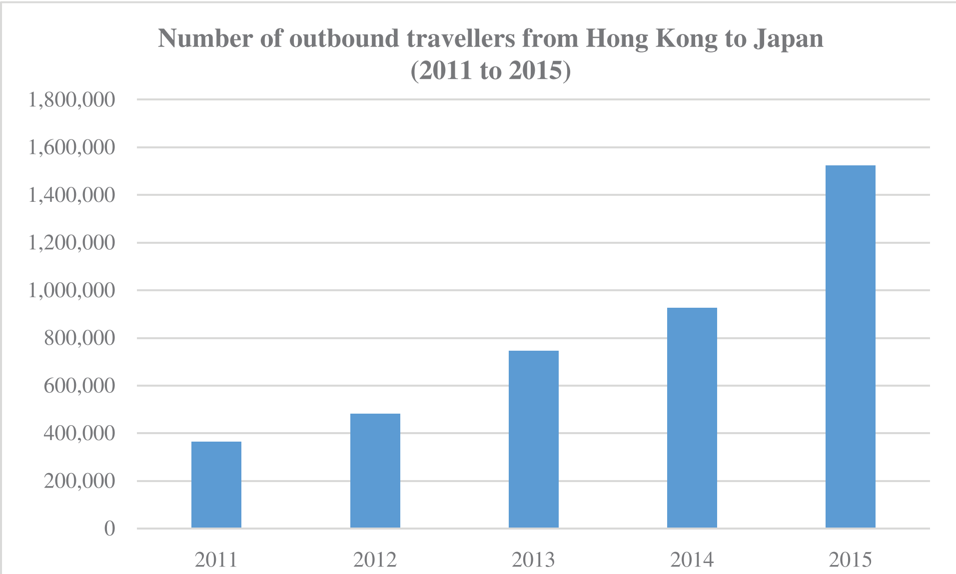
Source: Census and Statistics Department of Hong Kong; ITE; Crowe Horwath

It is expected that the total revenue of FIT products in the travel service industry in Hong Kong will keep increasing because tailor-made preferable trip itinerary imposes an impact to the travel service industry. Travellers can tailor make their favourite travelling itineraries by using FIT products.

Apart from package tours and FIT products, ancillary travel related products and services is another source of revenue for travel service industry. Ancillary products and services refer to all the additional things that travellers may need when going on holidays or taking business trips. A travel agent may offer travellers a wide range of ancillary services just so they could provide them the full package during travelling. Ancillary products and services includes admission tickets to attractions, local transportation, car rental, prepaid telephone and internet cards, travel insurance and travel visa application.

Number of outbound travellers from Hong Kong to different countries

For short haul markets excluding Mainland China, the number of outbound travellers from Hong Kong to Japan was the highest among other countries in 2015, which exceeded that to popular destinations such as Taiwan, South Korea, Thailand and Singapore. For the first five months of 2016, the number of outbound travellers from Hong Kong to Japan reached to approximately 705,000. The total number of outbound travellers from Hong Kong increased from 7,130,199 in 2011 to 10,442,907 in 2015, representing a CAGR of approximately 10%; while the number of outbound travellers from Hong Kong to Japan increased from 364,865 in 2011 to 1,524,292 in 2015, representing a CAGR of approximately 43%. It is expected that the overall number of outbound travellers from Hong Kong to Japan will also be the highest among other short haul markets in whole year of 2016.



Source: JNTO

KEY DRIVERS OF THE OUTBOUND TRAVEL SERVICE INDUSTRY IN HONG KONG

Correlation between private income and demand of travel

The number of Hong Kong outbound travellers grew rapidly from 2014 to 2015, which shared the same trend with the average monthly salaries in Hong Kong. According to the CH Report, private income and the demand for travel has a positive relationship that when the private income increases, people will be more willing to spend on travelling and thus the demand for travel will also increase.

Holiday pattern/seasonality

According to the CH Report, holidays such as Chinese New Year, Easter's holiday, Christmas holiday are the peak seasons for travelling. Seasonality, such as March equinox, June Solstice and September equinox, will also be a great driver for people to travel to other areas. When the public holiday combines with weekend, it will motivate people to go travelling as people do not need to apply too many annual leaves for going on outbound travel.

New flight destination and flight frequency

New flight routes established within five years or to be established soon in 2016 are mainly launched by low-cost carrier (LCCs), including three airlines from Japan and two airlines from Hong Kong. It can be seen from the new routes that local tourism in Japan has been expanding to include less touched areas, such as Ishigaki, Matsuyama, Oita, Takamatsu, Amami and Miho. These new initiatives will attract travellers of Hong Kong to explore new destinations in Japan.

Trend of Hong Kong dollars versus JPY

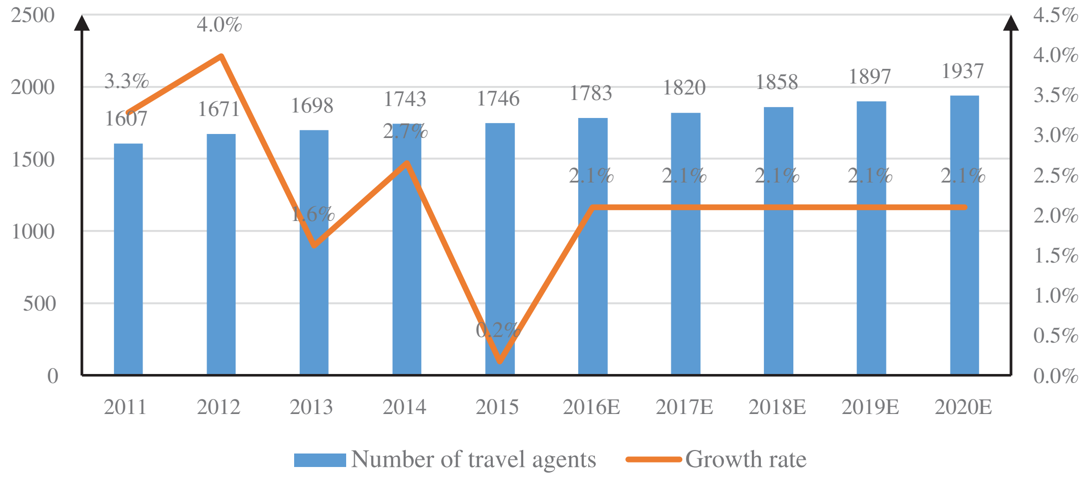
According to the CH Report, the future trend of Hong Kong dollars versus JPY is relatively uncertain to predict. It is expected that JPY will appreciate in short run because of the uncertainty of the global economy caused by Brexit. Such increase is expected to be mitigated by the fact that, Japanese Yen may be weakened due to continuous quantitative easing from the Bank of Japan so as to maintain the competitiveness of Japan. According to the CH Report, the forward rates of JPY against HK$ for three months to one year forward contract as reference to Bloomberg range from HK$0.0757:JPY1 to HK$0.0766:JPY1.

COMPETITIVE ANALYSIS OF TRAVEL INDUSTRY IN HONG KONG

Competitive landscape

According to the CH Report, the total number of licensed and accredited service providers increased from 1,607 in 2011 to 1,746 in 2015, representing a CAGR of approximately 2.1%. Although the growth slowed down in 2015 due to the decrease in inbound tourism from Mainland China, the total number of outbound travel agencies in Hong Kong increased. It is expected that the number of licensed and accredited service providers after 2015 will steadily increase at approximately 2.1% each year.

Number of licensed and accredited service providers



Source: Census and Statistics Department of Hong Kong; TAR; Crowe Horwath

According to the CH Report, there were 1,771 licensed travel agents in Hong Kong as at 29 June 2016, 563 of which engage in the wholesale and/or operation of package tours. Amongst these 563 licensed travel agents, the ten largest market players accounted for over 75% market share in terms of number of Hong Kong travellers who joined package tours in 2015. Based on the number of Hong Kong travellers who joined package tours in 2015, the ten largest market travel services companies in 2015 were as follow:

Rank	Name	Market share (%)
1	Company A	17.4
2	Company B	16.2
3	Company C	10.5
4	Company D	9.4
5	Company E	6.0
6	Company F	5.8
7	Company G	5.1
8	**Our Group**	**2.6**
9	Company H	1.5
10	Company I	1.4
	Total	75.9

Source: Crowe Horwath

Entry barriers to travel industry

According to the CH Report, the main entry barriers to the travel service industry in Hong Kong include the following:

- **Licences and membership.** To be a licensed travel agent company in Hong Kong, a company must obtain a licence from the TAR and carry on business in accordance with the conditions imposed on the licence. A licence for travel agency is valid for a period of twelve months or a lesser period, subject to payment of the prescribed licence fee and continuous compliance with the requirements under the TAO.
- **Reputation.** The reputation of a travel services company is one of the major consideration for Hong Kong tourists. They normally engage the company with good reputation and medium to large size. It is because there are risks for engaging small travel services company that package tours may be cancelled due to insufficient tourists or the bankruptcy of small travel services companies. Large and well-known travel services companies gain a competitive advantage over the small travel services companies. However, it takes long to build up good reputation and track record, causing high entry barrier for new entrants.
- **Suppliers' network.** Land operators, hotel operators and airlines companies are the major suppliers for travel services companies. Maintaining good business relationship with these suppliers is essential. During peak travelling seasons, the services for these suppliers are always full. Having stable suppliers' network can ensure providing stable services to the tourists.

SWOT ANALYSIS OF THE TRAVEL SERVICE INDUSTRY IN HONG KONG

Strength and opportunity

The travel service industry in Hong Kong has benefit from Hong Kong travellers' increasing demand for overseas leisure travel due to their rapidly increasing expenditure ability. Hong Kong people are frequent travellers who like travelling for relaxing due to busy and pressured life. The habit of Hong Kong people benefits the travel service industry.

Theme travel is on an upward trend. Apart from the growth in traditional travellers (e.g. relaxation, sightseeing, family visit and MICE), there is increasing amount of tourist who go for different purposes. Theme travel emerged and spread quickly, such as birthday tour, honeymoon tour, pre-marriage tour, wedding photo tour, eco-tour, volunteer and company visit. The age range of travellers from Hong Kong has also widened to cover more students and the elderly.

Travel service industry in Hong Kong benefits a lot from the visa exemption policy in many countries. Hong Kong people are frequent travellers to overseas due to convenience given that there are over 140 countries which do not require Hong Kong passport holders to apply for visa.

Weakness and threat

The advance of the Internet causes a great threat to travel service industry because people, especially the young generation, can easily get travelling information from Internet and arrange the tours themselves without the services of travel services companies.

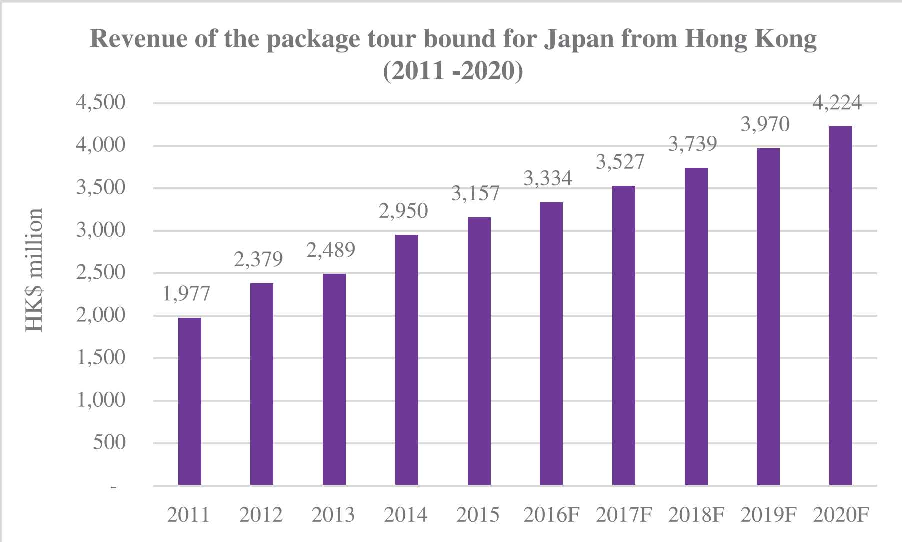
Security concern is essential. The terrorist attacked in Europe and other Western countries were deterring tourists. By the same token, although threats from human attacks and manmade harms are less rampant in Japan, natural disasters can be scaring, with 2011 tourism downturn due to the Great East Japan Earthquake of March 2011 being a good illustration.

PACKAGE TOURS BOUND FOR JAPAN FROM HONG KONG

Market size of the package tour bound for Japan from Hong Kong

The total revenue from package tours bound for Japan from Hong Kong increased from approximately HK$2.0 billion in 2011 to approximately HK$3.2 billion in 2015, representing a CAGR of approximately 12.4%. It is expected that the total revenue from package tours bound for

Japan from Hong Kong after 2015 will steadily grow at around 6% annually. Japanese products are well perceived by Hong Kong people because of their good quality and design. One of the main reasons for Hong Kong travellers bound for Japan is shopping, resulting in great demand for package tours bound for Japan.



Source: Japan National Tourism Organization; Crowe Horwath

Market share of leading players and our Group by the number of travellers of package tour bound for Japan from Hong Kong

Rank	Name	Market share *(%)*
1	Company C	40.5
2	**Our Group**	12.3
3	Company A	5.4
4	Company B	5.1
5	Company G	2.9

Source: Crowe Horwath

SWOT analysis of Japan bound package tour market in Hong Kong

Package tours bound for Japan now takes up the biggest market share of the entire package tour market for all destinations in Hong Kong. The popularity has lasted for more than 10 years. In contrast with FIT market, although the latter signals a great growth potential in recent years, package tour is still the preferred choice of most Hong Kong travellers. In addition, with increasing consideration for leisure, escapism, cleanliness and safety and rising interest in theme travel (e.g. honeymoon, pre-marriage tour, volunteer, medical treatment, etc.), outbound package tours to Japan show substantial growth potential towards 2020.

Strength

Package tours bound for Japan has always enjoyed high-quality local ground service, which in turn has been promoted and supported by government initiatives. JNTO is taking initiatives to train tourism professionals and has launched "Goodwill Guide Campaign" tailored for foreign visitors, which provides free interpretation and guide services. New reception centres are established at an increasing speed. These improvements made by local governments can improve travellers' confidence and thus attract more travellers from Hong Kong.

Large variety of package tours cater needs from wide range of population. With sufficient leisure time and accumulated wealth, the retired population in Hong Kong is keen to enjoy life, and is expected to look for slower pace package tours with less demanding in fitness level yet different and unforgettable outbound travel experience. For the stressful working population, there is desire from this group of people seeking way to ease their tension and stress by means of outbound travel. There are plenty of cities in Japan that cater the needs from a wide range of tourists who are looking for different theme of travel.

Weakness

Package tours for Japan lags behind other regions due to language barrier, which is being improved with government funds and business investments. It is common for Hong Kong tourists to find difficulty in communicating with Japanese. In response, Japan is improving language services in tourist centres and tourist spots by training tourism professionals, recruiting more multilingual employees and offering interpretation guide to foreign visitors. Road signs and slogans in important facilities such as shopping malls have been changed to bilingual versions.

Opportunity

Compared with package tour for Europe and other Western countries, Japan enjoys greater geographical proximity. The price of average package tour for Europe is more than twice of that of Japan. While comparing to other short haul markets, although average spending in package tour to Japan exceeds those in other Asian countries, Japan serves as a better place meeting travellers' demand, especially in terms of shopping. Moreover, low-cost carrier flights are emerging in the airline industry. Their lower prices allow future package tour prices to be further discounted. In addition, the quick expansion of tax-free shops and range of tax-free products correspond to the increasing shopping drive among Hong Kong travellers.

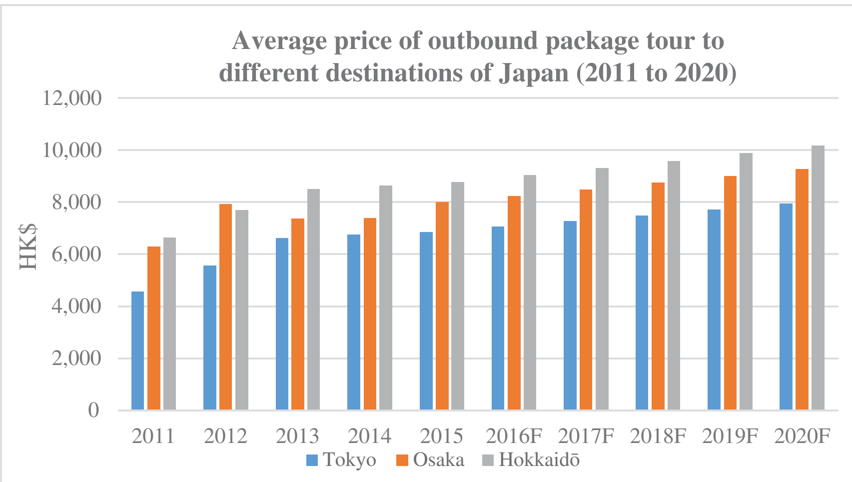
Threat

Price competitiveness may be impaired by volatile macroeconomic environment. Exchange rate and oil price are two major factors affecting the tourism industry. Depreciation in JPY has contributed to the tourism boom and shopping spree in 2014, but by the same token it can also bite the industry. On the other hand, increase in oil price will result in the increase in oil surcharge of air ticket, which will cast a shadow as well. Package tour bound for Japan has also been under the threat of bilateral ties and political tensions among the Southeast Asia region.

PRICE TREND OF THE KEY TRAVEL ELEMENTS

Price of package tours bound for Japan

The price of package tours varies for different destinations in Japan, which depends on the transportation and local price level. According to the CH Report, taking 5-day tours to Tokyo, Osaka and Hokkaidō, which are the most popular travel destinations in Japan, as examples, in 2015, the average price for tours to Hokkaidō is approximately HK$9,034, which is the highest among the other two destinations, followed by the average price for tours to Osaka. The average price of package tours to Tokyo is approximately HK$7,054, which is the lowest among the three destinations. The price of package tours mainly depends on the costs of air tickets, hotels, food and beverages and admissions to attractions.

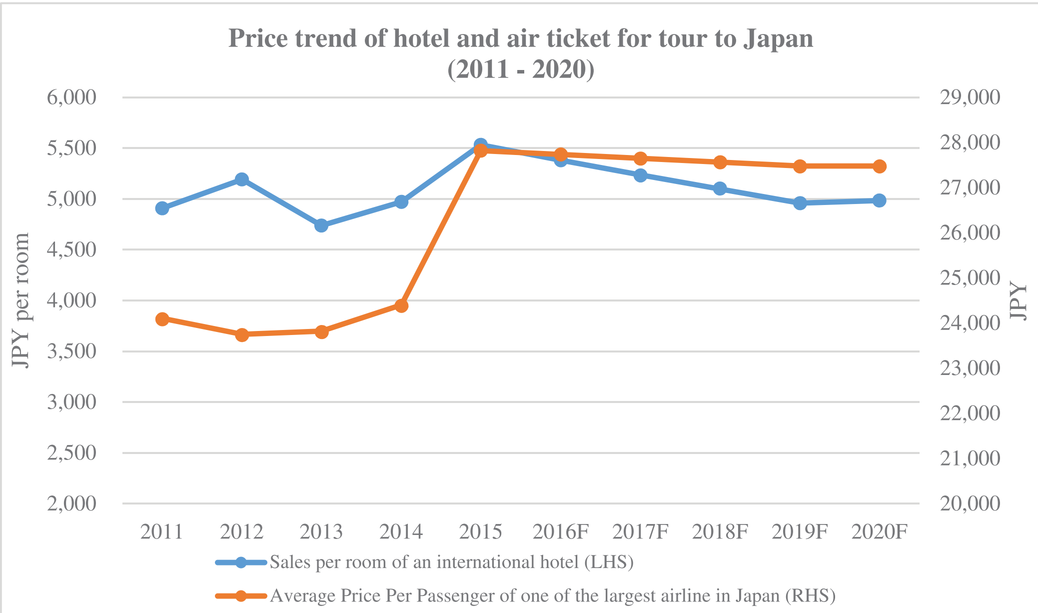


Source: Various travel agent websites

Price trend of major costs (hotel price and air ticket prices) and their impact on the travel service industry in Hong Kong and tours bound for Japan from Hong Kong

The sales per room of a well-known international hotel having operation in different cities of Japan is taken as a proxy for analysing the trend of hotel price in Japan. Since 2013, the hotel price showed an increasing trend due to the increase in the number of travellers to Japan, resulting in the increase in the heavy demand for hotel room and in turn driving up prices. However, it is foreseeable that the hotel price will follow a slight decreasing trend because of the expected increase in national supply of hotels to cater for Olympic Games to be held in Tokyo in 2020. The trend will slightly bounce back in 2020 because of the increase in travellers attracted by Olympics game. The downward trend benefits to the travel agent industry as it lowers the cost of a package tour.

The cost of air tickets follows a similar trend as hotel. Average price per passenger of one of the largest airline companies in Japan, is adopted as a proxy for analysing the trend of air ticket price. Apart from the effect of global economy, the price of air tickets highly depends on the international oil price because oil is one of the major costs for airline companies. Over supply and diminishing demand for oil from emerging countries caused the international air ticket price remain at a low level. The increase in the number of travellers to Japan offset the effect of dropping in global oil prices, resulting in an increase in the air tickets price for Japan bound flights. Despite the difficulties of forecasting global oil price, it is widely believed that oil price will rebound from the valley. Rising oil price potentially may impose great resistance to profitability of airline and travel service industry. It is expected that the oil price will not increase significantly in coming years, resulting in flattening air ticket price. Travel service industry benefits from the slight drop in air ticket price, which lowers the cost of package tours.



Source: Crowe Horwath

LAWS AND REGULATIONS IN HONG KONG

Travel Agents Ordinance (Chapter 218 of the Laws of Hong Kong)

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

Under the TAO, any person carrying on business as a travel agent is required to obtain a licence from the RTA.

Under the TAO, a travel agent includes an outbound travel agent and an inbound travel agent.

An outbound travel agent is a person who carries on business in Hong Kong of obtaining for another person:

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

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

except where that person is the operator of that carriage provided under item (a); or the accommodation is intended to be occupied by the same person for a period exceeding fourteen days at that place provided under item (b).

An inbound travel agent is a person who carries on business in Hong Kong of obtaining for a visitor to Hong Kong:

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

    (1) terminates in Hong Kong; or

    (2) involves the visitor passing through immigration controls before departing from Hong Kong;

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

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

    (1) sightseeing or visits to local places of interest;

    (2) restaurant meals or other catered meals;

    (3) shopping trips;

    (4) local transport in connection with an activity referred to in item (c)(1), (c)(2) or (c)(3) above.

except where that person is the operator of that carriage provided under item (a); or the accommodation is intended to be occupied by the same person for a period exceeding fourteen days under item (b); or that person is the owner or operator of the service being provided to the visitor.

Travel Agents Registry

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

Licensing requirements for Travel Agents

Under section 9 of the TAO, no person shall carry on business as a travel agent without a licence at any place other than specified in that licence or otherwise than in accordance with the conditions imposed by the RTA.

In general, the RTA shall grant a licence by directing an approved organisation to accept the applicant who is a fit and proper person to carry on business as a travel agent in accordance with section 11 of the TAO. Under section 12 of the TAO, the RTA may refuse to grant the licence if:

(a) the applicant is not a fit and proper person to carry on business as travel agent;

(b) any controller of such body corporate is not a fit and proper person to be associated with the business of a travel agent;

(c) any director or secretary or officer thereof in Hong Kong, is not a fit and proper person to be associated with the business of a travel agent; or

(d) the premises to which the application relates or the situation thereof are not suitable for the carrying on of the business of a travel agent.

According to section 12(2) of the TAO, determining whether someone would be a fit and proper person depends on a number of factors such as whether he had been convicted of any offence involving fraud, corruption or dishonesty, whether he had been convicted of any offence against the TAO, whether he is an undischarged bankrupt, or in the case of a body corporate, whether it is in liquidation or is the subject of a winding up order.

PTHK and Worldwide Package have been licensed travel agents under the TAO during the Track Record Period. Every licence shall be valid for a period of twelve months, or such lesser period as may be specified in the licence, from the date on which it is granted. Subject to sections 11 and 12 of the TAO, a licensee may renew his licence for a period not exceeding twelve months, during the period of not more than two months and not less than one month prior to the expiration of the licence or within such a period as the Registrar may permit.

Below is a table setting out the details of the licences issued to our Group as at the Latest Practicable Date:

Licence number	Date of issuance	Date of expiry	Member of our Group
350217	1 August 2015 1 August 2016	1 August 2016 1 August 2017	PTHK
351028	21 June 2016	21 June 2017	Worldwide Package
351028(1)	21 June 2016	21 June 2017	Worldwide Package
351028(2)	21 June 2016	21 June 2017	Worldwide Package
351028(3)	21 June 2016	21 June 2017	Worldwide Package

The TAO empowers the RTA to suspend or revoke a licence if:-

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

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

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

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

5) the licensee is no longer a member of the TIC.

The suspension or revocation of a licence does not affect any right, obligation or liability under any agreement, transaction or arrangement relating to the supply of a travel service entered at any time before the suspension or revocation and in relation to which a sum of money has been paid at any time before that suspension or revocation.

It is a requirement under the Travel Agents Regulations (Chapter 218A of the Laws of Hong Kong) that every licence must be kept displayed, at a place in the specified premises which is conspicuous to the public.

TAO and change of ownership or control

Section 16 of the TAO provides that a licensee shall not change or permit any change of ownership or control of his business as a travel agent without obtaining prior approval in writing from the RTA. If the licensee intends to change the ownership or control of his business, then he must give written notice to the RTA. On 8 April 2016, PTHK and Worldwide Package sought approval from the RTA. Both of PTHK and Worldwide Package received the notices of approval from the Registrar of Travel Agents in relation to the respective changes pursuant to the Reorganisation on 24 June 2016. For details on the Reorganisation, please refer to "History, Reorganisation and Development".

Section 48 of the TAO sets out the offences in contravention of various provisions of the TAO and the maximum penalties for such offences.

The TIC

The TIC is an approved organisation under the TAO and was established to regulate travel agents through a membership system, codes of conduct and directives.

Membership of the TIC

There are three classes of members: association members, ordinary members and affiliate members. PTHK and Worldwide Package are both ordinary members of the TIC.

According to the articles of association of the TIC, an ordinary member must be a limited company registered in Hong Kong and must satisfy the requirements under article 4(2) of the same, inter alia, only conduct travel-related and tourism business and is a member of an association member of the TIC.

The list of association members of the TIC are as follows:

1) Hong Kong Association of Travel Agents (HATA)

2) The Federation of Hong Kong Chinese Travel Agents (FHCTA)

3) International Chinese Tourist Association Limited (ICTA)

4) Society of IATA Passenger Agents (SIPA)

5) Hongkong Taiwan Tourist Operators Association (TTOA)

6) Hong Kong Association of China Travel Organisers (HACTO)

7) Hong Kong Outbound Tour Operators' Association (OTOA)

8) Hongkong Japanese Tour Operators Association Limited (HJTOA)

Other requirements include:-

1) minimum paid-up capital of HK$500,000 plus a further HK$250,000 for each branch office; and

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

There are two types of memberships for travel agents:

	Affiliate members	Ordinary members
Branch offices	Branch offices are not allowed.	Branch offices are allowed.
Services	They can book hotel rooms and air tickets, retail package tours and perform other travel related dealings. They are not allowed to organise or operate outbound tours.	They may conduct any travel-related and tourism business.

The following sets out the details of our Group's membership with the TIC as at the Latest Practicable Date:

Membership Organisation (class)	Membership number	Date of expiry	Member of our Group
TIC (ordinary)	20012-O	30 June 2017	PTHK
TIC (ordinary)	20086-O	30 June 2017	Worldwide Package
TIC (ordinary)	20086-0-01	30 June 2017	Worldwide Package
TIC (ordinary)	20086-0-02	30 June 2017	Worldwide Package
TIC (ordinary)	20086-0-03	30 June 2017	Worldwide Package

Throughout the Track Record Period, PTHK and Worldwide Package were members of the association members of the TIC. The following sets out details of the memberships of PTHK and Worldwide Package as at the Latest Practicable Date:

Membership Organisation (class, if any)	Membership number	Member of our Group
International Chinese Tourist Association Limited 國際華商觀光協會有限公司	Nil	PTHK
Hongkong Japanese Tour Operators Association Limited 香港日本人旅客手配業社協會 (full)	3077	PTHK
The Federation of Hong Kong Chinese Travel Agents Limited 香港華商旅遊協會有限公司 (ordinary)	Nil	Worldwide Package
Hong Kong Association of China Travel Organisers Limited 香港中國旅遊協會有限公司 (ordinary)	WO07	Worldwide Package

The TIC requires its members to seek its approval of any changes in the members' shareholders, directors, controllers, partners or owners prior to the change. On 27 April 2016, PTHK and Worldwide Package sought approval from the TIC. Both of PTHK and Worldwide Package received the TIC's notices of approval in relation to the respective changes pursuant to its Reorganisation on 4 July 2016. For details on the Reorganisation, please refer to "History, Reorganisation and Development".

Hong Kong Association of China Travel Organisers requires members to notify them of any change in shareholders (including directors and/or licensee) within two weeks after the change. On 5 May 2016, Worldwide Package notified the Hong Kong Association of China Travel Organisers of the proposed change of its shareholders pursuant to the Reorganisation, which was duly noted by the Hong Kong Association of China Travel Organisers.

TIC's codes of conduct for members

The TIC requires every member to abide by its codes of conduct. Such codes represent the minimum standards which its members are required to follow in all business transactions and practice. Members are liable to be penalised if their conduct is found to be in contravention of any code. The codes which are most material to our Group's business include the General Code of Conduct for TIC Members, Code of Business Practice on Outbound Package Tours and Code of Advertising Practice for TIC Members.

The General Code of Conduct for TIC Members sets out high professional standards and ethical guidelines for the members. It is a minimum standard that the members need to follow in all their business transactions and practice. The TIC has the authority to address questions to members concerning their conduct, and the members are required to answer promptly and efficiently in accordance with the articles of association and various codes of the TIC.

The Code of Advertising Practice for TIC Members requires members to provide clear and accurate information when advertising to the public. It guards against practices such as discrediting competitors, excessive spending, or other advertising activities contrary to the interests of the travel industry as a whole. In particular, it specifies the information that needs to be included in package tour brochures, and requires such brochures to be approved by and registered with the TIC before despatchment or dissemination.

The Code of Business Practice on Outbound Package Tours regulates activities between TIC members and the public, as well as activities between members in relation to outbound package tours. In particular, it governs the operating standards and sales procedures of outbound package tours and regulates competitive commercial practices to protect public interest. For instance, it provides that the "conditions of tour booking and responsibilities" shall clearly state the amount of, or the basis for calculating the cancellation fees for which clients shall be liable to incur as well as the terms and conditions under which clients shall be liable to incur such fees. It also requires that the members ensure their tour escorts leading outbound tours hold valid Tour Escort Passes.

For more information on Tour Escort Passes and the Code of Conduct for Outbound Tour Escorts, please refer to "— Tour Escorts" below.

TIC's directives

As at the Latest Practicable Date, the TIC has issued 76 directives which are currently effective. Membership with the TIC may be terminated where a member or its director, controller or officer fails to observe or materially contravenes any of the TIC's directives. The TIC's directives which are most material to our Group's business include the following:

Directive Number	Subject
224	Package tour service charge
223	Cancellation of package tours for "reasons beyond control"
217	Package tour brochures
214	Provision of products or services by licensed suppliers
213	Self-pay activities of outbound package tours
209	Advertisement of articles, services or concessions included in or offered with package tours
208	Control on advertisement of package tours
207	Control on advertisement of air tickets
192	Tourist Guide Accreditation System
189	Arrangements of accompanying outbound tour escorts
177	Definition of "reasons beyond control"
169	Outbound Tour Escort Accreditation System
166	Reservation of air-plus-hotel packages
157	Prohibition of voiding air tickets unilaterally
153	Refund arrangements for tour cancellations
149	Following up of settlements or rulings concerning complaints lodged by outbound travellers/ inbound visitors
142	Investigation of consumer/tourist complaints
135	Compensation for package tours guaranteed to depart
128	Amendment to the definition of "advertisement"
106	Code of Business Practice on Outbound Package Tours
098	Code of Business Practice on Outbound Package Tours
088	Ruling on refund of deposit
079	Code of Business Practice on Outbound Package Tours — Visa Fee
077	Code of Business Practice — Cancellation of Package Tour
059	Franking machines and levy stickers

TIC directives in the outbound category, especially those relating to ticketing and advertising, and refund arrangements for tour cancellations, are most relevant to our Group:

TIC directives relating to refund arrangements for tour cancellations by a travel agent

(i) Reasons beyond control

— Directive number 223 (issued on 17 April 2015) provides that travel agents must state in clear language how the monies paid by consumers will be handled should package tours be cancelled because of reasons beyond control, including the amount of handling fee (if any) and the cancellation charges. Such information must be stated clearly in the tour booking terms and conditions made available to customers before they sign up for the package tours.

(a) Notification

If any package tours are cancelled before departure because of reasons beyond control, members shall notify the tour participants as quickly as possible. When notifying tour participants of the cancellation, travel agents must clearly inform the tour participants that they may collect cancellation charges and of the amount of the handling fee (if any) collected for cancelling package tours for reasons beyond control. Travel agents must also notify participants of the amounts of the cancellation charges within seven working days after submission of proof for collection of the cancellation charges to the TIC (counting from the date on the written proof submitted by them).

(b) Cancellation charges

Cancellation charges refer to charges imposed by the major transport providers because the travel agents have cancelled their bookings. Travel agents are allowed, when making refund to the tour participants, to collect the actual amounts of the cancellation charges subject to the total amounts not exceeding the tour fares or part thereof paid by the tour participants. If the travel agents collect or do not collect the cancellation charges, they must equally, within seven working days after cancellation of the package tours, refund the tour participants monies, which include the tour fares, airport passenger departure tax, fuel surcharges imposed by airlines and service charges imposed by the travel agent.

If the package tour is terminated after departure, travel agents must within one month after the participants return to Hong Kong, refund the monies proportionate to the reduction in costs and submit relevant supporting documents to the TIC;

— Directive number 177 (issued on 9 October 2009) defines "reasons beyond control" as hostilities, political unrest, terror attacks, natural disasters, pestilences, bad weather, technical problems to transport, changes to the frequency or timetable of any means of conveyance by its operator without advance notice, strikes, industrial action, travel advisories (warnings) issued by governments of the destinations or the World Health Organisation, red or black outbound travel alerts issued by the Hong Kong SAR Government, and any other situations of which the industry has no control and which are unfavourable to outbound trips of travellers;

— Directive number 153 (issued on 20 November 2006) provides that travel agents must make refund applications to banks for credit card payments of tour fares within seven working days if a package tour is cancelled prior to its departure for reasons beyond control;

(ii) Reasons not beyond control

— Directive number 77 (issued on 15 April 1999) provides that a travel agent who cancels a package tour shall notify its customers at least seven days in advance of the departure date (excluding departure date). If a travel agent fails to do so, it must make full refund of all monies paid and offer to pay an amount equivalent to 15% of the package tour price but not exceeding HK$1,000 to the customer as compensation within three working days. This directive does not apply to destinations within Guangdong Province;

— According to the Code of Business Practice on Outbound Package Tours, if a travel agent cancels a package tour to any destination (except within Guangdong Province) prior to its commencement for reasons not beyond control, it shall notify the customer at least seven working days in advance excluding the departure date. Failing which, it must make full refund of all money received, and must also offer to pay 15% of the price of the package tour but not exceeding HK$1,000 as compensation within three working days. For Guangdong destinations, the notification requirement is at least one day in advance excluding departure date, and must offer to pay the same percentage of compensation within three working days (under directive number 98, issued on 5 October 2001);

— Directive number 153 (issued on 20 November 2006) provides that travel agents must make refund applications to banks for credit card payments of tour fares within three working days if a package tour is cancelled prior to its departure for reasons not beyond control; and

— Directive number 135 (effective from 17 June 2005) provides that if a package tour which has been guaranteed to depart is cancelled by a travel agent not for reasons beyond its control, the travel agent must pay each tour participant concerned 15% of the price of the relevant tour but not exceeding HK$1,000 as compensation within three working days. However, if, immediately after the occurrence of some severe incidents, a member cancels a package tour guaranteed to depart before departure because of safety reasons, it does not need to offer any compensation to the travellers concerned.

  This directive shall be implemented together the Code of Business Practice on Outbound Package Tours. In other words, if a package tour guaranteed to depart is cancelled by a travel agent not for reasons beyond its control and without sufficient notice, the travel agent concerned shall pay each of the tour participants 30% of the price of the relevant tour but not exceeding HK$2,000 as compensation, of which 15% is for cancellation of a package tour guaranteed to depart and 15% is for cancellation of a tour without sufficient notice.

Other TIC directives

— Directive number 166 (issued on 15 June 2007) provides that for air-plus-hotel packages, travel agents shall specify whether the package is "confirmed" or "subject to confirmation". For air-plus-hotel packages that are subject to confirmation, if travel agents are unable to provide such packages at the originally agreed price and by the confirmation date, they shall refund the money paid by their customers within three working days without having to pay any compensation. For air-plus-hotel packages that are confirmed, if travel agents are unable to provide such packages on which they have merely collected deposits, they shall notify their customers as such at least seven days prior to departure (excluding the day of departure) in accordance with the existing rules governing cancellation of package tours. Otherwise, they shall offer to pay within three working days each customer 15% of the price of the relevant package but not exceeding HK$1,000 as compensation. This rule also applies to bookings made by customers which fall within seven days prior to departure. If travel agents are unable to provide such packages for which they have collected full payment, they shall handle such situations in accordance with the existing rules governing cancellation of package tours guaranteed to depart.

— Directive number 169 (issued on 15 October 2007) is in relation to outbound tour escort accreditation system. All outbound tour escorts shall be, and continue to be, holders of a valid Tour Escort Pass issued by the TIC in accordance with applicable terms and conditions as in force and as amended from time to time;

— Directive number 208 (issued on 13 July 2012) is in relation to advertising services and provides that advertisements for package tours must clearly mention the prices and duration of the tours, together with the full names, abbreviations or logos of the relevant carriers;

— Directive number 213 (issued on 16 May 2013) is in relation to self-pay activities of outbound package tours and provides certain points which need to be observed irrespective of whether self-pay activities are included in the itinerary of outbound package tours;

— Directive number 214 (issued on 11 October 2013) is in relation to provision of products or services by licensed suppliers and provides that travel products or services arranged by travel agents for outbound travellers and inbound visitors shall be provided by licensed or legally registered suppliers in order to enhance the protection for consumers and members;

— Directive number 217 (issued on 13 June 2014) is in relation to package tour brochures and collection of tour payment. It amends the Code of Business Practice on Outbound Package Tours and sets out the information that needs to be included in package tour brochures. It requires all package tour brochures to be registered with TIC two working days before their despatch or dissemination, or the promotion or sale of the tours therein. Travel agents shall not despatch or disseminate the brochures, or promote or sell the tours therein until the registration is approved. The information submitted to TIC for registration shall clearly specify the lower limits of tour fares and travel agents shall not sell package tours whose fares are below such limits. If travel agents intend to adjust tour fares below the registered lower limits, such information needs to be re-registered with TIC and travel agents shall not despatch or disseminate the revised brochures, or promote or sell the tours therein until the registration is approved.

Directive number 217 further provides that all package tours brochures shall contain clear, comprehensive and accurate information to enable consumers to make an informed decision in their choice of suitable package tours, and shall include information such as the major modes of transport, type and name of accommodation and arrangements for meals, any additionally provided facilities or special arrangements, the procedures for bookings, the contractual conditions for making and cancelling bookings, the responsibilities of the members and its customers, the tour fare and other related charges;

Travel Industry Compensation Fund

The TICF was established under section 32C of the TAO and maintained by the Travel Industry Compensation Fund (Amount of Ex Gratia Payments and Financial Penalty) Rules (Chapter 218E of the Laws of Hong Kong) and the Travel Industry Compensation Fund (Procedure for Ex Gratia Payments) Rules (Chapter 218F of the Laws of Hong Kong). It aims to protect outbound travellers by providing ex gratia payment to outbound travellers who are aggrieved by the default of travel agents, and to provide financial relief to group tours and package tour travellers who have suffered from personal injuries or death arising from accidents whilst touring outside of Hong Kong. According to section 32C(2) of the TAO, the fund consists of money received from a variety of sources such as the fund levy, money borrowed, investment income, financial penalty, and other money paid into the fund.

The TICF provides protection to outbound travellers who may claim:

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

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

Item	Maximum limit
Medical expenses incurred in the place of accident outside Hong Kong	up to HK$100,000
Expenses incurred in the place of accident outside Hong Kong for funeral or return of dead body/ashes to Hong Kong	up to HK$100,000
Expenses incurred by relatives of an outbound traveller for making compassionate visit to the place of accident	up to HK$100,000 (HK$25,000 per relative)

Tour escorts

Accreditation for outbound tour escorts

In view of raising the standard of outbound tour escorts, the TIC decided that all tour escorts leading outbound tours must hold a valid Tour Escort Pass ("TEP"). To apply for a TEP, one needs to complete the Certificate Course for Outbound Tour Escorts organised by the TIC with a full attendance record (or hold other certificates recognised by the TIC) and pass the Certificate Examination for Outbound Tour Escorts given by the TIC. The TEP is valid for three years, and may be renewed for additional terms of three years. As at the Latest Practicable Date, our Group had 63 tour escorts each holding a valid TEP.

TEP holders found to be in breach of any provisions of the Code of Conduct for Outbound Tour Escorts or found to be unsuitable to continue performing the duties of tour escorts because of misconduct may have their TEPs suspended or revoked.

Code of Conduct for Outbound Tour Escorts

This code sets out the principles and professional ethics the outbound tour escorts ought to follow, so as to ensure provision of high quality and safe service to outbound tour participants and to uphold the reputation of the outbound tourism industry and the tour escort profession.

Levy and franking machine

Levy

Under the TAO, a travel agent is required to contribute to the TICF and the TIC by way of levy. With effect from 3 July 2009, the TICF levy has been suspended. Travel agents are only required to contribute 0.15% council levy of the outbound fare received to the TIC.

Franking Machine

All licensed members shall install a franking machine. All package tour receipts must be franked with a 0.15% council levy of the outbound fare received. All receipts must be printed or stamped with a levy sentence in both English and Chinese, stating: "All package tour receipts must be franked for your protection" and "旅行團收據應蓋印花方可獲得保障".

Publication of advertisements

When publishing any advertisement referring to the provision of a travel service by any person required to be licensed under the TAO, the advertisement must relate to the provision of a travel service by a licensed travel agent and the licence number must be stated clearly in the advertisement. Any person who is found liable under this offence would be subject to a fine of HK$2,000 under section 47(2) of the TAO.

Further, the articles of association of the TIC provides that no member shall publish a brochure unless such brochure contains all such information as the TIC may require to be included in brochures and specimens which have been submitted to the TIC for registration before its publication. Any amendments to such registered brochure must have been submitted to the TIC for registration before its publication.

***Trade Descriptions Ordinance (*Chapter *362 of the Laws of Hong Kong)* ("TDO")**

The TDO prohibits false trade descriptions, misleading or incomplete information and misstatements in respect of goods and services provided in the course of trade. In relation to goods, applying a false trade description to any good, supplying or offering to supply any good to which a false trade description is applied, or having possession for sale (or for any purpose of trade or manufacture) any good with false trade description applied is prohibited. With regards to services, applying a false trade description to a service supplied or offered to be supplied to a consumer or supplying or offering to supply to a consumer a service to which a false trade description is applied is prohibited. Furthermore, a trader who adopts "Unfair Trade Practices" commits an offence. The five categories of such practices outlined in Part IIB of the TDO are misleading omissions, aggressive commercial practices, bait advertising, bait and switch, and wrongly accepting payment. The Customs and Excise Department and the Communications Authority are the enforcement agencies for the TDO.

***Personal Data (Privacy) Ordinance* (Chapter 486 of the Laws of Hong Kong) ("PDPO")**

The PDPO aims to protect the privacy rights of a person in relation to personal data — information which exists in a form that enables access or processing, relates to a living person, and can be used to identify that person. The PDPO governs data collection, data accuracy and retention, data use, data security, disclosure of data use, and data access. Non-compliance of the Data Protection Principles does not directly constitute a criminal offence, but contravention of an enforcement notice may result in a maximum fine of HK$50,000 and imprisonment for two years.

Travel insurance

The Hong Kong Federation of Insurers

The HKFI was established in 1988. As a self-regulatory body of insurers, it represents the insurance industry in HK, and aims to advance and promote the development of insurance business in HK. It was responsible for setting up the IARB, and directs the board to execute its various functions. In particular, the HKFI issued the IA Code of Practice, which is being implemented and administered by the IARB.

Administration of Insurance Agents

Insurers and insurance agents are regulated by the ICO. A person holding himself out as an insurance agent is required by the ICO to be properly appointed as an insurance agent (section 65 (1)(a)) — namely, appointment by an insurer and registration with the IARB are required. Travel agents can be registered as insurance agents with the IARB as an agent or subagent of one or more insurers in order to advise on or arrange contracts of insurance in or from Hong Kong. The responsible officer of an insurance agent is responsible for the agent's insurance agency business.

The ICO requires insurance agents to follow the IA Code of Practice. The IA Code of Practice is issued by the HKFI and endorsed by the IA. It governs how the insurers should administer insurance agents. For instance, it describes the rules and procedures governing the registration and de-registration of insurance agents, the fit and proper criteria of insurance agents, the minimum requirements of the agency agreement, and the IARB's power to handle complaints and require the insurers to take disciplinary actions against their insurance agents. For example, the disciplinary procedures may include issuing reprimand or suspending/terminating appointment.

The HKFI/IARB may issue guidance notes from time to time on how the IA Code of Practice would be implemented. For example, the guidance notes issued include guidelines on misconduct, handling of premiums and the effective date of registration of insurance agents, responsible officers and technical representatives. With particular relevance to our Group's business are the Guidance Note on Restricted Scope Travel Business — meaning the effecting and carrying out of contracts of travel insurance tied to a tour, travel package, trip or other travel service by a travel agent for his clients and the Guidance Note on Compliance with the Requirements of the Continuing Professional Development (CPD) Programme for Registered Persons who are Registered as Engaging in Restricted Scope Travel Business (RSTB) Only which explains the particular education requirements and continuing professional development requirements specific to persons registered as engaging in RSTB only.

The following table sets out the details of our Group's registration with IARB:

Name of insurance agent	Registration number	Expiry date of registration	Responsible officer	Appointing insurer
Worldwide Package	06906492(T)	08 November 2018	Mr. CN Yuen	Ace Insurance Limited

Insurance Intermediaries Quality Assurance Scheme (the "Scheme")

Under the Scheme, all insurance intermediaries (insurance agents and insurance brokers, responsible officers for insurance agents/brokers, and technical representatives of insurance intermediaries) are required to take the Insurance Intermediaries Qualifying Examination ("IIQE") in order to enter the profession, unless otherwise exempted. The IIQE is conducted by the PEAK Examination Centre of the Vocational Training Council, and consists of three parts: the Basic Examination Paper, the Qualifying Examination Papers, and the Travel Insurance Agents Examination Paper ("**TIA Paper**"). An insurance intermediary may sit for all parts of the exam or just the part(s) required for his line of business. For example, travel insurance agency only requires passing of the TIA paper. Once qualified, insurance intermediaries still need to comply with requirements of the CPD programme to maintain their registration, otherwise they may face disciplinary actions or deregistration.

Competition Ordinance (Chapter 619 of the Laws of Hong Kong)

The Competition Ordinance prohibits the conduct that prevents, restricts or distorts competition in Hong Kong; prohibits mergers that substantially lessens competition in Hong Kong, and provides for incidental and connected matters.

The Competition Ordinance includes the first conduct rule and the second conduct rule. The first conduct rule states that an undertaking shall not make or give effect to an agreement, engage in a concerted practice, or, as a member of an association of undertakings, make or give effect to a decision of the association, if the object or effect of the agreement, concerted practice or decision is to prevent, restrict or distort competition in Hong Kong. The second conduct rule prohibits anti-competitive conduct by a party with substantial market power in a market; such party must not abuse that power by engaging in conduct that has as its object or effect the prevention, restriction or distortion of competition in Hong Kong. Upon breach, the Competition Tribunal may impose penalties or orders against offenders such as pecuniary penalties, director disqualifications, prohibition orders or damages. For pecuniary penalty, section 93 of the Competition Ordinance enables the Competition Tribunal to award a penalty of up to 10% of the turnover of the undertakings involved for up to three years in which the contravention occurs.

LAWS AND REGULATIONS IN JAPAN ON GUIDE INTERPRETATION

The guide interpretation activities are mainly regulated by the Guide-Interpreter Law in Japan (通訳案内士法) (Act No. 12 of May 10, 1949) (the "**Guide-Interpreter Law**"). Article 36 of the

Guide-Interpreter Law states that "any person who is not qualified as a guide-interpreter may not engage in the business of guide interpretation with receipt of a reward" and article 2 of the Guide-Interpreter Law defines "guide interpretation" as the provision of guide on travel by attending a foreigner and using a foreign language.

Overview

Our history can be traced back to 1979 when Ms. Chan and other Independent Third Parties founded PTHK in June 1979. After a series of transfers and issues of shares, Mr. SK Yuen and Ms. Chan together held a controlling interest of PTHK in May 1986. Worldwide Package was incorporated in July 1985 by two sisters of Ms. Chan, who transferred their shares to Mr. SK Yuen and Ms. Chan in December 1985. More information on the shareholding changes in PTHK and Worldwide Package are set out in "— Our corporate history" below.

After nearly four decades of business operations, we have become one of the long-established and well-known travel agents in Hong Kong. Our major business is provision of outbound package tours with particular focus in Japan bound tours. We also offer comprehensive travel solutions to our customers including FIT products and other ancillary travel related products and services.

Set forth is a chronological overview of the key business milestones of our Group:

Business milestones

Date	Major development and achievement
June 1979	PTHK was incorporated
July 1985	Worldwide Package was incorporated
March 1993	We opened our first branch in Tsim Sha Tsui
July 1993	Worldwide Package became the appointed agent of PTHK
June 1998	We opened our second branch in Causeway Bay
October 2000	We opened our third branch in Mongkok
February 2001	We opened our fourth branch in Shatin
April 2011	We received a plaque of appreciation from Japan National Tourist Organisation
November 2012	We received a letter of appreciation from Niigata Prefecture of Japan
December 2012	We received a letter of appreciation from Aomori Prefecture of Japan
2001 – 2015	We received Top Agent Award granted by Cathay Pacific Airways every year from 2001 to 2015

Our corporate history

Our Group consists of our Company, WWPKG Management, PTHK and Worldwide Package. Particulars of each Group member are set out below.

Our Company

Our Company was incorporated in the Cayman Islands on 8 June 2016 as an exempted company with limited liability under the Companies Law in anticipation of the **[REDACTED]**. Upon incorporation, the authorised share capital of our Company was HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each. One subscriber Share was allotted and issued as fully paid to the first subscriber, an Independent Third Party on 8 June 2016, which was subsequently transferred to WWPKG Investment on 8 June 2016 at par. As at the Latest Practicable Date, our issued Shares were wholly owned by WWPKG Investment.

WWPKG Management

WWPKG Management was incorporated in the BVI with limited liability on 10 June 2016 to serve as an intermediate offshore holding company for holding interests of our operating subsidiaries as part of our Reorganisation. Upon its incorporation, one share was allotted and issued as fully paid to our Company. After the aforesaid allotment and issue of share, WWPKG Management became the direct wholly-owned subsidiary of our Company.

PTHK

PTHK was incorporated with limited liability in Hong Kong on 1 June 1979. It principally engages in the provision of package tours services.

Upon its incorporation, one subscriber share was allotted and issued as fully paid at par to each of two Independent Third Parties. On 8 June 1979, a total of 1,198 shares were allotted and issued fully paid at par to Ms. Chan and three Independent Third Parties, following which PTHK became owned as to 20% by Ms. Chan and 80% by five Independent Third Parties.

On 28 November 1981, a total of 1,800 of shares were allotted and issued as fully paid at par to two Independent Third Parties, Ms. Chan and a company that was owned as to approximately 83.3% by four Independent Third Parties and approximately 16.7% by Mr. SK Yuen. Following such issues of shares, PTHK was owned as to 37% by the aforesaid company of which Mr. SK Yuen was a shareholder, 15% by Ms. Chan and 48% by four Independent Third Parties.

Subsequently and prior to the Track Record Period, there were certain transfers of shares among the shareholders and issue and allotment of new shares to Mr. SK Yuen and Ms. Chan, all of which were transacted at par value. Throughout the Track Record Period and immediately prior to the Reorganisation, PTHK was owned as to 51.0% by Ms. Chan, 47.53% by Mr. SK Yuen and 1.47% by four Independent Third Parties.

Worldwide Package

Worldwide Package was incorporated with limited liability in Hong Kong on 19 July 1985. It principally engages in the sales of package tours, FIT products and ancillary travel related products and services.

Upon its incorporation, one subscriber share was allotted and issued fully paid at par to each of Ms. Chan Suk Hang and Ms. Chan Suk Ching, both of whom are sisters of Ms. Chan. On 15 December 1985, Ms. Chan Suk Hang transferred one share to Mr. SK Yuen and Ms. Chan Suk Ching transferred one share to Ms. Chan respectively at par. On the same day, an additional 1,799 shares and 1,199 shares were allotted and issued to Mr. SK Yuen and Ms. Chan respectively at par. Mr. SK Yuen and Ms. Chan then became the shareholders of Worldwide Package. Since then and until 27 December 2007, Worldwide Package was owned as to 60% by Mr. SK Yuen and 40% by Ms. Chan.

On 28 December 2007, Mr. SK Yuen transferred 5,000 shares and 2,500 shares to Ms. Chan and Mr. CN Yuen respectively at par. Thereafter, Mr. SK Yuen ceased to be a shareholder of Worldwide Package, and Worldwide Package became owned as to 80% by Ms. Chan and 20% by Mr. CN Yuen.

On 1 June 2010, an additional 2,500 shares were allotted and issued to Ms. Chan at par. Following such issue of shares and throughout the Track Record Period, Worldwide Package was owned as to approximately 83.33% by Ms. Chan and approximately 16.67% by Mr. CN Yuen.

As at the date of this document, all the relevant regulatory approvals necessary in effecting the Reorganisation in Hong Kong have been obtained, including, inter alia, the approvals and/or acknowledgement from the TIC, TAR and Hong Kong Association of China Travel Organisers in relation to changes of ownership in PTHK and Worldwide Package.

REORGANISATION

Prior to the Reorganisation, PTHK was held by Ms. Chan, Mr. SK Yuen and four Independent Third Parties as to 51.0%, 47.53% and 1.47% respectively. Worldwide Package was held by Ms. Chan and Mr. CN Yuen as to approximately 83.33% and 16.67% respectively.

Our Group underwent the Reorganisation in preparation for the **[REDACTED]**, which involved the following steps:

(A) Acquisition of certain minority interests in PTHK

(i) On 12 May 2016, a minority shareholder, who is an Independent Third Party (as vendor) and Ms. Chan (as purchaser) entered into a sale and purchase agreement, pursuant to which Ms. Chan acquired 180 shares in PTHK from the minority shareholder at the consideration of HK$72,000. The consideration was negotiated on arm's length basis and based on approximately five times of PTHK's net profit for the financial year ended 31 March 2015. After the acquisition, Ms. Chan held 51,180 shares in PTHK, representing 51.18% of the issued share capital of PTHK.

(B) Incorporation of offshore holding companies

(i) WWPKG Investment was incorporated in the BVI with limited liability on 7 June 2016. The authorised share capital of WWPKG Investment is US$50,000 divided into 50,000 shares of US$1.00 each, of which 6,802 shares, 2,342 shares and 856 shares were allotted and issued fully paid to Ms. Chan, Mr. SK Yuen and Mr. CN Yuen respectively on incorporation, representing 68.02%, 23.42% and 8.56% of the issued share capital of WWPKG Investment respectively.

(ii) Our Company was incorporated in the Cayman Islands on 8 June 2016 with limited liability as an exempted company under the Companies Law. Upon incorporation, the authorised share capital of our Company was HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each. One subscriber share was allotted and issued as fully paid to the first subscriber, an Independent Third Party on 8 June 2016, which was subsequently transferred to WWPKG Investment on the same date at par.

(iii) WWPKG Management was incorporated in the BVI with limited liability on 10 June 2016. The authorised share capital of WWPKG Management is US$50,000 divided into 50,000 shares of US$1.00 each. Upon its incorporation, one share was allotted and issued as fully paid to our Company. After the aforesaid allotment and issue of share, WWPKG Management became the direct wholly-owned subsidiary of our Company.

(C) Acquisition of PTHK and Worldwide Package by WWPKG Management

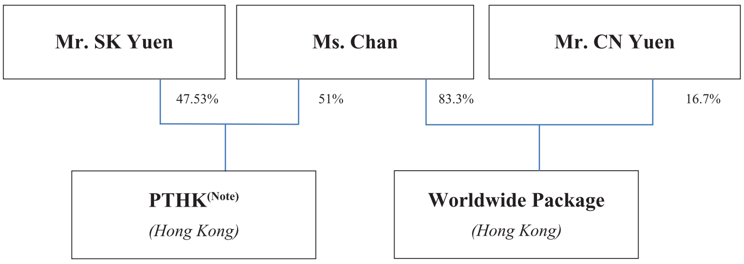
(i) On 5 July 2016, Ms. Chan and Mr. SK Yuen (as vendors), WWPKG Management (as purchaser) and our Company entered into a sale and purchase agreement, pursuant to which WWPKG Management acquired 51,180 shares and 47,530 shares in PTHK, being 51.18% and 47.53% of its then entire issued share capital, from Ms. Chan and Mr. SK Yuen respectively. The consideration for the aforesaid acquisition was satisfied by WWPKG Management procuring our Company to allot and issue, at the direction of Ms. Chan and Mr. SK Yuen, 2,521 Shares and 2,342 Shares to WWPKG Investment credited as fully paid. After the aforesaid acquisition, PTHK became owned as to 98,710 shares by WWPKG Management and 1,290 shares by three Independent Third Parties, representing 98.71% and 1.29% of the issued capital of PTHK respectively.

(ii) On 5 July 2016, Ms. Chan and Mr. CN Yuen (as vendors), WWPKG Management (as purchaser) and our Company entered into a sale and purchase agreement, pursuant to which WWPKG Management acquired 12,500 shares and 2,500 shares in Worldwide Package, being its then entire issued capital, from Ms. Chan and Mr. CN Yuen respectively. The consideration for the aforesaid acquisition was satisfied by WWPKG Management procuring our Company to allot and issue, at the direction of Ms. Chan and Mr. CN Yuen, 4,280 Shares and 856 Shares to WWPKG Investment credited as fully paid. After the aforesaid acquisition, Worldwide Package became a wholly-owned subsidiary of WWPKG Management.

(D) Increase in authorised share capital of our Company

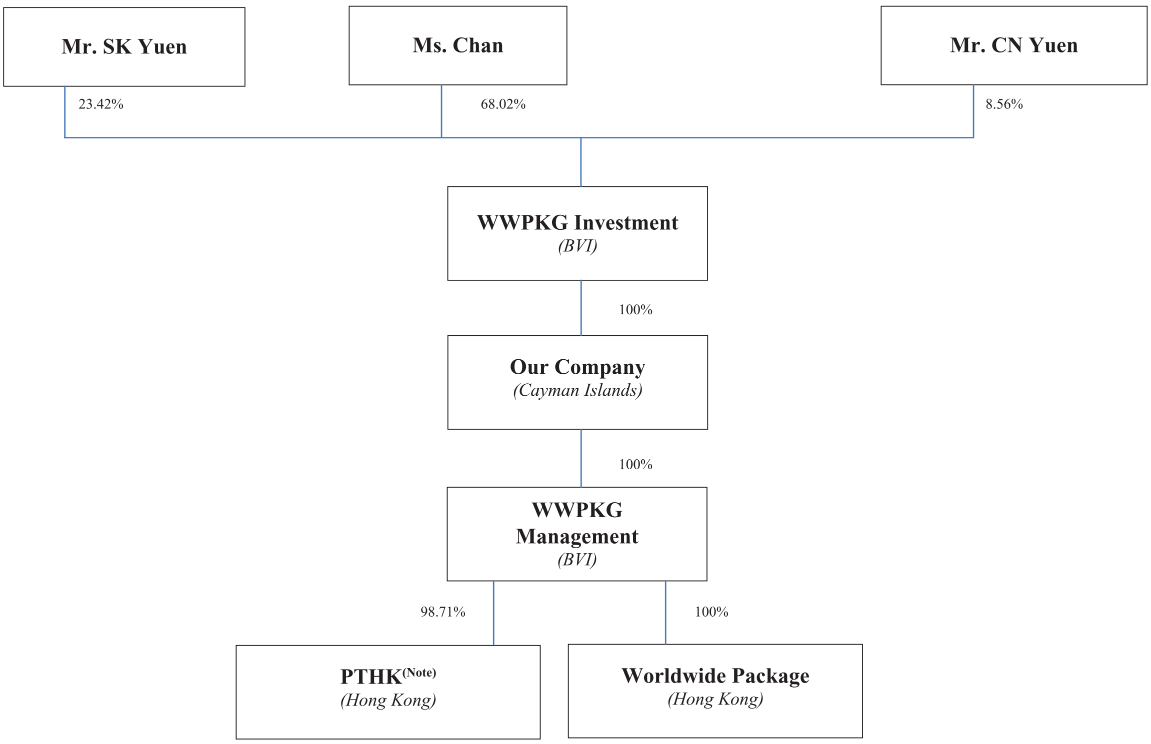
Immediately before the Capitalisation Issue and the **[REDACTED]**, the authorised share capital of our Company will be increased from HK$380,000 of 38,000,000 Shares to HK$100,000,000 of 10,000,000,000 Shares by creation of additional 9,962,000,000 Shares.

Set out below is a diagram showing the shareholding and corporate structure of our Group immediately before the Reorganisation:



Note: The remaining 1.47% shareholding was owned by Mr. Law Bing Cheuk, Mr. Tse Kai Kit, Mr. Wong Chi Kin and Mr. Lin Tsu Chan, each an Independent Third Party.

The following diagram shows shareholding and our corporate structure immediately after completion of the Reorganisation but before completion of the Capitalisation Issue and the **[REDACTED]**:

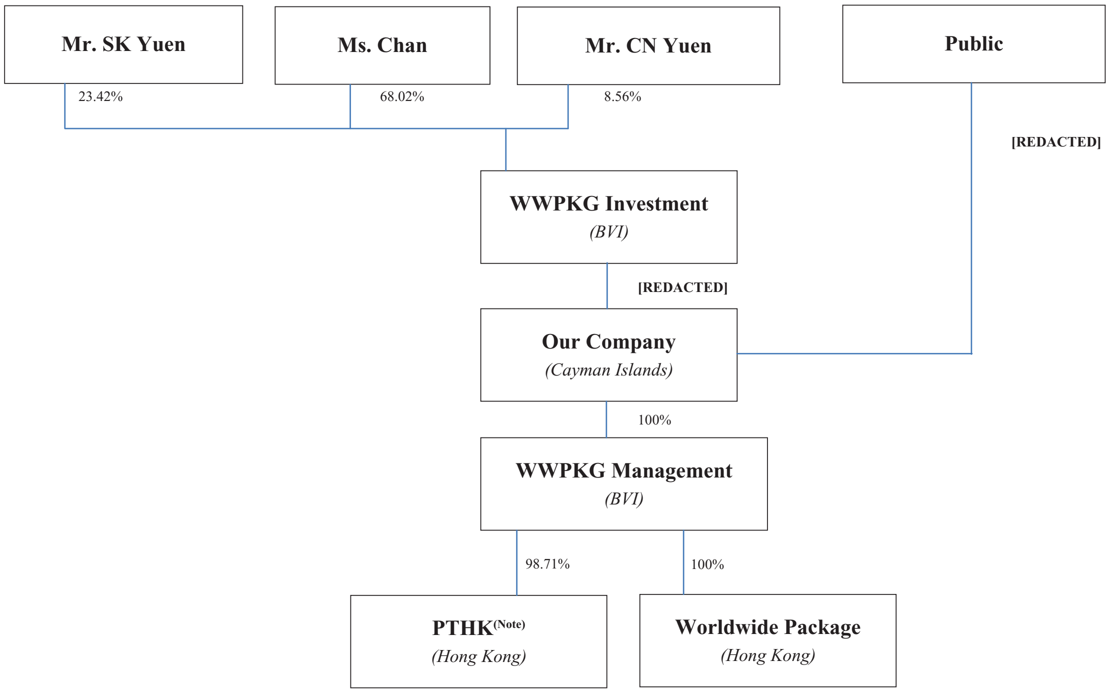


Note: The remaining 1.29% shareholding is owned by Mr. Law Bing Cheuk, Mr. Tse Kai Kit and Mr. Wong Chi Kin, each an Independent Third Party.

CAPITALISATION ISSUE AND [REDACTED]

Conditional upon the share premium account of our Company being credited with the **[REDACTED]** from the **[REDACTED]**, HK$**[REDACTED]** will be capitalised and applied in paying up in full at par **[REDACTED]** Shares to be allotted and issued to WWPKG Investment, being the existing Shareholder, before **[REDACTED]**.

The following diagram illustrates the shareholding and our corporate structure immediately following the completion of the Capitalisation Issue and the **[REDACTED]** (without taking into account the exercise of any options that may be granted under the Share Option Scheme):



Note: The remaining 1.29% shareholding is owned by Mr. Law Bing Cheuk, Mr. Tse Kai Kit and Mr. Wong Chi Kin, each an Independent Third Party.

OVERVIEW

Founded in 1979, we are one of the long-established and well-known travel agents in Hong Kong. We market our travel related products under our brand "縱橫遊". Our major business is the provision of outbound package tours with particular focus on Japan bound tours. According to the CH Report, we were the second largest travel agent in Hong Kong in terms of number of travellers for package tours bound for Japan in 2015, and ranked eighth in terms of number of travellers for outbound package tours amongst the travel agents in Hong Kong which provided outbound package tours in 2015.

We believe we are well perceived by customers as expert in the provision of travel packages for Japan, as evidenced by various awards we have received including "我最喜愛日本旅行團2013" (My Most Favourite Japan Tour 2013*) by U Magazine, a lifestyle magazine in Hong Kong; "我最喜愛日本旅遊旅行社2015" (My Most favourite Travel Agent for Japan Travel 2015*) by Flyagain.la, an online travel information platform; and "The Most Favorite Travel Package Awards" in 2011, 2013 and 2015 by Weekend Weekly, a travel magazine in Hong Kong. We consider our success over the years was largely owing to our ability and dedication to bring new travel experience to our customers with a variety of tours.

Apart from Japan, we offer package tours to other destinations including South Korea, China, Taiwan, Thailand, Malaysia and Singapore, Vietnam, Cambodia, Dubai, Australia, New Zealand and Europe.

In addition to outbound package tours, we offer comprehensive travel solutions to our customers including FIT products and ancillary travel related products and services. FIT means travellers who purchase FIT products for their own travel itinerary, instead of package tour. FIT products usually comprise of air tickets, hotel accommodation, or a combination of both. We also provide ancillary travel related products and services which include admission tickets to attractions, local transportation, car rental, prepaid telephone and internet cards, travel insurance and travel visa application.

Our success and commitment to high quality products and professional services has earned us numerous awards in recognition of our achievements. For details of the major awards received by us, please refer to "— Awards".

According to the CH Report, for short haul markets excluding Mainland China, the number of outbound travellers from Hong Kong to Japan was the highest among other countries in 2015. From 2011 to 2015, the CAGR of the number of visitors from Hong Kong to Japan was approximately 43%; and it is expected that the number of visitors from Hong Kong to Japan after 2015 will continue to grow at approximately 10% annually. We strive to maintain our leading position in the provision of Japan bound tours.

Leveraged on our extensive experience and success in Japan bound tours, while we will continue to excel in our provision of Japan bound tours, we will also develop tours to other destinations, and offer FIT products and ancillary travel related products and services to meet the different demand and preferences of our customers. We are committed to delivering the best travel experience and customer satisfaction and becoming the favourite travel agent in Hong Kong as our marketing slogan in Chinese says "鐘意旅遊 鐘意縱橫遊" (love travelling, love WWPKG).

BUSINESS MODEL

We operate as a licensed travel agent in Hong Kong to provide comprehensive travel solutions to our customers. We are principally engaged in (i) the design, development and sales of outbound package tours; (ii) the sales of FIT products; and (iii) the provision of ancillary travel related products and services. Package tours offered by us include traditional sight-seeing package tours, special theme tours, luxurious experience tours and tours designed for families, as well as MICE tours which are specifically designed according to customers' specifications. Our FIT products include air tickets, hotel accommodation and a combination of both. In order to provide comprehensive travel services to our customers, we also provide ancillary travel related products and services such as admission tickets to attractions, local transportation, car rental, prepaid telephone and internet cards, travel insurance and travel visa application.

We mainly sell our products and services through our four branches in Hong Kong under the tradename "翱翔遊" and online sales platforms. Our customers are mainly retail customers and also other travel agents in Hong Kong and Macau.

Our suppliers mainly include airlines, land operators, tour bus and other local transportation operators, hotel operators, restaurant and attraction operators.

The following table sets out our revenue by major category of products/services during the Track Record Period:

	Year ended 31 March			
	2015		2016	
	HK$'000	*%*	*HK$'000*	*%*
Package tours	451,117	97.7	443,941	98.1
FIT products*(Note)*	4,383	1.0	4,009	0.9
Ancillary travel related products and services*(Note)*	6,046	1.3	4,682	1.0
Total	461,546	100.0	452,632	100.0

Note: Our revenue from sales of FIT products and ancillary travel related products and services is recognised on net basis.

During the Track Record Period, there had not been any material change in the business focus of our Group.

COMPETITION

We operate in the travel service industry in Hong Kong. According to the CH Report, there were 1,771 licensed travel agents in Hong Kong as at 29 June 2016, 563 of which engage in the wholesale and/or operation of package tours. Amongst these 563 licensed travel agents, the ten largest market players accounted for over 75% market share in terms of number of Hong Kong travellers who joined package tours in 2015.

As our major business is the provision of outbound package tours with over 97% of our total revenue during the Track Record Period derived from the sales of package tours, we mainly compete with other licensed travel agents in Hong Kong which offer outbound package tours to their customers. We also face competition from airlines and other travel service providers in and outside Hong Kong, which offer similar products and services directly to customers or over the Internet.

Our Directors consider that the relatively small number of travel agents in Hong Kong providing package tour service may be due to the entry barriers which, according to the CH Report, include compliance with the TAR licensing requirements, building up of reputation and track record and maintaining of good business relationship with major suppliers such as airlines, land operators and hotels. In particular, according to the CH Report, the reputation of a travel agent is one of the major considerations for customers in their choice of travel agents but it takes long to build up good reputation and track record, causing high entry barrier for new entrants. Moreover, maintaining good business relationship with major suppliers such as airlines, land operators and hotels is essential to ensure stable supply of their services.

Despite the intense competition, our Directors believe that we will maintain our competitive position in the travel service industry in Hong Kong based on our competitive strengths. We will continue to design and develop high quality package tours, offer new travel destinations, broaden the spectrum of our products and services and improve the quality of our services with the aim to increasing our market share. Please refer to "— Competitive strengths" below for details of our competitive strengths.

COMPETITIVE STRENGTHS

Our Directors believe we have the following competitive advantages :

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

Founded in 1979, we are one of the long-established and well-known travel agents in Hong Kong. According to the CH Report, we were the second largest travel agent in Hong Kong in terms of number of travellers for package tours bound for Japan in 2015, and ranked eighth in terms of number of travellers for outbound package tours amongst the travel agents in Hong Kong which provided outbound package tours in 2015.

With 37 years of business in the travel service industry in Hong Kong under our brand "縱橫遊", we believe we have established a well-known brand in Hong Kong with a reputation for provision of quality travel products and services. Leveraged on our established market presence and renowned brand, we believe our continuous effort to improve our products and services and our commitment to providing comprehensive travel solutions will enable us to increase our market share.

We are committed to providing quality products and services which meet customers' needs

We believe one of the keys to our success is our commitment to providing quality products and services to customers to ensure highest customer satisfaction. We carefully select our suppliers which meet our stringent requirements such as quality, safety, responsiveness and reliability. Our suppliers include major airlines and five-star hotels. We are determined to offer professional services and pleasant experience to our customers beginning from their enquiries of our products and services through to the end of their travel. We provide continuous training to our sales representatives, tour escorts and customer services representatives to ensure they have the necessary knowledge, skills and etiquettes to serve our customers with professionalism.

As part of our on-going evaluation and assessment over the quality of our products and services, we require our tour escorts to submit a tour completion report to us after the end of each tour reporting on the quality of the products and services provided by our suppliers. In addition, we invite our customers to complete an evaluation form at the end of the tour for their comments on various aspects of the travel elements and the services of our staff and tour escorts. We also conduct phone interviews with randomly selected customers and collect their feedback about the quality of our products and services.

Our on-going evaluation processes enable us to monitor the quality of our products and services, and to improve our products and services which meet our customers' needs.

We have diversified product range which offers different travel experience to our customers

We are committed to developing new travel products and ideas to meet the different needs and travel preferences of our customers. For existing destinations, we seek to introduce new itineraries and activities from time to time in order to offer new travel experience to our customers. We also conduct researches on new destinations with the aim to developing new tours to provide our customers with wider choice of destinations. We have introduced different theme tours to cater for different travel preferences of customers such as festival theme tours, excursion train tours, gourmet tours, cruise tours, cultural experience tours and world heritage tours. We monitor the market trends and travel preferences continuously and are responsive in developing new tours to meet the demands of customers. Moreover, through sponsorship of television travel programmes and films and hosting of travel seminars, we bring the latest travel information and ideas to customers who desire to enrich their travel experience. We believe our commitment to developing new travel products and ideas and our expanding diversity of product range will enable us to attract more customers.

We have established good business relationships with airlines and other suppliers

We have maintained good relationship with various airlines such that we are allocated with block seats in advance half yearly so that we could plan and design our products ahead and ensure there are sufficient seats for our tour operations. For certain of our major airline suppliers, we are allowed to cancel up to a certain percentage of the block seats reserved for us and no penalty will be charged and no deposit will be forfeited if the cancellation is made within an agreed period prior to departure. We are often offered exclusive charter flights for peak seasons to cope with our demand by reason of our good business relationship with the airlines. We have maintained long term business relationship of more than 14 years with some of our major airline suppliers.

We have received numerous awards for our outstanding performance from various major airlines including Cathay Pacific Airways, Dragonair, Asiana Airlines, Japan Airlines and All Nippon Airways. In particular, we have received top agent awards from Cathay Pacific Airways for 15 consecutive years from 2001 and top agent awards from Dragonair for three consecutive years since 2013.

We have enjoyed good business relationship with other suppliers including land operators and hotels. We have maintained long term business relationship with some of our land operators of at least 10 years. Our land operators, with local expertise, will provide us with latest travel information which assist us to develop new itineraries and travel elements. We also maintain good relationship with many hotels located in popular destinations and are therefore able to offer wider choice of hotels to our customers which in turn result in better travel experience for our customers.

Our management team is well experienced in the travel industry

Our executive Directors, Mr. SK Yuen and Ms. Chan have over 36 years and Mr. CN Yuen has over 10 years of experience in the travel industry especially for operation of package tours bound for Japan. Their invaluable knowledge and insight of the travel industry has enabled our Group to attain our success in the past. Under the leadership of our executive Directors, and with our supportive senior management team, which has on average over 15 years of experience in their respective function, we believe our Group will continue our success and bring new and unique travel experience to our customers. For further information on our Directors and senior management, please refer to "Directors and Senior Management".

STRATEGIES

We aim to deliver the best travel experience and customer satisfaction and become the favourite travel agent in Hong Kong. We intend to achieve our goal by implementing the following strategies:

Brand recognition and awareness

We believe that reputation influences customers' choice of travel products among different travel agents in Hong Kong. Our status as a long-established and well-known travel agent in Hong Kong is vital to our continuous success. We intend to maintain our reputation and brand recognition though continuous promotion of our brand and create highest value-to-cost experience for our customers.

We will promote our brand awareness through various marketing channels including sponsorship of television travel programmes and films, advertisements on newspapers, television, public transportation and travel and lifestyle magazines, promoting our products and services on the Internet including social media, organising travel seminars, participating in tourism fairs, and cooperating with credit card companies and banks to offer discounts on our products and services.

We will continue to develop new itineraries and different theme tours such as excursion train tours, festival-themed tours and gourmet-themed tours. We believe such diversified tours will enhance our brand recognition for unique travel experience.

Improvement of our membership system to increase customer loyalty

We have set up a membership system under which customers who enrol as a member will accumulate points upon purchase of our products and services. These points can be redeemed to offset the price of certain products and services. Members will also receive our newsletters from time to time to keep abreast of our latest promotion, and products and services. We will regularly review the membership system for improvement which may include expanding the redemption scheme to offer additional benefits, souvenirs or gift vouchers, so as to increase customer loyalty and to attract new customers.

Increasing our market share by continuous development of new products and services

We will continue to explore new destinations and develop itineraries for our existing tours to give our customers new and different travel experience. We will conduct regular researches for new travel ideas including new destinations, new points of attraction and special local events so as to improve our existing tours and to develop new destinations to add to our variety of tours. We will also develop new itineraries which tailor our customers' preference and market trends. We also plan to develop one to two new destination(s) every year to provide a wider choice to our customers. We believe that with the wide choice of products and services and our reputation for quality, we can increase our market share.

Strengthening of sales network

We currently have four branches located in Causeway Bay, Mongkok, Tsim Sha Tsui and Shatin to provide in-person services to our customers. We plan to refurbish our existing branches to give a unified and new image across all our branches, which we believe will improve customer experience and also promote our brand awareness and recognition. We also plan to expand the space of our Shatin branch in second half of 2016 to offer a more relaxing and pleasant environment to our customers and to cope with our operation. We will also evaluate the need to increase our branch network by opening an additional branch at a strategic location in Hong Kong to provide convenience for those customers who prefer personal purchase experience.

To meet the demand of those customers who prefer instant accessibility, we will continue to improve our website and online sales platform to provide up-to-date travel information and simplified purchase and booking procedures respectively. We have engaged an independent software developer to develop and enhance our online sales platform with an integrated booking system where our customers will be able to view real time information on the availability and pricing of our package tours, FIT products and ancillary travel related products and services, and where they can make purchase and booking with real-time confirmation. The online sales platform will also enable customers to complete their payment for our products or to change their booking online. This will enhance our competitiveness of our sales of products.

Improvement in our information systems

We will continue to upgrade or replace our information systems to improve our operational efficiency. We currently plan to upgrade or replace our existing hotlines telephone system, accounting system and tour operating system with integrated management information functions. Such new information systems will streamline our operation processes and improve our operation efficiency. In addition, with the integrated management information functions, our management will be able to closely monitor and review our business operations and financial performance.

Expansion of our staff team

We plan to strengthen our management team by recruiting at least one seasoned and talented person at senior managerial level to oversee our overall business operations. We are further planning to recruit one to two experienced team member(s) for each of our marketing, accounting and information technology function. We require additional marketing staff in order to implement our strategy to continue promoting our brand awareness through advertisements and other marketing campaign. We require additional accounting staff to support our chief financial officer so as to cope with the additional financial reporting requirements after **[REDACTED]**. Further, we require additional staff for our information technology function to maintain our new website and online sales platform.

Certain of the above strategies will be funded by the **[REDACTED]** from the **[REDACTED]**. For details of our intended use of the proceeds from the **[REDACTED]**, please refer to "Future Plans and **[REDACTED]**". We will fund the other strategies set out above by our internal resources.

PRODUCTS AND SERVICES

During the Track Record Period, our products and services can be categorised into three major types : (i) package tours, (ii) FIT products and (iii) ancillary travel related products and services.

Package tours

Our main products are outbound package tours. Our sales of package tours accounted for approximately 97.7% and 98.1% of our total revenue for the years ended 31 March 2015 and 2016 respectively. Package tours normally comprise flights, hotel accommodation, meals, land transportation and arrangements for sight-seeing and other activities as a combined package. Our outbound package tours are accompanied by our tour escorts from departure until return to Hong Kong. For the years ended 31 March 2015 and 2016, we had over 2,100 and 2,000 outbound package tours departed, serving over 53,000 and 52,000 customers respectively.

Destinations

During the Track Record Period, we provided package tours bound for Japan, South Korea, China, Taiwan, Thailand, Malaysia and Singapore, Vietnam, Cambodia, Dubai and Australia. Japan bound package tours were our main products which accounted for approximately 78.1% and 84.4% of our revenue from package tours for the years ended 31 March 2015 and 2016 respectively.

The following table sets out our revenue from package tours bound for Japan and other destinations for the Track Record Period:

	Year ended 31 March			
	2015		2016	
	HK$'000	*%*	*HK$'000*	*%*
Japan	352,488	78.1	374,674	84.4
Other destinations*(Note)*	98,629	21.9	69,267	15.6
Total	451,117	100.0	443,941	100.0

Note: Other destinations during the Track Record Period mainly included South Korea, China, Taiwan, Thailand, Malaysia and Singapore, Vietnam, Cambodia, Dubai and Australia.

Types

We offered a diversified range of package tours including traditional sight-seeing package tours for general retail customers, special theme tours such as festival theme tours, excursion train tours, cruise tours, gourmet tours, cultural experience tours and world heritage tours for customers with particular interests, luxurious experience tours such as hot spring tours and Michelin gourmet tours for customers who are willing to spend more in return for deluxe travel experience, and tours designed for families. Our MICE tour department also offered tailored made tours for customers with specific requirements.

FIT products

Our FIT products include air tickets, hotel accommodation and a combination of both. Customers who prefer non-escorted travel would enjoy complete freedom as to the choice of flights and hotel accommodation.

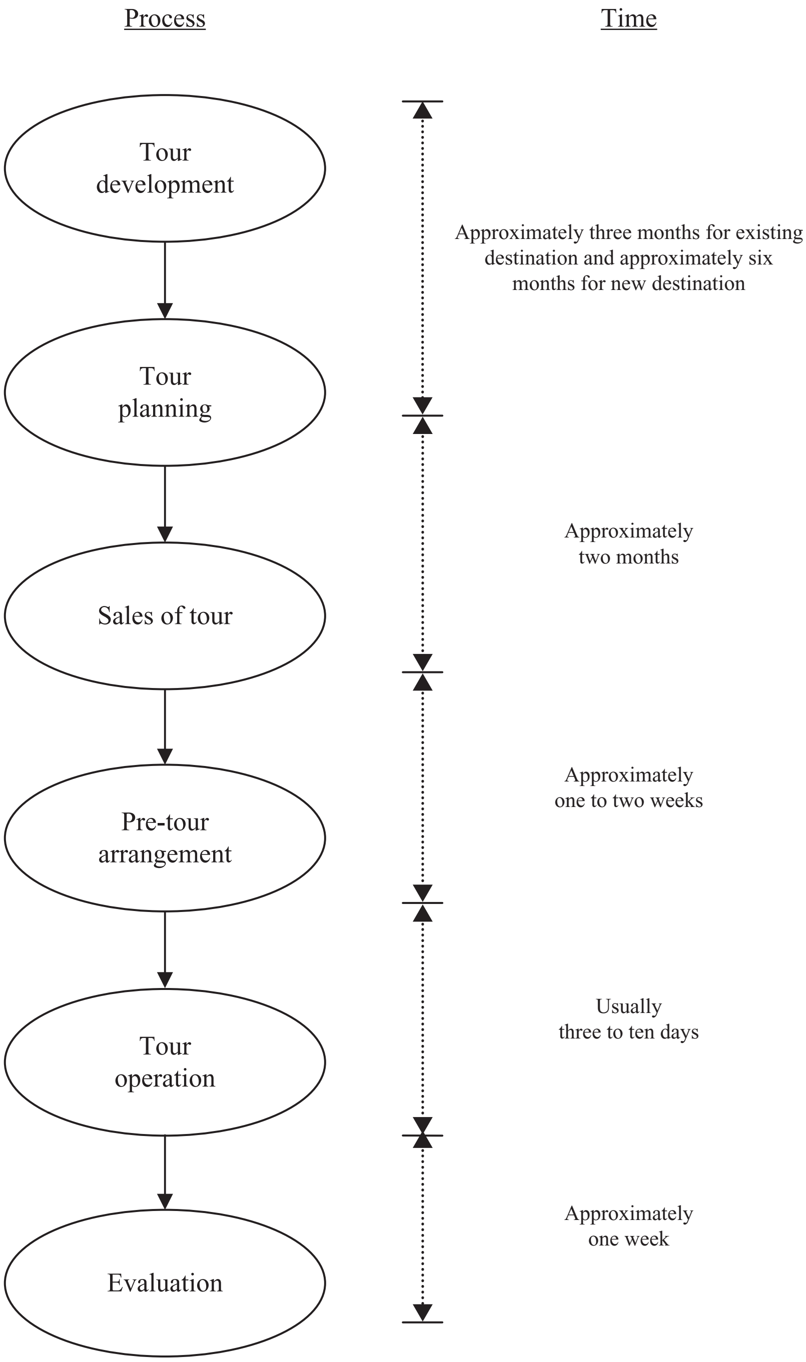
During the Track Record Period, most of our FIT products are bound for Japan which accounted for approximately 82.0% and 86.2% of our revenue from FIT products respectively.

Ancillary travel related products and services

As part of our comprehensive travel solutions, we also offer ancillary travel related products and services to our customers. Our ancillary travel related products and services include admission tickets to attractions such as theme parks and shows, local transportation such as airport transportation, railway tickets and transportation passes, car rentals, prepaid telephone and internet cards, travel insurance and travel visa application.

OPERATION FLOW

For the years ended 31 March 2015 and 2016, our sales of package tours accounted for approximately 97.7% and 98.1% of our total revenue respectively. The operation flow for our package tours can be illustrated by the following diagram:



Development of package tours

Under the supervision of our executive Directors, Mr. SK Yuen and Mr. CN Yuen, our product development and marketing department is responsible for the development of our package tours. We conduct researches on new and existing destinations from time to time to identify new travel elements to design and develop new package tours as well as to improve our existing package tours. For new destinations, we will consider factors such as market trends, customers' preference, local events or points of interest in destinations, promotion by local tourism associations, and whether the local facilities can support the smooth operation of tours. For existing destinations, we may revise the travel elements and itineraries in light of customers' feedback, suggestions from our tour escorts, land operators, market trends, updated information from local tourism associations, new additions of hotels and attractions, and special local events. We aim to continuously introduce new destinations (target to be one to two destinations per year) and new travel ideas so that our customers can broaden their travel experience. In developing new destinations and new travel ideas, we keep ourselves abreast of market trends and customers' preference, the opening of new attractions and points of interest in new destinations.

Tour planning

We usually plan our package tours semi-annually taking into account the availability of flight seats. Our major airline suppliers will allocate block seats to us for their series flights in advance half yearly. We also make reservation of seats for their non-series flights or charter flights in advance from time to time. In addition, we may place ad-hoc orders with our airline suppliers for additional flight seats or charter flights.

For our package tours bound for Japan (except Okinawa), we will make bookings for other travel elements such as hotel accommodation, tour buses and meals directly or through our reservation agent in Japan. For our package tours bound for Okinawa and other non-Japan destinations, we engage land operators to arrange for local travel elements. Our land operators are responsible for the tour operation at destination and will charge our Group a fixed sum which covers all the costs of the local travel elements. Our land operators usually recommend and prepare detailed itineraries for different seasons based on our specifications and requirements for our approval.

We select our suppliers such as hotel operators, restaurants and land transportation operators which meet our standard of quality and safety. We also require our land operators to select local travel elements which meet our standard of quality and safety. We assess our potential suppliers based on their quality of services, safety standards, responsiveness, reliability and their pricing. We have in place on-going evaluation processes to monitor the performance of our suppliers through feedbacks from our tour escorts and tour participants.

After we have made the necessary arrangements, we will prepare the itineraries and notify TIC of our products. After approval by TIC, we will market and launch our products through our marketing and sales channels.

For MICE tours, our MICE tour department will design tailored made package tours to our customers according to their special requirements and needs.

Our sales representatives and tour escorts will be briefed of our new package tours so that they can provide useful advice and assistance to our customers.

Sales of tour

When customers enrol in our package tours, they are required to pay a deposit at the time of booking. Our customers are required to settle the balance between ten to 30 days before departure depending on the types of tours and depending on whether it is peak or non-peak seasons. For cruise tours, our customers are required to settle the balance 100 days before departure. Peak seasons generally refer to Chinese New Year holidays, Easter holidays, school summer vacation in July and August, Japan's Autumn leaves season and Christmas holidays.

Our package tours are usually confirmed around eight to 14 days before the date of departure. We may cancel our tours due to reasons such as insufficient tour participants. We will inform our customers of the cancellation at least seven days prior to departure or 14 days prior to departure if the departure date falls within the Chinese New Year holidays. Our customers can either join another tour offered by us or request for a full refund of all money paid for the tour (except individual visa application fees paid by customers).

Pre-tour arrangement

Once a tour is confirmed, we will make all necessary arrangements for the tour. For Japan bound tours (except Okinawa), we will make reservations for air tickets, tour buses, hotel accommodation, meals and admission to attractions. For Okinawa and other non-Japan bound tours, we will make reservations for air tickets and liaise with land operators for arrangement and operation of the tours including hotel accommodation, meals and local transportation at the destinations.

Tour operation

For Japan bound tours except Okinawa, we carry out the tour operation ourselves and arrange for hotels, local transportation, meals and sightseeing and other activities.

For Okinawa tours and non-Japan bound tours, the tour operation will be handled by our selected land operators with agreed arrangements for hotels, meals, local transportation and activities as required and approved by us before the engagement of the land operators for the specific tour.

As at the Latest Practicable Date, we have 63 full-time tour escorts, who are our employees. During the Track Record Period, we hired freelance tour escorts from time to time, particularly during peak seasons. We will arrange one of our tour escorts to accompany each tour group throughout the tour to attend to our customers and will also see to the smooth operation of the tour. In the event of any issue arising from the operation of the tour or in case of emergency, our tour escort will be required to report to our tour operation department immediately and our tour operation department will assist our tour escort to resolve the issues.

Our tour escorts do not receive remuneration from us or the tour participants for their services rendered during the tours, but may, in accordance with the industry practice in Hong Kong, receive gratuity payment by the tour participants at the end of the tour on a voluntary and discretionary basis. We have been advised by the Japan Legal Advisers that the provision of guide services for our package tours bound for Japan by our tour escorts who receive no remuneration, but only discretionary gratuity from tour participants did not violate any relevant laws and regulations in Japan.

Evaluation

At the end of each tour, our customers are invited to complete an evaluation form on various aspects of our products and services to provide their comments. Our customer services and counter administration department will conduct phone interviews with randomly selected customers twice weekly to collect their feedback about the quality of our products and services. Our customers can also provide their feedback through our customer services hotlines or via our website and social media. Our tour escorts are also required to provide a tour completion report on the quality of the services of our suppliers, and the land operators and their arrangement of tours. This on-going evaluation process will enable us to continuously monitor the quality of the products and services by our suppliers and to improve our products and services.

FIT products and other travel related products and services

Our FIT department is responsible for the development, sales and operation of our FIT products. We monitor market trends, customers' preference and the availability and pricing of air tickets and hotel accommodation and develop FIT packages which usually consist of air tickets and hotel accommodation. We also source FIT products from other travel agents in order to provide a wider choice or competitive prices for our customers.

Our customers are required to pay a deposit upon the booking of our FIT products. We will then check with the suppliers as to the availability of the products and inform our customers accordingly. Our customers are required to make full payment within three days after we have confirmed availability or immediately if departure is less than three days. If the requested products are not available, we will assist our customers to consider alternative products or we will make a full refund of all money paid by our customers.

In order to provide comprehensive travel services to our customers, we also offer ancillary travel related products and services including admission tickets to attractions, local transportation, car rental, prepaid telephone and internet cards, travel insurance and travel visa application. Our customers are required to make full payment upon the purchase of our ancillary travel related products or services.

SALES

Sales channels

We distribute our products through various platforms including our branches and online sales platforms. Our MICE tour department is responsible for the sales of MICE tours. We also sell package tours and FIT products to other travel agents in Hong Kong and package tours to other travel agents in Macau.

We set out below a breakdown of our revenue from sales of package tours by sales channels during the Track Record Period:

	Year ended 31 March			
	2015		2016	
	HK$'000	*%*	*HK$'000*	*%*
Branches	424,216	94.0	420,532	94.7
Online sales platforms*(Note)*	2,115	0.5	3,035	0.7
MICE tour department	11,248	2.5	10,110	2.3
Other travel agents	13,538	3.0	10,264	2.3
Total	451,117	100.0	443,941	100.0

Note: During the Track Record Period, we offered promotional sales of our travel products through online group buying intermediaries.

Branches

As at the Latest Practicable Date, we operated four branches in Hong Kong located in Shatin, Mongkok, Tsim Sha Tsui and Causeway Bay. Customers can call at our branches to make enquiries, booking and purchases of our products. Our sales representatives at our branches provide professional assistance and advice to customers to address to their needs and preferences.

We relocated our Causeway Bay branch to a larger unit in February 2015 to cope with the expansion of our operations. Save for the aforesaid, we did not relocate any of our other branches during the Track Record Period.

Online sales platforms

Subsequent to the Track Record Period, we launched an online sales platform at our website. Our existing online sales platform allows our customers to check the availability of our package tours and make booking of our package tours, air tickets and certain ancillary travel related products by visiting our website (**www.wwpkg.com.hk**). We have engaged an independent software developer to develop and enhance our online sales platform with an integrated booking system which will allow our customers to purchase our package tours, FIT products and ancillary travel related products with real time confirmation. Our enhanced online sales platform is expected to be launched in stages from the second half of 2016.

We have from time to time offered promotional sales of our travel products through online group buying intermediaries.

MICE tour department

Our MICE tour department is responsible for the design and sales of tailor made package tours to our customers according to their special requirements and needs.

Other travel agents

We sell package tours and FIT products to other travel agents in Hong Kong and package tours to other travel agents in Macau.

Payment

For our package tours and MICE tours, we require our customers to make full payment between ten to 30 days prior to the date of departure depending on the types of tours and depending on whether it is non-peak or peak seasons. For cruise tours, customers are required to settle the balance 100 days before departure. We accept payment by cash, cheque (subject to clearance), electronic payment system (EPS), credit cards, PPS payment and bank remittance. If a customer decides to cancel the booking, we will charge a cancellation fee ranging from half of the deposit paid up to full amount of the tour depending on the number of days remaining prior to the departure and depending on the type of tours, and refund the balance, if any, to the customer.

For FIT products, our customers are required to make full payment within three days after we have confirmed the availability with customers or immediately if departure is less than three days. Once the booking for FIT products is confirmed, no refund will be made if it is subsequently cancelled by the customers.

No refund will be made for cancellation of FIT products by customers during peak seasons. For air tickets for travelling during non-peak seasons, subject to the cancellation policies of and deductibles levied by the airlines, we will refund the balance, if any, to the customer after deducting a fixed handling fee. For hotel accommodation for occupation during non-peak seasons, we will charge a cancellation fee ranging from a fixed fee up to the full cost of accommodation depending on the number of days remaining prior to the check-in date, and refund the balance, if any, to the customer.

For our promotional sales of travel products through online group buying intermediaries, customers will make payment to the online group buying intermediaries and obtain redemption vouchers with which they can redeem our products within the specified redemption period. After the end of a redemption period, the online group buying intermediary will provide us a redemption report. Upon checking of the redemption report, we will submit our payment request to such online group buying intermediary which will then arrange payment to us.

Pricing

We generally determine the selling price of our travel products on a cost-plus basis.

For package tours, we determine the selling price based on the cost of travel elements. For Japan bound tours, our major cost of travel elements include the costs of air tickets, hotel accommodation, local transportation, meals and admission tickets to attractions. For Okinawa and non-Japan tours, our major cost of travel elements include the costs of air tickets and land operator costs. We will also take into consideration other factors, such as market demand, historical prices of our products, price of similar products offered by our competitors, tour enrolment situation, and for Japan bound tours, the exchange rate of JPY. We review the price of our package tours on a regular basis.

We are required to notify and obtain approval from TIC of our package tours including the itinerary and price range before we are allowed to launch the package tours into market. If we subsequently increase the price of our tour within the price range approved by TIC, customers who have already booked the tour will not be required to pay the difference. If we reduce the price of the tour subsequently, we will return the difference to our customers who have made booking before the reduction of tour price. For the years ended 31 March 2015 and 2016, average price per person of our Japan bound package tours generally ranged from approximately HK$4,000 to approximately HK$63,000 and approximately HK$4,300 to approximately HK$50,000 respectively. For the years ended 31 March 2015 and 2016, average price per person of our non-Japan bound package tours generally ranged from approximately HK$900 to approximately HK$22,000 and approximately HK$700 to HK$42,000 respectively.

For MICE tours, we design and prepare itinerary in accordance with customers' requirements and determine the price on a cost-plus basis. We are not required to notify or obtain approval from TIC for MICE tours.

Seasonal factors

The travel industry business is inherently seasonal. Demand for our products will generally increase during holiday periods such as Chinese New Year, Easter, schools summer holiday in July and August and Christmas. Moreover, demand for our Japan bound tours will generally increase in October due to the "Autumn leaves" season in Japan. The prices of our products and thus our revenue are generally higher in peak seasons than low seasons. As such, our operating results are subject to fluctuations due to seasonal factors from period to period.

MARKETING AND PROMOTION

Our marketing strategy focuses on brand awareness and promotion of our products and services. Our total advertising and promotion expenses were approximately HK$5.5 million and HK$8.0 million for the years ended 31 March 2015 and 2016 respectively.

We have advertised and promoted our brand and products through a number of channels:

Media advertising

We have sponsored television travel programmes and films to increase our brand awareness and to arouse potential customers' interests in attractions of various travel destinations. We place advertisements in travel magazines, newspapers and public transportation to promote our products. We also market and promote our brand and products on social media. We send out newsletters on a regular basis to our customers who have joined our membership system through emails to provide latest information on our products and services.

Tourism fairs and travel seminars

We participate in tourism fairs to promote our products. We also organise travel seminars to provide information on our package tours.

Branch display

Our branches also serve as a channel for marketing of our products. Eye-catching posters are displayed at prominent areas of our branches. Flyers, brochures and leaflets with information on our products are available for our customers.

We maintain a website which hosts information about our products and services and useful travel information and tips to our customers. Customers can view and download the itineraries and price lists for our package tours and leaflets for our FIT products. We have also prepared a series of brochures introducing various travel destinations available for download by our customers.

Membership system

We have set up a membership system under which customers who enrol as a member will accumulate points upon purchase of our products and services. These points can be redeemed to offset the price of certain products and services. Members will also receive our newsletters from time to time to keep abreast of our latest promotion, and products and services.

Discounts

We may offer early-bird discounts or other promotional discounts to our customers to encourage booking of our tours. We partner with a bank in Hong Kong and offer discounts to customers who settle their purchase with the credit card issued by the bank.

SUPPLIERS

Our suppliers mainly include airlines, land operators, tour buses and other local transportation operators, hotel operators, restaurants and attraction operators.

Purchases from our single largest supplier accounted for approximately 42.5% and 40.1% of our total purchases for the years ended 31 March 2015 and 2016 respectively, whilst purchases from our five largest suppliers accounted for approximately 54.4% and 54.0% of our total purchases for the years ended 31 March 2015 and 2016 respectively.

Below is a summary of the principal terms of our arrangement with our major suppliers.

	Suppliers		
	Airlines	**Land operators**	**Tour bus operators**
Terms of arrangement	We may reserve block seats, charter flights or ad hoc purchase of flight seats, terms of purchase depends on airlines, the type of purchase and whether it is peak season	We generally enter into service agreement which sets out the obligations of our land operators including ensuring the local travel elements meet our requirements such as compliance with local laws, maintaining insurance, safety standard, and other matters	We may enter into agreement with tour buses operators for charter tour buses or may make ad hoc orders for tour buses
Length of term and termination clause	Not applicable	Generally one year and may be terminated by one month notice	Not applicable(Note)
Minimum purchase commitment	Nil	Nil	Nil
Payment term	Varies depending on different types of booking and terms offered by the airlines. Generally, deposits are required for block reservation and full payment before departure. Full payments are normally required for charter flights and ad-hoc purchases	Generally settle after the month end statement	Generally settle after the month end statement
Payment method	Generally by cheques, telegraphic transfer and via IATA settlement system	Generally by telegraphic transfer	Generally by telegraphic transfer

Note: During the Track Record Period, we did not enter into any framework agreements with the tour bus operators, except for JCS. For details, please refer to "Connected Transactions".

During the Track Record Period, we procured the supply of tour bus service from JCS, one of the five largest suppliers during the Track Record Period and a connected person of our Company, under a service agreement to secure the stable supply of tour buses service for our tour operations in Japan. Under the service agreement, JCS committed the supply of tour bus service including four charter tour buses in Japan. The service agreement was to continue in force until terminated by mutual agreement. Our Directors confirm that during the Track Record Period, we had not breached any material terms of the service agreement. The service agreement was replaced by a services framework agreement entered into between our Group and JCS on [●]. For further details of the services framework agreement, please refer to "Connected Transactions".

We did not enter into long-term agreement with purchase obligation with our suppliers during the Track Record Period in order to maintain flexibility in our planning of our package tours and other travel products.

The table below sets out the background information of our five largest suppliers during the Track Record Period:

For the year ended 31 March 2015

Name of supplier	Purchase amount (HK$'000)	% of total purchases	Background	Approximate years of business relationship
Supplier Group A[1]	184,908	42.5	Airline group based in Hong Kong	Over 20
Supplier B	19,878	4.6	Land operator in South Korea	Over 10
JCS[2]	12,314	2.8	Bus operator in Japan	4
Supplier C	12,306	2.8	Low-cost carrier based in Hong Kong	2
Supplier D	7,474	1.7	Bus operator in Japan	3
	236,880	54.4		

For the year ended 31 March 2016

Name of supplier	Purchase amount (HK$'000)	% of total purchases	Background	Approximate years of business relationship
Supplier Group A(1)	167,935	40.1	Airline group based in Hong Kong	Over 20
Supplier C	22,611	5.4	Low-cost carrier based in Hong Kong	2
JCS(2)	13,622	3.2	Bus operator in Japan	4
Supplier B	12,150	2.9	Land operator in South Korea	Over 10
Supplier E	10,278	2.4	Airline based in Japan	14
	226,596	54.0		

Notes:

(1) Supplier Group A includes Supplier A1 and Supplier A2, both of which are airline operators based in Hong Kong. To the best of our Directors' knowledge, Supplier A1 is an international airline and Supplier A2 is a regional airline; and Supplier A2 is a wholly owned subsidiary of Supplier A1.

(2) JCS is 100% beneficially owned by Mr. Yuen Chun Yu Adrian, who is a son of Mr. SK Yuen and Ms. Chan, our executive Directors. JCS is therefore a connected person of our Company.

Supplier Group A was our largest supplier in each of the years ended 31 March 2015 and 2016. Purchases from Supplier Group A accounted for approximately 42.5% and 40.1% of our total purchases for the years ended 31 March 2015 and 2016 respectively. We sourced air tickets from Supplier Group A for our business operations. Our Directors are of the view that our substantial purchase amounts with Supplier Group A during the Track Record Period is mainly due to the following reasons:

(i) Supplier Group A is the world's third largest airline by market capitalisation according to IATA and has a track record of providing quality services. Supplier A1 has won numerous international awards including Airline of the Year 2014 and World's Best Airline four times by Skytrax, an international air transport rating organisation; and the world's new leading airline in terms of its safety record for two consecutive years in 2015 and 2016 by Jet Airliner Crash Data Evaluation Centre, a German organisation providing global safety analysis about commercial aviation. Supplier A2 was awarded World's Best Regional Airline and Best Regional Airline in Asia three times by Skytrax;

(ii) Supplier Group A is the largest airline group based in Hong Kong which operated frequent flights to most of the destinations for which our package tours and FIT products were bound; and

(iii) we have established business relationship with Supplier Group A for more than 20 years and have not experienced any material non-performance by Supplier Group A which caused disruption to our operation.

For the risk associated with our reliance on Supplier Group A, please refer to "Risk Factors".

Since Supplier Group A is a major and reputable airline, as part of our commitment for customer satisfaction, we will continue our business relationship with Supplier Group A as our major airline supplier. Despite our reliance on Supplier Group A, our Directors are of view that our business is sustainable for the following reasons :

(i) we have generally maintained good business relationship with Supplier Group A for over 20 years. It is expected that Supplier Group A will continue the business relationship with us. We have received top agent awards from Supplier Group A for 15 consecutive years since 2001. In light of the long established business relationship and our satisfactory performance, our Directors are of the view that the risk of Supplier Group A terminating the supply of air tickets to us is low;

(ii) we have maintained good business relationship with other regional and international airlines which also operate flights to destinations for which our package tours and FIT products were bound. During the Track Record Period, we also sourced air tickets from our other airline suppliers for our business operations. Apart from Supplier Group A, two airlines became our five largest suppliers for the year ended 31 March 2016. In the event of Supplier Group A terminating the supply of air tickets to us for whatever reasons, our Directors believe that we would be able to obtain adequate supply of air tickets necessary for our business operations from other airlines.

Other than JCS, none of our Directors or their respective close associates or any of our existing shareholders who own more than 5% of our issued share capital, has any interest in our remaining five largest suppliers during the Track Record Period. Save for JCS, all of our other five largest suppliers during the Track Record Period are Independent Third Parties.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material non-performance by our suppliers which caused disruption to our operation.

INVENTORY

Our Group's inventories mainly represent admission tickets to attractions and local transportation passes. We generally determine the amount of admission tickets to attractions and local transportation passes to be purchased from suppliers based on a number of factors, including the minimum purchase amount required by the respective suppliers, whether the tickets and passes are exchangeable upon expiry, whether there will be any promotion event, our historical usage and our intended level of minimum inventory balance. We will regularly review our inventory level and adjust our inventory purchases to avoid over-stocking. Our tour operations department will prepare a summary of the inventory level with the proposed procurement quantity for approval by our executive Director.

Some of the admission tickets and local transportation passes are exchangeable once for new tickets or passes in case they are not used prior to their expiry date. During the Track Record Period, we did not record any impairment of inventories.

CUSTOMERS

Our customers are mainly retail customers who purchase our tour products, FIT products and ancillary travel related products and services. In addition, we also sell our travel products to other travel agents in Hong Kong and Macau. We set out below a breakdown of our revenue from sales of package tours by types of customers during the Track Record Period:

	Year ended 31 March			
	2015		2016	
	HK$'000	*%*	*HK$'000*	*%*
Retail customers	437,579	97.0	433,677	97.7
Other travel agents	13,538	3.0	10,264	2.3
	451,117	100.0	443,941	100.0

We do not rely on any major customers. Sales invoice amount with our five largest customers, which are mainly MICE tour customers and other travel agents, accounted for approximately 1.3% and 2.6% of our total sales invoice amount for the years ended 31 March 2015 and 2016 respectively. All our five largest customers during the Track Record Period are Independent Third Parties.

During the Track Record Period, we procured certain FIT products from one of our five largest customers, which is a travel agent located in Hong Kong (the "**Agent**") and on the other hand, the Agent also procured package tours and FIT products from our Group. We would occasionally procure products from other travel agents when we cannot source FIT products ourselves because of the shortage of supply in the market, on urgent bases, or at better prices, and likewise for other travel agents (the "**Arrangement**").

Sales invoice amount of our package tours and FIT products with the Agent amounted to approximately HK$0.3 million and HK$6.8 million for the years ended 31 March 2015 and 2016 respectively, representing approximately 0.1% and 1.3% of our total sales invoice amount for the corresponding years. The gross margin of such sales to the Agent was approximately 12.0% and 23.6% for the years ended 31 March 2015 and 2016 respectively.

Our purchase of the FIT products from the Agent amounted to approximately HK$6.7 million and HK$7.4 million respectively, representing approximately 1.6% and 1.8% of our total purchase for the corresponding years.

Our Directors consider that the Arrangement is a normal industry practice and is mutually beneficial to our Group and other travel agents as our Group and other travel agents could source the products or obtain at better prices.

None of our Directors or their respective close associates or any of our existing Shareholders who owns more than 5% of our issued share capital, has any interest in our five largest customers during the Track Record Period.

CREDIT POLICY

Our customers are mainly retail customers who purchase our package tours, FIT products and ancillary travel related products and services. We also sell to other travel agents which mainly purchased FIT products from us. We generally do not extend credit to our customers.

During the Track Record Period and up to the Latest Practicable Date, we had only approved monthly billing and settlement arrangement with one travel agent after taking into consideration the years of business relationship with the travel agent, and creditworthiness and payment history of the travel agent. We did not record any impairment of trade receivables during the Track Record Period.

QUALITY CONTROL

Suppliers

We believe that our ability to offer quality products and services is one of major factors for our success. We have in place stringent policy for selection of our suppliers and closely monitor the performance of our suppliers. Our executive Directors, Mr. SK Yuen and Mr. CN Yuen, and product development and marketing department will assess and evaluate our potential and existing suppliers based on their quality of services, safety standards, responsiveness and reliability.

For our Okinawa tours and non-Japan bound tours, we engage land operators to arrange the tour operation. In selecting land operators, we will make enquiries with tourism boards of the tour destinations for suitable candidates to ensure they have the requisite licence for their operation. We will then consider the land operators' track record, any negative incidents, the contents of the travel elements and the price. We will then conduct site visits to assess their suitability. We usually select more than one land operator for each destination.

We monitor the quality of our land operators and other service providers by requiring our tour escorts to report to us any under-performance, departure from the agreed itineraries or our required standard of services and safety both during the tour and after the end of the tour by submitting to us a tour completion report.

For Japan bound tours (except Okinawa), we will select each travel elements such as hotels, restaurants and local transportation to assess their suitability based on elements such as their quality, safety, cleanliness and location.

Similarly, we monitor the quality of the products and services provided by our suppliers for Japan bound tours (except Okinawa) by requiring our tour escorts to report to us on any quality issues on the products and services provided by our suppliers during and after the end of the tour.

Recognising the importance of customer satisfaction for our continuous success, we take into account our customers' feedback in our assessment of the quality of the products and services of our suppliers. We invite our customers to complete a detailed evaluation form at the end of the tour for their comments on various aspects of the travel elements in the tour. We also conduct phone interviews with randomly selected customers twice weekly and collect their feedback about the quality of our products and services.

Tour escorts

To ensure the safety and enjoyment of our tour participants, we have adopted stringent quality control measures of our tour escorts. Our newly recruited tour escorts are required to undergo comprehensive training on skills, knowledge of our products and services, customer care and attention, and safety and emergency handling. Our tour escorts are also subject to continuing training and periodic appraisals.

Our freelance tour escorts are required to meet our standard of services as we would require from tour escorts employed by us. We carefully select our freelance tour escorts to ensure that they are competent to serve our customers.

We also monitor and assess the quality of our tour escorts based on our customers' feedback obtained from the customer evaluation form, phone interviews and other channels.

We believe our on-going evaluation process will enable us to continuously monitor the quality of our products and services and to improve our products and services accordingly.

CUSTOMER CARE AND COMPLAINT HANDLING

We are committed to providing high quality products and services to our customers, and have provided various means for our customers to provide feedback and suggestion.

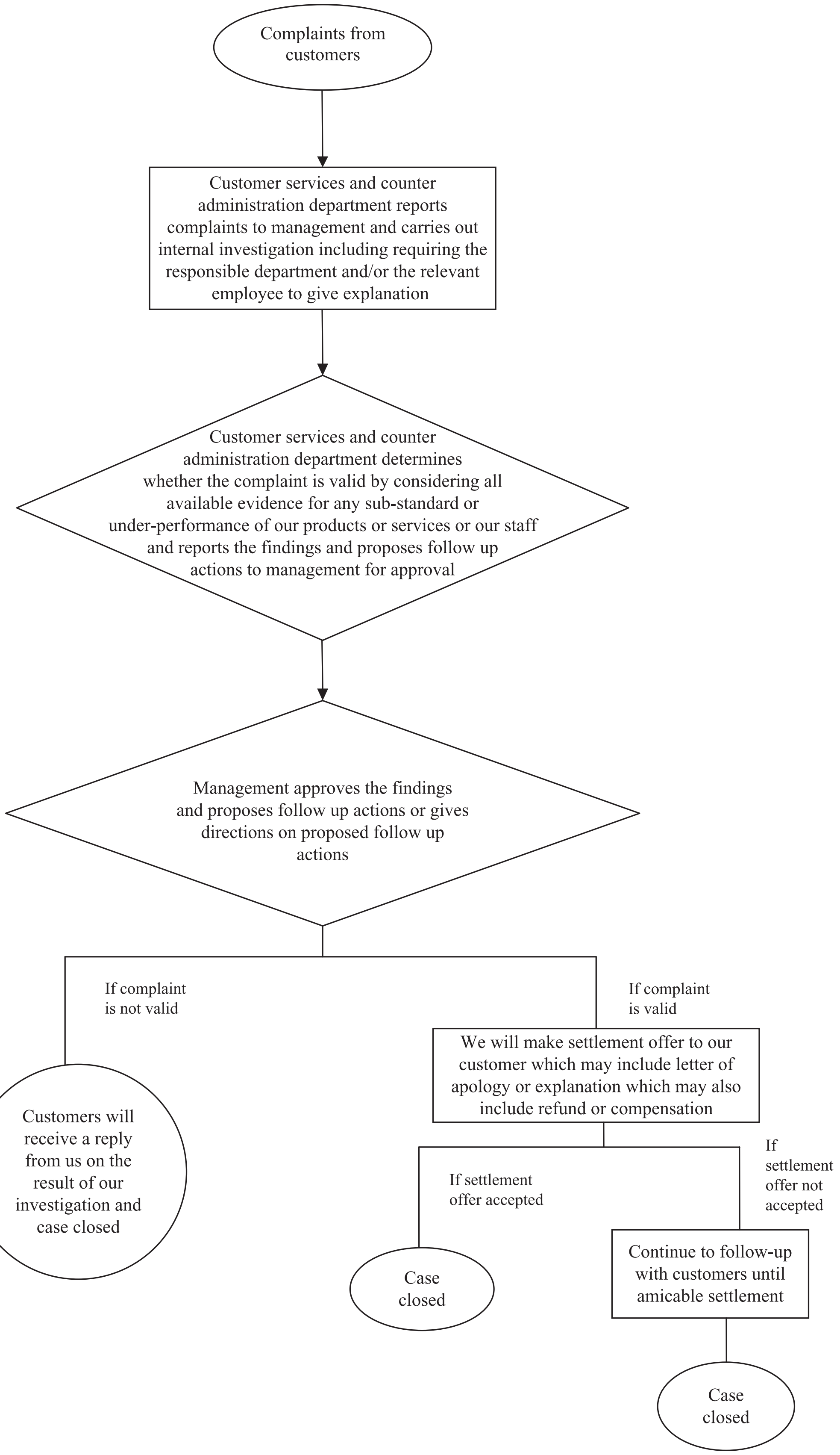
We take the initiative to invite our customers to complete a detailed evaluation form at the end of the tour for their comments on various aspects of the travel elements in the tour. We also conduct phone interviews with randomly selected customers and collect their feedback about the quality of our products and services.

In addition, we maintain customer service hotlines for our customers to make enquiries and our customer services representatives will answer their enquiries in professional manner. We have also make available message boards at our website and social media for our customers to leave their comments.

Complaints

Customer satisfaction is our core value and we treat our customers' feedback and suggestion seriously. We have in place a complaint handling system which we strive to resolve any dissatisfaction by our customer in an amicable manner acceptable to our customers.

The following flow chart illustrates our complaint handling procedures:



Instead of making complaints to us directly, customers may lodge their complaints with the TIC. Our complaint handling procedures for complaints made to TIC is the same, except that we will not contact the customers directly but will strive to resolve the matters with customers via TIC, which will be the contact point for the customers and our Group.

We received 118 and 139 cases of complaints in the years ended 31 March 2015 and 2016 respectively from customers directly and TIC. We did not receive any complaints via Consumer Council during the Track Record Period.

	Year ended 31 March		Total
	2015	2016	
Complaints received by us directly	78	114	192
Complaints received from TIC	40	25	65
Total	118	139	257

Amongst the 192 cases of complaints received by us directly during the Track Record Period, (i) 155 cases were resolved after our letter of apology or explanation and did not involve any monetary payment; and (ii) 37 cases were resolved involving aggregate monetary settlement of approximately HK$30,000.

Amongst the 65 cases of complaints received from TIC during the Track Record Period, (i) 39 cases were resolved after our letter of apology or explanation and did not involve any monetary payment; (ii) 21 cases were resolved involving aggregate monetary settlement of approximately HK$51,000; and (iii) five cases were still outstanding as at the Latest Practicable Date.

Our Directors are of the view that none of the complaints (including the five outstanding cases received from TIC) would have any material adverse effect on our business, results of operations or financial position.

INFORMATION SYSTEM

We utilise computerised information system such that all the booking and sales of our tours are centralised and conducted electronically. This means that all our sales representatives from different branches can check the enrolment status and availability of tours on a real time basis. The information system enables us to conduct our sales efficiently and enables us to monitor and evaluate our business operations in a systematic and accurate manner.

We also subscribe for GDS, which enables us to check for availability of air tickets and to make booking on a real time basis.

Our information technology department is responsible for ensuring all our systems and applications are running optimally and securely. We have firewalls, virus protection and intrusion protection for our computerised information system.

As part of our goal to continue to upgrade our information system to improve our operational efficiency, we have engaged an independent software developer to develop and enhance our online sales platform with an integrated booking system where our customers will be able to view real time information on the availability and pricing of package tours and FIT products and where they can make purchase and booking with real time confirmation.

INSURANCE

As at the Latest Practicable Date, we maintained various insurance policies relating to our business operation, and our employees. Below is a summary of major insurance taken out by us relating to our business operation and our employees:

Insurance	Coverage	Maximum liability
Employees' compensation insurance	Compensation for bodily injury, disease or death arising out and in the course of employment	HK$200,000,000 for any one accident or disease in Hong Kong
Public liability insurance	Accidental bodily injury or damage to property to third parties	HK$10,000,000 any one accident in Hong Kong
Professional indemnity insurance	Liabilities arising from our business operation as travel agent and tour operator	Up to HK$10,000,000 in aggregate

We also maintain insurance policy to cover our office contents, business interruption, and loss of money. For our employees, we have also taken out group medical insurance which enable our employees to recover parts of the medical expenses incurred by our employees.

We also require our tour escorts employed by us to maintain insurance cover for their protection while they are accompanying the tours outside Hong Kong.

For our customers

As part of our commitment to quality services, we maintain group travel insurance free of charge for our customers with maximum cover of up to HK$100,000 for accidental death and permanent disability and up to HK$200,000 for personal liability for bodily injury or accidental damage to property to third parties. Our customers are also required to take out travel insurance for their own protection when they book our tours with maximum cover of up to HK$1,200,000 (or HK$600,000 for tours bound for China) for accidental death and permanent disability and up to HK$2,000,000 for personal liability. We are an insurance agent registered with an insurance company and are authorised to market and sell travel insurance to our customers.

Travel Industry Compensation Fund

In addition, TICF provides protection to outbound travellers who may claim:

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

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

— Medical expenses incurred in the place of accident outside Hong Kong of up to HK$100,000

— Expenses incurred in the place of accident outside Hong Kong for funeral or return of dead body/ashes to Hong Kong of up to HK$100,000

— Expenses incurred by relatives of an outbound traveller for making compassionate visit to the place of accident of up to HK$100,000 (HK$25,000 per relative)

Our Directors believe that the insurance cover taken out by us is adequate for our operations and is in line with the normal industry practice in Hong Kong. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any claim or liability of material nature or extent.

HEALTH AND WORK SAFETY

We consider our staff is our most valuable asset and their health and work safety are always one of our main concerns. We maintain employees' compensation insurance and group medical insurance for our employees.

Our senior management will closely supervise the compliance of the applicable laws relating to work safety. We have in place a safety management system in order to reduce the risks relating to work safety.

During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any material claim or penalty in relation to health and work safety by our employees.

INTELLECTUAL PROPERTY

As at the date of this document, we were the registered owner of three trademarks in Hong Kong and the beneficial owner of one trademark in Hong Kong. We have also filed three and six trademark applications in Hong Kong and China respectively.

As at the Latest Practicable Date, we were the registered owner of the following domain name: **www.wwpkg.com.hk**.

For details of our Group's intellectual property rights, please refer to "Statutory and General Information — B. Further information about our business — 2. Intellectual property of our Group" in Appendix IV to this document.

To the best of our Directors' knowledge and belief, during the Track Record Period and up to the Latest Practicable Date, there was no infringement of our intellectual property rights by any third party.

EMPLOYEES

As at the Latest Practicable Date, our Group had a total of 167 employees based in Hong Kong. Set out below is a breakdown of our employees by function:

Function	Number of employees
Directors	3
Product development and marketing	20
Counter sales and customer services	29
FIT operations	18
Tour operations	15
Tour escorts	63
Accounts and finance	11
Human resources, information technology and general administration	8
Total	167

During the Track Record Period, we engaged the services of freelance tour escorts for some of our tour operations. These freelance tour escorts were self-employed persons. We require all freelance tour escorts to possess valid tour escort permit and to meet the standard of services as we would require from tour escorts employed by us.

Remuneration

The remuneration of our employees includes salaries and other staff benefits. Our tour escorts do not receive remuneration from our Group or tour participants for their services provided during the tour, but may receive gratuity paid by tour participants on a discretionary and voluntary basis for the tours they accompany. Our full-time tour escorts are required to perform sales and customer services function at our branches when they are not guiding tours and will receive commission for selling travel insurance. We do not pay other remuneration to our full-time tour escorts. However, in order to satisfy the minimum wage requirement in Hong Kong, we will pay the shortfall to our tour escorts if their aggregate income generated from the gratuity paid by the tour participants and the commission for selling travel insurance is less than the minimum wage level.

For the years ended 31 March 2015 and 2016, our total staff costs (including Directors' remuneration) amounted to approximately HK$26.0 million and HK$28.3 million respectively.

Recruitment

In order to cope with our expansion, we will continue to look for suitable and talented employees to join our Group. Our recruitment selection is based on a number of factors such as qualification, industry knowledge and experience, personality and initiative.

We place recruitment advertisements in newspapers and online employment platforms. For senior management posts, we may engage human resources firms to source and select candidates of high calibre.

Training

To ensure the high quality of services, we provide suitable training to our employees according to their function. For our sales representatives, we provide three-day in-house induction programme prior to their commencement of work. Other supporting staff will be provided on-the-job training by their supervisors.

Our managers and supervisors will conduct regular appraisals on the performance of our staff as a basis for salary adjustment and promotion, and will serve as indicators on their job satisfactions and their needs.

For our tour escorts, they are required to possess tour escort permit. We provide training to newly recruited tour escorts on their skills, knowledge of our products and services, customer care and attention, and safety and emergency handling. After receiving the fundamental training essential for tour escort, the newly tour escorts will be arranged to accompany tours led by our senior tour escort.

We also engage external professional trainers to deliver seminars and talks to our staff.

Moreover, our sales representatives and tour escorts are required to attend weekly briefing to familiarise themselves with our latest products and promotion.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material labour disputes with our employees.

PROPERTIES

Owned properties

As at the Latest Practicable Date, our Group did not own any property.

Leased properties

As at the Latest Practicable Date, we leased six properties in Hong Kong for use as our offices and branches.

For the years ended 31 March 2015 and 2016, the total amount of rentals in connection with our leased properties were approximately HK$6.1 million and HK$6.9 million respectively.

As at the Latest Practicable Date, we operated four branches in Hong Kong, particulars of which are set out below:

Branch	Address	Approximate gross floor area (sq. ft.)	Expiry date of current lease
Shatin	Shop 606, Citylink Plaza, No. 1 Sha Tin Circuit, Sha Tin, New Territories	846	15 January 2017
Mongkok	Room 409, 4th Floor, Wing Lung Bank Centre, 636 Nathan Road, Kowloon	1,282	31 October 2017
Causeway Bay *(Note)*	Suites 712-13, Hang Lung Centre, 2-20 Paterson Street, Hong Kong	950	31 January 2018
Tsim Sha Tsui	Units 1603-5, 16th Floor, 102 Austin Road, Kowloon	1,521	31 December 2017

Note: We moved to the present location (larger units) from an adjacent unit on the same floor of the same building in February 2015 to cope with the expansion of our operations.

As at the Latest Practicable Date, we leased two properties located in Tsim Sha Tsui for use as our offices from Sky Right, a connected person of our Company, particulars of which are as follows:-

Address	Approximate gross floor area (sq. ft.)	Expiry date of current lease
Room 706-8, 7th Floor, Lippo Sun Plaza, 28 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong	1,792	31 August 2016
Room 703 and 705, 7th Floor, Lippo Sun Plaza, 28 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong	3,671	31 August 2016

Please refer to "Connected Transactions" for further details of the leases from Sky Right.

AWARDS

Our Group has received various awards by many airlines, tourism organisations and other entities in recognition of our outstanding sales achievements and quality products and services. The following table sets out a summary of the awards/recognitions we received over the years:

Award/recognition	Issuing party
Top Agent Award 1998, 1999, 2001-2015	Cathay Pacific Airways
Top Growth Agent Award 1996, 1997	Cathay Pacific Airways
Top Agent Award 2001, 2002, 2004, 2013-2015	Dragonair
Top Agent Award 2011, 2012	Asiana Airlines
Top Agent Award 2006, 2007	Japan Airlines
Certificate of Appreciation 2002-2005	Japan Airlines
Excellent Performance Award 2003, 2005, 2007, 2008	All Nippon Airways
Certificate of Appreciation 1996	Japan National Tourist Organisation – Kyushu Tourism Promotion Council
Plaque of Appreciation 2011	Japan National Tourist Organisation
Letter of Appreciation 2012	Aomori Prefectural Government
Plaque of Appreciation 1999	The Korea Association of General Travel Agents
Plaque of Appreciation 2013	Gyeonggi Tourism Organisation
Taiwan Tourism Award 2009, 2010, 2011, 2013	Taiwan Tourism Bureau
The Most Favorite Travel Package Award 2011, 2013, 2015	Weekend Weekly
Travel Trendsetter Award 2013	Weekend Weekly
我最喜愛日本旅行團 2013 (My Most Favourite Japan Tour 2013)	U Magazine
我最喜愛日本旅遊旅行社 2015 (My Most Favourite Travel Agent for Japan travel 2015)	Flyagain.la
Most Trusted Travel Agency of the Year 2015	Mediazone Publishing
Outstanding Tourism Service Provider 2015	Quamnet

LICENCES, PERMITS AND APPROVALS

Our Directors confirm that we have obtained all necessary licences, permits and approvals which are material to our business operations during the Track Record Period and up to the Latest Practicable Date. For details of the material licences, permits and approvals we hold for our business operations, please see "Laws and Regulations".

Our Directors further confirm that they do not foresee any legal impediment to our Group's renewal of the material licences, permits and approvals.

MEMBERSHIP

As at the Latest Practicable Date, our Group held the following memberships with TIC and association members of TIC:

Group company	Membership	Organisation
PTHK	Ordinary	TIC
Worldwide Package	Ordinary	TIC
PTHK	Full	Hongkong Japanese Tour Operators Association Limited (association member of TIC)
PTHK	N/A	International Chinese Tourist Association Limited (association member of TIC)
Worldwide Package	Ordinary	The Federation of Hong Kong Chinese Travel Agents Limited (association member of TIC)
Worldwide Package	Ordinary	The Hong Kong Association of China Travel Organisers Limited (association member of TIC)

Our management reviews our business operations regularly to ensure our Group's annual renewal of our Group's memberships with TIC and association members of TIC to comply with the licensing requirements under TAO.

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

Group company	Appointing insurer	Date of registration
Worldwide Package	Ace Insurance Limited	13 July 2009

IATA ACCREDITATION

IATA is the trade association for the major airlines in the world, representing some 260 airlines. IATA is the administrator of the IATA Passenger Agency Programme which is a global programme designed to facilitate the secure distribution and sale of air tickets through a network of reliable accredited sales channels. Only IATA accredited agents are authorised to sell international air tickets on behalf of IATA member airlines. PTHK has been IATA accredited agents since 1997.

In order to maintain IATA accreditation, an IATA accredited agent is required to satisfy the criteria and qualification stipulated under the Travel Agent's Handbook issued by the IATA which include (1) maintaining requisite registration and licences to trade and offer travel agency services in its local jurisdiction; (2) employing competent and qualified staff able to sell international air transportation and correctly issue electronic travel documents; (3) meeting the financial requirements set by IATA; (4) maintaining a place of business in accordance with the laws of its local jurisdiction; and (5) undertaking to provide sufficient protection for its business.

Our Directors confirm that our Group complied with the above criteria and qualification in all material respect and have maintained our IATA accreditation during the Track Record Period and up to the Latest Practicable Date.

REGULATORY COMPLIANCE AND LEGAL PROCEEDINGS

During the Track Record Period and as at the Latest Practicable Date, we had complied with applicable laws and regulations of Hong Kong in all material respects.

As at the Latest Practicable Date, none of our Group, nor any of our Directors, was subject to actual or threatened material claims or litigations which would have material impact on our business operations, financial condition or reputation.

INTERNAL CONTROL AND RISK MANAGEMENT

We have in place policies and procedures in relation to internal control and risk management. Our Board is primarily responsible for overseeing our internal control and risk management system and for reviewing their effectiveness. We consider that our Directors and senior management possess the necessary knowledge and experience in overseeing good corporate governance in connection with internal control and risk management. Please refer to "Directors and Senior Management" for their qualifications and experience.

Internal control

We have established internal control system covering corporate governance, operations, management, regulatory compliance and financial matters. Our Directors believe that the current internal control system is appropriate for our business operations and risk management. Our Board will regularly review the administration and the adequacy of our internal control system and develop and revise our internal control system to cater for our expansion. In 2016, we have procured a detailed evaluation and review of our internal control system and have enhanced our internal control system in accordance with the findings of such review.

Risk management

During the Track Record Period, we assessed and managed our risks arising from our operations based on the experience of our management. In order to strengthen our risk management system, we have established formal risk management policies for identifying, evaluating and managing the risks faced by our Group on an on-going basis.

Our management will identify the risks associated with their day to day operations for review by our Board. The identified risks will be documented in a risk register and updated regularly. Our Board shall be responsible for evaluating and determining the nature and extent of the risks that our Board is willing to take to achieve our strategic objectives, and for formulating policies to control or manage any significant risk to an acceptable level. Our management shall implement and take day to day responsibility for Board policies on risk management.

Our Board will closely monitor and regularly review the effectiveness of our internal control and risk management system. In order to strengthen our corporate governance on internal control and risk management, we have adopted or will adopt the following measures:

(a) we have appointed Lego Corporate Finance Limited as our compliance adviser to advise us on compliance with the GEM Listing Rules upon **[REDACTED]**; and

(b) we will appoint an independent adviser after **[REDACTED]** to assist us in reviewing our internal control system on a regular basis after **[REDACTED]**.

Foreign exchange risk control

Our revenue was mainly denominated in Hong Kong dollars. However, the settlement of substantial portion of our land costs, such as hotel tariffs, transportation costs, meal expenses and admission ticket costs, are denominated in Japanese Yen. Such land costs included hotel accommodation, tour buses hiring, restaurants and other suppliers for our Japan bound tours. We are therefore exposed to foreign exchange risk primarily with respect to Japanese Yen.

We have developed foreign exchange risk management procedures to manage our exposure to foreign exchange risk in relation to Japanese Yen. Our goal is to control our foreign exchange risk to an acceptable level by ensuring that we do not purchase unnecessary amounts of Japanese Yen more than we are required to meet our payment obligations. Our tour operation department will provide to our accounts department the following information: (i) enrolment number of our Japan bound tours in the coming week; (ii) estimated enrolment number of our Japan bound tours for the next four weeks (or eight weeks during peak seasons); and (iii) estimated costs of the travel elements payable in Japanese Yen for the Japan bound tours for the coming week and for the next four weeks.

Upon receiving and analysing the above information and the balance of Japanese Yen at hand, our accounts department will submit a purchase request for Japanese Yen to our chief financial officer, who will then review the information and determine the purchase amount and ceiling exchange rate for approval by our executive Director. Upon approval by our executive Director, our accounts department will execute the purchase of the approved amount at spot rate or through one-month forward exchange contracts, subject to the approved ceiling exchange rate. Prior approval from our executive Director is required for any deviation from the approved purchase amount or ceiling exchange rate. Our policy is to maintain sufficient amount of Japanese Yen to cover our payment obligations in the coming four weeks.

Our Directors believe that by adopting the above procedures, our exposure to foreign exchange risk can be properly managed to an acceptable level.

At present, we are mainly exposed to foreign exchange risk in relation to Japanese Yen. Our Directors will regularly monitor our foreign exchange risk and should they find our exposure to foreign exchange risk in respect of other currencies increases, we will adopt such risk management measures with respect to other currencies to ensure that our exposure is kept to an acceptable level.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the **[REDACTED]** and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), our Company will be owned as to **[REDACTED]** by WWPKG Investment, which is in turn owned as to 68.02%, 23.42% and 8.56% by Ms. Chan, Mr. SK Yuen and Mr. CN Yuen respectively. WWPKG Investment will control over 30% of the issued share capital of our Company and therefore, each of Ms. Chan (by virtue of her controlling interest in WWPKG Investment), Mr. SK Yuen (by virtue of him being the spouse of Ms. Chan) and WWPKG Investment will be regarded as a Controlling Shareholder.

Neither of our Controlling Shareholders, our Directors nor their respective close associates has any interest in any business, apart from the business operated by members of our Group, that competes or is likely to compete, directly or indirectly, with the business of our Group and would require disclosure pursuant to Rule 11.04 of the GEM Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Management independence

Although our Controlling Shareholders will retain controlling interests in our Company upon completion of the **[REDACTED]**, the day-to-day management and operation of the business of our Group will be the responsibility of our executive Directors and senior management of our Group. Our Board has six Directors comprising three executive Directors and three independent non-executive Directors. With three independent non-executive Directors out of a total of six Directors in our Board, there will be sufficient independent voice within our Board to protect the interests of our independent Shareholders.

Each of our Directors is aware of his or her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit of and in the best interests of our Shareholders and our Company as a whole and does not allow any conflict between his or her duties as a Director and his or her personal interests to affect the performance of his/her duties as a Director. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) will abstain from voting at the relevant board meetings of our Company in respect of such transactions and will not be counted in the quorum.

Having considered the above factors, our Directors are satisfied that our Board, as a whole and together with our senior management, is capable of managing our Group's business independently from the Controlling Shareholders.

Operational independence

Our Group has established our own organisational structure made up of individual departments, each with specific areas of responsibilities. We have sufficient operational resources, such as sales and marketing and general administration resources to operate our business independently. Our Group has also established a set of internal control measures to facilitate the effective operation of our business. We are the holders of all relevant licences and qualifications material to our business.

Save as disclosed in "Connected Transactions", our Group does not currently have any intention to enter into any other transactions with our Controlling Shareholders and their associates and, if such event happens in the future, the connected transactions/continuing connected transactions will be conducted in compliance with the GEM Listing Rules. Though there will be continuing connected transactions between our Group and the associates of our Controlling Shareholders after **[REDACTED]**, these transactions are entered into in the ordinary course of business of our Group on terms which are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and our Directors are of the view that alternative services and premises are available if necessary. Accordingly, our Directors do not consider there is any material reliance by our Group on the Controlling Shareholders or their associates.

Financial independence

We have our own accounting and finance department and independent financial system, and we make financial decisions according to our own business needs. In view of our Group's internal resources and the estimated **[REDACTED]** from the **[REDACTED]**, our Directors believe that our Group will have sufficient capital for our financial needs without dependence on our Controlling Shareholders or their close associates. All guarantees provided by our Controlling Shareholders and their close associates for our Group's banking facilities will be fully released upon **[REDACTED]**. Accordingly, our Directors further believe that, upon **[REDACTED]**, our Group is capable of obtaining financing from external sources independently without the support of our Controlling Shareholders. Therefore, our Group will be financially independent from our Controlling Shareholders and/or any of their respective close associates.

DEED OF NON-COMPETITION

On [●], our Controlling Shareholders (each a "**Covenantor**" and collectively, the "**Covenantors**") entered into the Deed of Non-competition in favour of our Company (for ourselves and as trustee for each of our subsidiaries), under which each of the Covenantors has irrevocably and unconditionally, jointly and severally, undertakes to and covenants with our Company (for ourselves and as trustee for each of our subsidiaries) that:

(a) he/she/it shall not, and shall procure each of his/her/its close associates and/or companies controlled by him/her/it (excluding any member of our Group) not to, whether on his/her/its own account or in conjunction with or on behalf of any person, firm or company and whether directly or indirectly, carry on a business which is, or be interested or involved or engaged in or acquire or hold any rights or interest or otherwise involved in (in each case whether as an investor, a shareholder, partner, principal, agent, director, employee, consultant or otherwise and whether for profit, reward, interest or otherwise) any business which competes or is likely to compete directly or indirectly with the business currently and from time to time engaged by our Group ("**Restricted Business**");

(b) if he/she/it and/or any of his/her/its close associates and/or companies controlled by him/her/it (excluding any member of our Group) is offered or becomes aware of any project or new business opportunity ("**New Business Opportunity**") that relates to the Restricted Business, whether directly or indirectly, he/she/it shall: (i) promptly within ten (10) Business Days notify or procure the relevant close associate and/or the companies controlled by him/her/it to notify our Company in writing of such New Business Opportunity and provide such information as is reasonably required by our Company in order to enable our Company to come to an informed assessment of such New Business Opportunity; and (ii) use his/her/its best endeavours to procure that such New Business Opportunity is offered to our Company on terms no less favourable than the terms on which such opportunity is offered to him/her/it and/or his/her/its close associates and/or companies controlled by him/her/it;

(c) he/she/it shall provide our Company and our Directors (including the independent non-executive Directors) with all information necessary, including but not limited to monthly turnover records and any other relevant documents considered necessary by the independent non-executive Directors from time to time, for the annual review by the independent non-executive Directors with regard to compliance and enforcement of the terms of the Deed of Non-competition;

(d) (i) he/she/it will not and will procure that none of his/her/its close associates and/or companies controlled by him/her/it (excluding any member of our Group) will solicit or entice away from any member of our Group any existing or then existing directors, employees, customers or suppliers of our Group; and

(ii) he/she/it will not without the consent from our Company, make use of any information pertaining to the business of our Group which may have come to his/her/its knowledge in his/her/its capacity as the controlling shareholder (within the meaning of the GEM Listing Rules) of our Company for any purposes.

The Deed of Non-competition will take effect from the date on which dealings in the Shares first commence on GEM and will cease to have any effect upon the earliest of the date on which (i) such Covenantor, and his/her/its close associates, individually or taken as a whole, cease to own, in aggregate, 30% or more of the then issued share capital of our Company directly or indirectly or cease to be deemed as a Controlling Shareholder and do not have power to control our Board or there is at least one other independent Shareholder other than the relevant Covenantor and his/her/its close associates holding more Shares than the relevant Covenantor and his/her/its close associates taken together; or (ii) the Shares cease to be listed and traded on GEM or other recognised stock exchange.

CORPORATE GOVERNANCE MEASURES TO SAFEGUARD THE INTEREST OF SHAREHOLDERS

Our Company will adopt the following measures to strengthen its corporate governance practice and to safeguard the interests of our Shareholders:

(1) the Articles provide that a Director shall absent himself/herself from participating in Board meetings (nor shall he/she be counted in the quorum) and voting on any resolution of the Board approving any contract or arrangement or other proposal in

which he/she or any of his/ her associates is materially interested unless a majority of the independent non-executive Directors expressly requested him/her to attend. The attendance of that Director shall not be counted towards a quorum at the meeting and such Director shall not vote on the relevant resolution;

(2) the independent non-executive Directors will review on a bi-annual basis the compliance with the respective non-competition undertaking by our Controlling Shareholders;

(3) our Controlling Shareholders undertake to provide all information requested by our Company which is necessary for the annual review by the independent non-executive Directors and the enforcement of the respective non-competition undertaking;

(4) our Company will disclose decisions with basis on matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the respective non-competition undertaking of our Controlling Shareholders in the annual reports of our Company;

(5) our Controlling Shareholders will make an annual declaration on compliance with their respective non-competition undertaking in the annual report of our Company;

(6) the independent non-executive Directors will be responsible for deciding whether or not to allow our Controlling Shareholders and/or their respective associates to involve or participate in a Restricted Business, and if so, any condition to be imposed;

(7) the independent non-executive Directors may appoint independent financial adviser and other professional advisers as they consider appropriate to advise them on any matter relating to the non-competition undertakings or connected transaction(s) at the cost of our Company; and

(8) our Company has appointed Lego Corporate Finance Limited as the compliance adviser which shall provide our Company with professional advice and guidance in respect of compliance with the GEM Listing Rules.

Further, any transaction that is proposed between our Group and our Controlling Shareholders and their respective associates will be required to comply with the requirements of the GEM Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent shareholders' approval requirements.

None of the members of our Group has experienced any dispute with its shareholders or among its shareholders themselves and our Directors believe that each member of our Group has maintained positive relationship with its shareholders. With the corporate governance measures including the measures set out above, our Directors believe that the interest of the Shareholders, in particular the minority Shareholders, will be protected.

OVERVIEW

During the Track Record Period, our Group entered into certain transactions with connected persons of our Company. These transactions will continue and constitute as continuing connected transactions (as defined under Chapter 20 of the GEM Listing Rules) of our Company upon **[REDACTED]**.

Set out below is a summary of the continuing connected transactions:

Item No.	Type of connected transaction	Connected person(s)	Nature of transaction(s)	Approximate historical transaction amounts Year ended 31 March 2015 *(HK$'000)*	 2016 *(HK$'000)*
1.	Services framework agreement	HCNY Consultancy Limited ("**HCNY**")	Provision of event organising services	373	343
2.	Services framework agreement	JCS	Provision of tour bus services	12,314	13,622
3.	Services framework agreement	Y's	Provision of reservation services	2,610	2,398
4.	Tenancy agreements	Sky Right Investment Limited ("**Sky Right**")	Property leasing	2,712	2,712
5.	Personal guarantee under tenancy agreement	Ms. Chan and Mr. CN Yuen	Financial assistance	N/A	N/A

RELATIONSHIP BETWEEN OUR GROUP AND OUR CONNECTED PERSONS

The following individuals/entities will be connected persons of our Company under the GEM Listing Rules upon **[REDACTED]**:

Ms. Chan

Ms. Chan is a Controlling Shareholder, an executive Director and a director of each of PTHK and Worldwide Package. Accordingly, Ms. Chan is a connected person of our Company under the GEM Listing Rules.

Mr. SK Yuen

Mr. SK Yuen is a Controlling Shareholder, an executive Director and a director of PTHK. Accordingly, Mr. SK Yuen is a connected person of our Company under the GEM Listing Rules.

Mr. CN Yuen

Mr. CN Yuen is an executive Director and a director of Worldwide Package. Accordingly, Mr. CN Yuen is a connected person of our Company under the GEM Listing Rules.

HCNY

HCNY is a limited liability company incorporated in Hong Kong which principally engages in the trading and provision of event organising services. It is owned as to 99.75% by Ms. Chan and 0.25% by Mr. CN Yuen.

Since Ms. Chan is a controlling shareholder of HCNY, HCNY is a connected person of our Company under the GEM Listing Rules.

JCS

JCS is a limited liability company incorporated in Japan which principally engages in the provision of tour bus services in Japan. It is wholly and beneficially owned by Mr. Yuen Chun Yu Adrian, who is the son of Ms. Chan and Mr. SK Yuen, and the brother of Mr. CN Yuen. As such, JCS is an associate of our Controlling Shareholders and hence a connected person of our Company under the GEM Listing Rules.

Y's

Y's is a limited liability company incorporated in Japan which principally engages in the provision of reservation services in Japan. It is wholly and beneficially owned by Mr. Yuen Chun Yu Adrian. As such, Y's is an associate of our Controlling Shareholders and hence a connected person of our Company under the GEM Listing Rules.

Sky Right

Sky Right is a limited liability company incorporated in Hong Kong which principally engages in property investment. It is owned as to 90% and 10% by Ms. Chan and Mr. SK Yuen respectively. Accordingly, Sky Right is an associate of our Controlling Shareholders and hence a connected person of our Company under the GEM Listing Rules.

EXEMPT CONTINUING CONNECTED TRANSACTIONS

Upon **[REDACTED]**, the following transactions will be regarded as exempt continuing connected transactions of our Company under Chapter 20 of the GEM Listing Rules.

1. Property lease agreements

(i) PTHK

Background and principal terms

During the Track Record Period, PTHK, as tenant, has entered into a property lease agreement with Sky Right, as landlord, for renting office premises located at Rooms 706-708, 7th Floor, Lippo Sun Plaza, No. 28 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong (the "**PTHK Premises**") as its corporate headquarters. The relevant historical rents paid by our Group to Sky Right for the lease for the two years ended 31 March 2016 were approximately HK$1.8 million and HK$1.8 million respectively.

On [●], PTHK, as tenant, entered into a property lease agreement with Sky Right, as landlord, (the "**PTHK Tenancy Agreement**"), for a term commencing from 1 August 2016 and ending on 31 March 2019 in respect of the leasing of the PTHK Premises as its corporate headquarters at a monthly rent of HK$158,000 (which is payable on the first day of each and every calendar month). The rent was arrived at after arm's length negotiations between PTHK and Sky Right with regard to the prevailing market rent.

At any time during the PTHK Tenancy Agreement, either party may give the other not less than 30 days' prior written notice to terminate the agreement. There is no option to renew the PTHK Tenancy Agreement.

Annual caps for the three financial years ending 31 March 2019

For the three financial years ending 31 March 2017, 2018 and 2019, the maximum annual transaction amount shall not exceed HK$1.9 million, HK$1.9 million and HK$1.9 million respectively based on the fixed monthly rent payable for the PTHK Premises.

(ii) Worldwide Package

Background and principal terms

During the Track Record Period, Worldwide Package, as tenant, has entered into a property lease agreement with Sky Right, as landlord, for renting an office premises located at Rooms 703 and 705, 7th Floor, Lippo Sun Plaza, No. 28 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong (the "**Worldwide Package Premises**") as its office. The relevant historical rents paid by our Group to Sky Right for the lease for the two years ended 31 March 2016 were approximately HK$0.9 million and HK$0.9 million respectively.

On [●], Worldwide Package, as tenant, entered into a property lease agreement with Sky Right, as landlord, (the "**Worldwide Package Tenancy Agreement**", with the PTHK Tenancy Agreement collectively as the "**Tenancy Agreements**"), for a term commencing from 1 August 2016 and ending on 31 March 2019 in respect of the leasing of the Worldwide Package Premises as its office at a monthly rent of HK$77,000 (which is payable on the first day of each and every calendar month). The rent was arrived at after arm's length negotiations between Worldwide Package and Sky Right with regard to the prevailing market rent.

At any time during the Worldwide Package Tenancy Agreement, either party may give the other not less than 30 days' prior written notice to terminate the agreement. There is no option to renew the Worldwide Package Tenancy Agreement.

Annual caps for the three financial years ending 31 March 2019

For the three financial years ending 31 March 2017, 2018 and 2019, the maximum annual transaction amount shall not exceed HK$1.0 million, HK$1.0 million and HK$1.0 million respectively based on the fixed monthly rent payable for the Worldwide Package Premises.

Reasons for and benefits of entering into the Tenancy Agreements

The PTHK Premises and the Worldwide Package Premises (collectively the "**Premises**") have been occupied by our Group as its principal places of business in Hong Kong. Having considered the rentals of comparable offices in the nearby location, and the relocation costs which our Group may incur if we move out of the Premises, our Directors consider that it is desirable and in the interests of our Company and the Shareholders as a whole to continue using the Premises as the principal places of business of our Group in Hong Kong as it allows us to maintain the stable operation of our Group.

Our Directors confirm that the leases of the Premises during the Track Record Period were (i) conducted on normal commercial terms; (ii) carried out in our Group's ordinary and usual course of business: and (iii) fair and reasonable, and in the interests of our Group and our Shareholders as a whole.

2. Provision of reservation services in Japan

Background and principal terms

During the Track Record Period, Y's provided reservation services (the "**Reservation Services**") to our Group, which include reservation of (i) hotels; (ii) restaurants; and (iii) theme parks and vacation spots in Japan. The relevant historical transaction amounts payable by our Group to Y's for the provision of the Reservation Services for the two years ended 31 March 2016 were approximately HK$2.6 million and HK$2.4 million respectively, representing approximately 0.6% and 0.6% of our Group's total purchases during the corresponding periods. The service fee paid during the Track Record Period was fixed at JPY36 million per annum. The transaction amounts decreased from approximately HK$2.6 million for the year ended 31 March 2015 to HK$2.4 million for the year ended 31 March 2016 solely due to the fluctuation in the exchange rate between JPY and HKD.

On [●], Y's entered into a services framework agreement (the "**Y's Services Framework Agreement**") with PTHK to supersede the framework agreement entered into between our Group and Y's dated 1 January 2012 in relation to the Reservation Services, pursuant to which Y's agreed to provide, on a non-exclusive basis, the Reservation Services for our Group's package tours and hotel accommodation for FIT customers from time to time.

Pursuant to the Y's Services Framework Agreement, the service charge shall be fixed at JPY3 million per month which was agreed at arm's length negotiations between our Group and Y's taking into consideration the estimated administration cost that our Group may incur should we carry out such function on our own. Our Group shall pay the fees at the end of each calendar month or upon receipt of the invoice. Our Directors confirmed that the transactions with Y's during the Track Record Period were (i) conducted on normal commercial terms; (ii) carried out in our Group's ordinary and usual course of business; and (iii) fair and reasonable, and in the interests of our Group and our Shareholders as a whole.

The term of the Y's Services Framework Agreement will commence on the **[REDACTED]** Date and expire on 31 March 2019 (both dates inclusive).

Reasons for and benefits of entering into the Y's Services Framework Agreement

Y's had been providing the Reservation Services to our Group since January 2012. Taking into account (i) that it is more efficient for a local team to liaise with the suppliers in Japan; (ii) the costs, time and resources to identify and select another reservation agent; (iii) either party may terminate the Y's Services Framework Agreement by serving a notice of not less than 30 days to the other; and (iv) the stable business relationship between Y's and our Group, our Directors consider that the entering into of the Y's Services Framework Agreement would allow our Group to enjoy the stable supply of Reservation Services for our business.

Annual caps for the three financial years ending 31 March 2019

Our Directors estimate that the annual fees under the Y's Services Framework Agreement payable by our Group for each of the three financial years ending 31 March 2019 will not exceed HK$2.9 million, HK$2.9 million and HK$2.9 million respectively. In determining the annual caps, the Directors have considered (i) the fixed monthly service fee set out in the Y's Services Framework Agreement; and (ii) the buffer for appreciation in the value of JPY against HKD.

3. Provision of event organising services

Background and principal terms

During the Track Record Period, HCNY provided event organising services to our Group (the "**Organising Services**"), which included provision of venue and refreshments for consumption by participants of our tour tea gatherings and travel seminars. The relevant historical transaction amounts paid by our Group to HCNY for the provision of the Organising Services for the two years ended 31 March 2016 were approximately HK$0.4 million and HK$0.3 million respectively, representing approximately 0.1% and 0.1% of our Group's total purchases during the corresponding periods. The payment amounts were determined based on a fixed fee per participant times the number of expected participants estimated by our Group. The amount decreased from the year ended 31 March 2015 to the year ended 31 March 2016 was in line with the decrease in the number of participants of our tour tea gatherings and travel seminars.

On [●], HCNY entered into a services framework agreement (the "**HCNY Services Framework Agreement**") with PTHK, pursuant to which HCNY agreed to provide the Organising Services for the tour tea gatherings and travel seminars organised by our Group from time to time.

Pursuant to the HCNY Services Framework Agreement, the service charge shall be a fixed fee per participant times the number of expected participants which was agreed at arm's length negotiations between our Group and HCNY with reference to the cost of provision of the Organising Services by HCNY, including the costs of refreshments. The Group shall pay the charges at the end of each calendar month or upon receipt of the invoice. Our Directors confirmed that the transactions with HCNY during the Track Record Period were (i) conducted on normal commercial terms; (ii) carried out in our Group's ordinary and usual course of business; and (iii) fair and reasonable, and in the interests of our Group and our Shareholders as a whole.

The terms of the HCNY Services Framework Agreement will commence on the **[REDACTED]** Date and expire on 31 March 2019 (both dates inclusive).

Reasons for and benefits of entering into the HCNY Services Framework Agreement

HCNY had been providing the Organising Services for the tour tea gatherings and travel seminars organised by our Group since November 2000. Taking into account that (i) there is limited supply of similar service providers in the market; (ii) our Group can save manpower and resources for arranging tour tea gatherings and travel seminars; and (iii) the stable business relationship between HCNY and our Group, the Directors consider that the entering into of the HCNY Services Framework Agreement would allow our Group to enjoy the stable supply of Organising Service for our business.

Annual caps for the three financial years ending 31 March 2019

Our Directors estimate that the annual fees under the HCNY Services Framework Agreement payable by our Group for each of the three financial years ending 31 March 2019 will not exceed HK$0.4 million, HK$0.4 million and HK$0.4 million respectively. In determining the annual caps, the Directors have considered (i) the historical fees paid to HCNY in relation to the Organising Services; and (ii) the historical attendance of our tour tea gatherings and travel seminars.

GEM Listing Rules implications

Pursuant to Rule 20.74 of the GEM Listing Rules, the relevant applicable percentage ratios (other than the profit ratio) as prescribed under Chapter 20 of the GEM Listing Rules of transaction contemplated under the Tenancy Agreements in aggregate, and each of the Y's

Services Framework Agreement and HCNY Services Framework Agreement on an annual basis will be less than 5% and each of the total consideration will be less than HK$3 million, hence the continuing connected transactions contemplated thereunder are exempt from the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Our Directors (including the independent non-executive Directors) and the Sole Sponsor considered that the continuing connected transactions under the Tenancy Agreements, the Y's Services Framework Agreement and the HCNY Services Framework Agreement as described above have been entered into in the ordinary and usual course of business of our Group and have been based on arm's length negotiations and on normal commercial terms, the terms of the Tenancy Agreements, the Y's Services Framework Agreement and the HCNY Services Framework Agreement and the annual caps as mentioned above are fair and reasonable and in the interests of our Company and Shareholders as a whole.

4. Personal guarantees

In connection with the Shatin branch office rented by Worldwide Package, Ms. Chan and Mr. CN Yuen provided personal guarantees to the landlord at the time when the relevant tenancy agreement was entered into to secure the due performance of the obligations of Worldwide Package. For further details of the tenancy agreement, please refer to "Business — Properties — Leased properties".

No consideration has been paid by us to Ms. Chan and Mr. CN Yuen for their respective provision of the personal guarantees to the said landlord for the benefits of our Group.

We have requested the landlord concerned to accept our Company's corporate guarantee as a replacement of the personal guarantees of Ms. Chan and Mr. CN Yuen but were refused by the landlord. As the personal guarantees are provided by connected persons for the benefits of our Company on normal commercial terms where no security over the assets of our Group is granted in respect of the personal guarantees, the above transaction will constitute continuing connected transactions for our Company which are exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Rules 20.88 of the GEM Listing Rules.

We will not let any connected person of our Company act as our guarantor when renewing any tenancy agreement or entering into any new tenancy agreement after **[REDACTED]**.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Provision of tour bus services in Japan

Background and principal terms

During the Track Record Period, JCS provided certain tour bus services, inclusive of charter and non-charter buses, drivers and fuel, in Japan (except Okinawa) for our Group's package tours (the "**Tour Bus Services**"). The relevant historical transaction amounts paid by our Group to JCS for the provision of the Tour Bus Services for the two years ended 31 March 2016 were approximately HK$12.3 million and HK$13.6 million respectively, representing approximately 2.8% and 3.2% of our Group's total purchases during the corresponding periods. The amounts increased from the year ended 31 March 2015 to the year ended 31 March 2016 mainly due to the increased number of our customers to the regions in Japan which we normally procured the Tour Bus Services from JCS.

On [●], JCS entered into a services framework agreement (the "**JCS Services Framework Agreement**") with PTHK to supersede the framework agreement entered into between the Group and JCS dated 1 January 2012 in relation to the Tour Bus Services, pursuant to which JCS agreed to provide, on a non-exclusive basis, the Tour Bus Services as requested by our Group from time to time.

Pursuant to the JCS Services Framework Agreement, the service charges shall be determined at arm's length negotiations between our Group and JCS with reference to the then prevailing market rate of similar services in the market and that in any event shall be no less favourable to our Group than that offered to Independent Third Parties by JCS and the applicable minimum rate as calculated with reference to the formula for charter bus fees as specified by the relevant government authority in Japan. The Group shall pay the fees at the end of each calendar month or upon receipt of the invoice. Our Directors confirmed that the transactions with JCS during the Track Record Period were (i) conducted on normal commercial terms; (ii) carried out in our Group's ordinary and usual course of business; and (iii) fair and reasonable, and in the interests of our Group and our Shareholders as a whole.

The term of the JCS Services Framework Agreement will commence on the **[REDACTED]** Date and expire on 31 March 2019 (both dates inclusive).

Reasons for and benefits of entering into the JCS Services Framework Agreement

JCS have been providing the Tour Bus Services to our Group since January 2012 for our Group's Japan bound tours (except Okinawa). Taking into account that (i) the costs, time and resources to identify and select new tour bus service provider; (ii) either party may terminate the JCS Services Framework Agreement by serving a notice of not less than 30 days to the other; and (iii) the stable business relationship between JCS and our Group, our Directors consider that the entering into the JCS Services Framework Agreement would allow our Group to enjoy the stable supply of Tour Bus Services for our business.

Annual caps for the three financial years ending 31 March 2019

Our Directors estimate that the annual fees under the JCS Services Framework Agreement payable by our Group for each of the three financial years ending 31 March 2019 will not exceed HK$14.2 million, HK$15.6 million and HK$17.1 million respectively.

In determining the annual caps, our Directors have considered (i) the historical transaction amounts; (ii) the projected increase in demand for the services compared to the Track Record Period, commensurate with the expected growth of the business of our Group; and (iii) the buffer for appreciation in the value of JPY against HKD.

Our Directors (including the independent non-executive Directors) and the Sole Sponsor considered that the continuing connected transactions under the JCS Services Framework Agreement as described above have been entered into in the ordinary and usual course of business of our Group and have been based on arm's length negotiations and on normal commercial terms, the terms of the JCS Services Framework Agreement and the annual caps as mentioned above are fair and reasonable and in the interests of the Shareholders as a whole.

GEM Listing Rules implications

Pursuant to the GEM Listing Rules, the highest applicable percentage ratio (other than profit ratio) as prescribed under Chapter 20 of the GEM Listing Rules, calculated will be more than 5% but less than 25% and the total consideration is not less than HK$10,000,000 on an annual basis. Under the GEM Listing Rules, the transactions contemplated under the JCS Services Framework Agreement will be subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

WAIVER APPLICATION FOR THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

As the continuing connected transactions under the JCS Services Framework Agreement described above are expected to continue on a recurring basis following completion of the **[REDACTED]**, which have been entered into prior to the date of **[REDACTED]** and fully disclosed in this document and have been entered into and are conducted in the ordinary and usual course of our Group's business and on normal commercial terms that are beneficial to the Shareholders as a whole and are fair and reasonable, the Directors consider that strict compliance with the announcement, circular and independent shareholders' approval requirements under the GEM Listing Rules would be impracticable, unduly burdensome and would add unnecessary administrative costs to our Company each time when such transactions arise.

Accordingly, our Company, pursuant to Rule 20.103 of the GEM Listing Rules, has applied to the Stock Exchange for and the Stock Exchange [has granted] waivers from strict compliance with the announcement, circular and shareholders' approval requirements in respect of the continuing connected transactions described above for the three years ending 31 March 2019, provided that the annual transaction amounts in respect of such continuing connected transactions do not exceed the respective annual caps. Our Company will comply with other applicable provisions set out in Chapter 20 of the GEM Listing Rules in relation to each respective continuing connected transaction of our Group. In the event of any further amendments to the GEM Listing Rules imposing more stringent requirements, our Company will take appropriate steps to ensure compliance with such requirements within a reasonable period of time.

DIRECTORS

Our Board currently consists of six Directors comprising three executive Directors and three independent non-executive Directors. The following table sets out the information regarding our Directors:

Name	Age	Position	Date of appointment	Date of joining our Group	Roles and responsibilities	Relationship with other Director(s) and/or senior management
Mr. Yuen Sze Keung (袁士強)	64	Chairman and executive Director	8 June 2016	6 November 1984	Major decision-making, overall strategic planning and determining corporate policies of our Group; overseeing the accounting and information technology functions	Spouse of Ms. Chan; father of Mr. CN Yuen
Ms. Chan Suk Mei (陳淑薇)	63	Executive Director	8 June 2016	6 June 1979	Overseeing the outbound tour services in Japan and administrative matters of our Group	Spouse of Mr. SK Yuen; mother of Mr. CN Yuen
Mr. Yuen Chun Ning (袁振寧)	38	Executive Director and chief executive officer	8 June 2016	4 April 2005	Managing the outbound tour services and overall operations of our Group; overseeing the human resources development of our Group	Son of Mr. SK Yuen and Ms. Chan
Mr. Lam Yiu Kin (林耀堅)	61	Independent non-executive Director	[●] 2016	[●] 2016	Overseeing the management independently and providing independent judgement on the issues of strategy, performance, resources and standard of conduct of our Company	Nil
Mr. Yen Yuen Ho Tony (嚴元浩)	68	Independent non-executive Director	[●] 2016	[●] 2016	Overseeing the management independently and providing independent judgement on the issues of strategy, performance, resources and standard of conduct of our Company	Nil

Name	Age	Position	Date of appointment	Date of joining our Group	Roles and responsibilities	Relationship with other Director(s) and/or senior management
Mr. Ho Wing Huen (何永煊)	70	Independent non-executive Director	[●] 2016	[●] 2016	Overseeing the management independently and providing independent judgement on the issues of strategy, performance, resources and standard of conduct of our Company	Nil

Executive Directors

Mr. Yuen Sze Keung (袁士強), aged 64, is an executive Director and the chairman of our Board. Mr. SK Yuen is responsible for our Group's major decision-making, overall strategic planning and determining corporate policies, as well as overseeing the accounting and information technology functions of our Group. Mr. SK Yuen joined our Group on 6 November 1984 when he was appointed as a director of PTHK. He was the director of Worldwide Package between December 1985 and September 2007. On 10 June 2016, Mr. SK Yuen was appointed as a director of WWPKG Management.

Mr. SK Yuen graduated in March 1976 from a junior college*(Note)* in Japan. Mr. SK Yuen was named as the Sightseeing Ambassador of the Yamagata Prefecture of Japan in August 2013.

Mr. SK Yuen is the spouse of Ms. Chan and the father of Mr. CN Yuen, both of whom are our executive Directors. Other than disclosed in this document, Mr. SK Yuen is not connected with any other Directors, members of the senior management, substantial shareholders or controlling shareholders of our Company.

Mr. SK Yuen has not held any directorships in any public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years immediately preceding the date of this document.

Ms. Chan Suk Mei (陳淑薇), aged 63, is an executive Director of our Group and is mainly responsible for overseeing the outbound tour services in Japan and administrative matters of our Group. She joined our Group in June 1979 as a director of PTHK, and was appointed as director of Worldwide Package in September 1989. She was also appointed as a director of WWPKG Management on 10 June 2016.

Ms. Chan is the spouse of Mr. SK Yuen and the mother of Mr. CN Yuen, both of whom are our executive Directors. Other than disclosed in this document, Ms. Chan is not connected with any other Directors, members of the senior management, substantial shareholders or controlling shareholders of our Company.

Note: Junior colleges in Japan are educational institutions which are categorised, according to Japanese law, as universities differing from four-year universities in terms of objectives and course terms, and since the establishment of such system, they played a major role in the expansion of the higher education, in particular, practical vocational education in Japan.

Ms. Chan has not held any directorships in any public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years immediately preceding the date of this document.

Mr. Yuen Chun Ning (袁振寧), aged 38, is an executive Director and the chief executive officer of our Company. He is mainly responsible for managing the outbound tour services and overall operations of our Group, as well as overseeing the human resources development of our Group. He joined our Group in April 2005 as business development manager, and has been a director of Worldwide Package since September 2007 and the managing director of PTHK since April 2015. He was also appointed as a director of WWPKG Management on 10 June 2016.

Mr. CN Yuen obtained his Bachelor of Environmental Studies degree in Planning from the University of Waterloo, Canada in June 2001, and his Master degree of Philosophy from the University of Cambridge, United Kingdom in July 2002. Mr. CN Yuen was a member of the TICHK Outbound Committee from 2008 to 2015. He was also a director of Pok Oi Hospital in Hong Kong during the periods from 2010 to 2013 and from 2016 to 2017.

Mr. CN Yuen is the son of Mr. SK Yuen and Ms. Chan, both of whom are our executive Directors. Other than disclosed in this document, Mr. CN Yuen is not connected with any other Directors, members of the senior management, substantial shareholders or controlling shareholders of our Company.

Mr. CN Yuen has not held any directorships in any public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years immediately preceding the date of this document.

Independent non-executive Directors

Mr. Ho Wing Huen (何永煊), aged 70, was appointed as an independent non-executive Director on [●] and is mainly responsible for overseeing the management of our Group independently and providing independent judgement on the issues of strategy, performance, resources and standard of conduct of our Company.

Mr. Ho attended The University of Hong Kong and obtained the degree of Bachelor of Science (General) in November 1966. He then obtained the Postgraduate Certificate in Education from The University of Hong Kong in June 1971 and the degree of Master of Social Sciences in December 1989. He became a Chartered Statistician of the Royal Statistical Society, United Kingdom in January 1993.

Mr. Ho has over 40 years of experience in statistics. He worked in the Census and Statistics Department in Hong Kong for 33 years, as a statistician from June 1972, and retired as the Commissioner in August 2006 after having been in the latter position for more than 13 years. Aside from his career as a civil servant, he also worked as a part-time lecturer in the department of mathematical studies in The Hong Kong Polytechnic University from October 1973 to June 1980.

Mr. Ho is currently a Council member of the St. John's College of The University of Hong Kong. Additionally, he was the President of the Hong Kong Statistical Society from 1986 to 1988, the

Chairman of the Economic and Social Commission for Asia and the Pacific Regional Conference of the United Nations Statistical Commission in March 1995. Moreover, Mr. Ho was appointed an Ordinary Officer of the Most Excellent Order of the British Empire (OBE) by the United Kingdom Government in June 1993, named as a Fellow of the World Academy of Productivity Science, and awarded the Silver Bauhinia Star by the Hong Kong Government in 2006.

Mr. Ho holds the positions of Honorary Professor in the Department of statistics and actuarial science of The University of Hong Kong and Adjunct professor in the department of statistics of The Chinese University of Hong Kong. Furthermore, he currently is an advisor of the Hong Kong College of Technology, a current Executive committee member of The Council of Hong Kong Professional Associations and a current vice president of The Hong Kong Association for the Advancement of Science and Technology.

Mr. Ho has not held any directorships in any other public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years immediately preceding the date of this document.

Mr. Lam Yiu Kin (林耀堅), aged 61, was appointed as an independent non-executive Director on [●] and is mainly responsible for overseeing the management of our Group independently and providing independent judgement on the issues of strategy, performance, resources and standard of conduct of our Company.

Mr. Lam has extensive experience in accounting and auditing. Prior to joining our Group, he worked in PricewaterhouseCoopers, Hong Kong from July 1993 to June 2013, with his last position held there being partner. Mr. Lam obtained his Higher Diploma in Accountancy from The Hong Kong Polytechnic University in October 1975. He subsequently became a fellow member of the Association of Certified Accountants in June 1983, the Hong Kong Institute of Certified Public Accountants in June 1989, the Institute of Chartered Accountants in England & Wales in January 2015 and an associate member of Secretaries and Administrators in December 1979.

Mr. Lam was awarded the title of university fellow at The Hong Kong Polytechnic University in November 2002. Mr. Lam was a member of the Listing Committee of the Stock Exchange.

Mr. Lam has been an adjunct professor at the school of accounting and finance at The Hong Kong Polytechnic University since September 2014 and is currently a member of the finance management committee of the Hong Kong Management Association.

Mr. Lam is/was an independent non-executive director of the following companies which are listed on the Stock Exchange:

Name of the company (Stock code)	Principal business activities	Period of service
上海復旦張江生物醫藥股份有限公司 (Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd.) (1349)	Bio-Pharmaceutical research & development	From October 2013 until present
Kate China Holdings Limited (8125)	Design and fitting-out services	From June 2014 to September 2015
Vital Mobile Holdings Limited (6133)	ODM smartphone suppliers	From September 2014 until present
Spring Real Estate Investment Trust (1426)	Real estate investment	From January 2015 until present
Global Digital Creations Holdings Limited (8271)	Animation and comics industry	From July 2015 until present
Shougang Concord Century Holdings Limited (103)	Steel cord and sawing wire manufacturers	From August 2015 until present
Mason Financial Holdings Limited (273)	Property investment, investment in securities	From August 2015 until present
COSCO Pacific Limited (1199)	Terminals and shipping businesses	From August 2015 until present
Nine Dragons Paper (Holdings) Limited (2689)	Production & sale of packaging paperboard products	From March 2016 until present

Save as disclosed above, Mr. Lam has not held any directorships in any other public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years immediately preceding the date of this document.

Mr. Yen Yuen Ho Tony (嚴元浩), aged 68, was appointed as an independent non-executive Director on [●] and is mainly responsible for overseeing the management of our Group independently and providing independent judgement on the issues of strategy, performance, resources and standard of conduct of our Company.

Mr. Yen was admitted as a solicitor in Hong Kong in August 1983, as a solicitor in the United Kingdom in April 1990, and as a barrister and solicitor in the Australian Capital Territory in Australia in October 1990. Mr. Yen was a member of The Law Reform Commission of Hong Kong (the "**Commission**") from August 1994 to January 2008 and he was the Law Draftsman of the Department of Justice when he was first appointed to the Commission.

Mr. Yen was the vice president of The Neighbourhood Advice-Action Council, Hong Kong from 2014 to 2015. He has held the position of adjunct professor of law and business at the Hong Kong Shue Yan University in the faculty of law and business since September 2015 and 北京師範大學 (the Beijing Normal University), PRC in the faculty of law since March 2014. Additionally, he is a director of the Hong Kong Institute for Public Administration, an Honorary Advisor of Pok Oi Hospital, and an executive committee member of the Heep Hong Society, Hong Kong. Mr. Yen has also been an Honorary Fellow of The Centre for Educational Leadership of Faculty of Education of The University of Hong Kong since 13 May 2014.

Mr. Yen was awarded the Silver Bauhinia Star by the Hong Kong Government in July 2000.

Mr. Yen has since August 2010 been an independent non-executive director of Jinchuan Group International Resources (Stock Code: 2362) and also has since April 2011 been an independent non-executive director of United Photovoltaics Group Limited (Stock Code: 686), the shares of the two companies being listed on the Main Board of the Stock Exchange. Since October 2015, Mr. Yen has been an independent director of 中民嘉業投資有限公司 (China Minseng Jiayi Investment Company Limited), which is a company incorporated in Shanghai, PRC mainly engaged in the business of property investment.

Save as disclosed above, Mr. Yen has not held any directorships in any other public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years immediately preceding the date of this document.

Save as disclosed herein, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, each of our Directors did not have any interests in any business apart from business of our Group which competes or is likely to compete, either directly or indirectly, with the business of our Group. Save as disclosed herein, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 17.50(2)(h) to (v) of the GEM Listing Rules as at the Latest Practicable Date.

SENIOR MANAGEMENT

The following table sets out certain information concerning members of our senior management:

Name	Age	Position	Date of first joining our Group	Roles and responsibilities	Relationship with Director(s)/ or other senior management
Ms. Hon Piu Kwun Queenie (韓佩君)	38	Chief financial officer and joint company secretary	2 March 2015	Supervising and managing of financial activities and company secretarial and related matters	Nil
Mr. Lai Ka Fai (黎嘉輝)	37	Information technology manager	1 January 1999	Supervising the IT Department and developing IT Projects	Nil
Mr. Mak Shing Yip (麥成業)	42	Operation manager	20 November 1991	Overseeing our outbound tours and MICE tour operations	Nil
Ms. Pak Ka Lo (白嘉露)	40	Ticketing manager	19 January 2015	Development and operations of the FIT business, managing and supervising day-to-day operations in the ticketing department	Nil
Ms. Ng Ka Man (吳嘉雯)	39	Joint company secretary	6 July 2016	Overseeing company secretarial and related matters of our Group	Nil

Ms. Hon Piu Kwun Queenie (韓佩君), aged 38, was appointed as the chief financial officer of our Group in March 2015 and a joint company secretary of our Group on 6 July 2016. She is mainly responsible for the supervision and management of financial activities and company secretarial and related matters.

Ms. Hon obtained her degree of Bachelor of Commerce in Finance and Accounting from the University of Toronto, Canada in June 2001. Ms. Hon became a certified public accountant under the Delaware State Board of Accountancy, United States in August 2005.

She has been a member of the American Institute of Certified Public Accountants since 31 January 2016. Prior to joining our Group, Ms. Hon worked at PricewaterhouseCoopers, Hong Kong from July 2002 to February 2015, with her last position there being senior manager.

Ms. Hon has not held any directorships in any public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years immediately preceding the date of this document.

Mr. Lai Ka Fai (黎嘉輝), aged 37, is our information technology ("IT") manager of our Group and is mainly responsible for supervision of the IT Department and development of IT projects. Mr. Lai joined our Group in January 1999 as a project executive of PTHK and focused on development of IT projects. He was promoted to the position of IT manager in April 2011.

Mr. Lai attained his Higher Diploma in Computer Studies from the City University of Hong Kong in July 1998. He later received his degree of Bachelor of Science in Information Systems from the Staffordshire University, United Kingdom by way of online distance learning in June 2002.

Mr. Lai has not held any directorships in any public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years immediately preceding the date of this document.

Mr. Mak Shing Yip (麥成業), aged 42, has been appointed as the operation manager of our Group's tour and MICE functions since June 2006 and is mainly responsible for overseeing our outbound tours and MICE tour operations. Mr. Mak has been working in our Group as an operation clerk since November 1991. He has been promoted as a MICE team salesperson in November 1994 and subsequently a branch manager in June 2000.

Mr. Mak obtained his degree of Master of Business Administration from Honolulu University, United States by way of online distance learning in April 2010.

Mr. Mak has not held any directorships in any public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years immediately preceding the date of this document.

Ms. Pak Ka Lo (白嘉露), aged 40, has been the ticketing manager of our Group since January 2015 and is mainly responsible for (i) development and operations of the FIT business; and (ii) managing and supervising day-to-day operations in the ticketing department.

Prior to joining our Group, Ms. Pak worked in Japan Airlines Co., Ltd. from August 1994 to January 2015. She was mainly responsible for passenger sales and corporate sales promotion, with her last position there being senior sales executive of passenger sales.

Ms. Pak has not held any directorships in any public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years immediately preceding the date of this document.

JOINT COMPANY SECRETARIES

Ms. Ng Ka Man (吳嘉雯), aged 39, was appointed as a joint company secretary of our Group on 6 July 2016 and is mainly responsible for the company secretarial and related matters of our Group.

Ms. Ng has over 10 years of company secretarial experience. She attained her degree of Master of Corporate Governance from The Open University of Hong Kong in June 2011. She has been an associate member of The Hong Kong Institute of Chartered Secretaries since October 2012 and The Institute of Chartered Secretaries and Administrators, United Kingdom since October 2012. As the assistant vice president of the listing department of TMF Hong Kong Limited, she is primarily responsible for assisting Hong Kong listed companies in handling company secretarial and compliance work.

Ms. Ng has not held any directorships in any public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years immediately preceding the date of this document.

Ms. Hon Piu Kwun Queenie (韓佩君) is a joint company secretary of our Group. Details of Ms. Hon's background have been disclosed in "— Senior management" above.

BOARD COMMITTEES

The Board has established an audit committee (the "**Audit Committee**"), a nomination committee (the "**Nomination Committee**") and a remuneration committee (the "**Remuneration Committee**"). The committees operate in accordance with the terms of reference established by the Board.

Audit Committee

The Audit Committee has been established in compliance with Rule 5.29 of the GEM Listing Rules and the Corporate Governance Code pursuant to a resolution of our Board passed on [●] with written terms of reference in compliance with paragraph C3.3 of the Corporate Governance Code. The primary duties of the Audit Committee are to oversee the financial reporting system and internal control procedures to our Company, review the financial information of our Company and consider the issues relating to the external auditors (including their appointment and removal). The Audit Committee consists of three independent non-executive Directors. The Audit Committee comprises Mr. Lam Yiu Kin, Mr. Yen Yuen Ho Tony and Mr. Ho Wing Huen. Mr. Lam Yiu Kin is the chairman of the Audit Committee.

Nomination Committee

The Nomination Committee has been established in compliance with the Corporate Governance Code pursuant to a resolution of the Board passed on [●] with written terms of reference in compliance with paragraph A5.2 of the Corporate Governance Code. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board, assess independence of independent non-executive Directors and to make recommendations to the Board on the appointment and removal of Directors. The Nomination Committee comprises Mr. SK Yuen, Mr. Lam Yiu Kin, Mr. Yen Yuen Ho Tony and Mr. Ho Wing Huen. Mr. Ho Wing Huen is the chairman of the Nomination Committee.

Remuneration Committee

The Remuneration Committee has been established in compliance with Rule 5.35 of the GEM Listing Rules and the Corporate Governance Code pursuant to a resolution of the Board passed on [●] with written terms of reference in compliance with paragraph B1.2 of the Corporate Governance Code. The primary duties of the Remuneration Committee are to make recommendations to our Board on our Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration. The Remuneration Committee comprises Mr. SK Yuen, Mr. Lam Yiu Kin, Mr. Yen Yuen Ho Tony and Mr. Ho Wing Huen. Mr. Yen Yuen Ho Tony is the chairman of the Remuneration Committee.

REMUNERATION OF DIRECTORS AND REMUNERATION OF FIVE HIGHEST PAID INDIVIDUALS

Our Directors and members of our senior management receive compensation in the form of salaries, allowances, discretionary bonuses and other benefits-in-kind, including our Group's contribution to the pension schemes on their behalf. We determine the salaries of our Directors and members of our senior management based on each person's qualifications, responsibilities and seniority.

Under the current arrangements, the aggregate remuneration and benefits in kind payable to our Directors for the year ending 31 March 2017 are estimated to be approximately HK$4.3 million.

For the years ended 31 March 2015 and 2016, the total remuneration received by our Directors for services to our Group amounted to approximately HK$6.8 million and HK$4.3 million respectively.

For the years ended 31 March 2015 and 2016, the aggregate amount or value of fees, salaries, housing allowances, other allowances, benefits in kind (including contribution to our Group's retirement scheme on behalf of the five highest paid individuals) or any bonuses paid by our Group to the five highest paid individuals (excluding our Directors among the five highest paid individuals) in relation to services rendered to our Group were approximately HK$1.1 million and HK$1.9 million respectively.

During the Track Record Period, no remuneration was paid to our Directors or the five highest paid individuals as an inducement to join or upon joining our Group. No compensation was paid to, or receivable by, our Directors or past Directors or the five highest paid individuals for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors had waived any remuneration and/or emoluments during the Track Record Period.

COMPLIANCE ADVISER

Pursuant to Rule 6A.19 of the GEM Listing Rules, our Company has appointed Lego Corporate Finance Limited as the compliance adviser. The compliance adviser will advise us on the following matters pursuant to Rule 6A.23 of the GEM Listing Rules:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;

(iii) where our Company proposes to use the net proceeds of the **[REDACTED]** in a manner different from that detailed in this document or where the business activities, developments or results deviate from any forecast, estimate or other information of this document; and

(iv) where the Stock Exchange makes an inquiry of our Company under Rule 17.11 of the GEM Listing Rules.

The terms of the appointment shall commence on the **[REDACTED]** Date and end on the date on which our Company distributes its annual report in respect of its financial results for our Company's second full financial year commencing after the **[REDACTED]** Date, and such appointment may be subject to extension by mutual agreement.

*You should read this section in conjunction with our Group's audited combined financial information, including the notes thereto, as set out in the Accountant's Report set out in Appendix I to this document (the "**Combined Financial Information**"). Our Group's Combined Financial Information has been prepared in accordance with the HKFRSs. You should read the entire Accountant's Report and not merely rely on the information contained in this section.*

The following discussion and analysis contains certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by our Group in light of our Group's experience and perception of historical trends, current conditions and expected future developments, as well as other factors our Group believes are appropriate under the circumstances. However, whether actual outcomes and developments will meet our Group's expectations and projections depend on a number of risks and uncertainties over which our Group does not have control. For further information, please refer to "Risk Factors".

Discrepancies between totals and sums of amounts listed herein in any table or elsewhere in this document may be due to rounding.

OVERVIEW

We are one of the long-established and well-known travel agents in Hong Kong. Our major business is the provision of outbound package tours with particular focus in Japan bound tours. Apart from Japan, we offered package tours to other destinations including South Korea, China, Taiwan, Thailand, Malaysia and Singapore, Vietnam, Cambodia, Dubai and Australia during the Track Record Period. In addition to outbound package tours, we also sell FIT products and ancillary travel related products and services.

For the years ended 31 March 2015 and 2016, our Group recorded revenue of approximately HK$461.5 million and HK$452.6 million respectively and net profit of approximately HK$16.3 million and HK$23.3 million respectively.

BASIS OF PRESENTATION

Pursuant to the Reorganisation, our Company became the holding company of the subsidiaries now comprising our Group on 5 July 2016. The relevant steps of the Reorganisation are detailed in "History, Reorganisation and Development". As the Reorganisation has not resulted in any change of ultimate control of our group companies, the Combined Financial Information of our Group has been prepared using the principles of merger accounting.

Our Combined Financial Information has been prepared in accordance with the HKFRSs and applicable disclosures requirements of the GEM Listing Rules and the Companies Ordinance. Our Combined Financial Information is presented in Hong Kong dollars, which is our functional and presentation currency.

Details regarding the basis of presentation and preparation of our Combined Financial Information are set out in notes 1 and 2 to the Accountant's Report.

KEY FACTORS AFFECTING OUR GROUP'S RESULTS OF OPERATIONS

Our Group's results of operations are subject to the influence of numerous factors, the principal of which are set out below:

Conditions in the major destinations of our travel products and services

Our business could be adversely affected by the occurrence of various catastrophic events at the major destinations of our travel products and services, such as natural disasters, terrorist attacks, travel related accidents and contagious diseases which cannot be predicted or controlled by our Group. Occurrence of such catastrophic events could result in adverse conditions in the affected regions and bring significant adverse effect to overall customers' sentiment of travelling to those particularly affected regions, which could in turn materially and adversely affect our revenue which is primarily derived from the sales of package tours. Accordingly, the occurrence of catastrophic events at the major destinations of our travel products and services could bring material and adverse effect on our profitability and our results of operation.

Changes in economic conditions in Hong Kong

We derive a majority of our revenue from outbound travellers in Hong Kong and any downturn in the economy of Hong Kong could have a material adverse effect to our business and operating results. Future change in economic conditions in Hong Kong may adversely affect the level of disposable income available and the portion of disposable income spent on travel products for people in Hong Kong, which would in turn affect the demand for travel products and services offered by our Group and then affect our business operations and financial conditions.

Market competition and changing market conditions

We operate in the travel service industry in Hong Kong. According to the CH Report, there were 1,771 licensed travel agents in Hong Kong as at 29 June 2016, 563 of which engage in the wholesale and/or operation of package tours. Amongst these 563 licensed travel agents, the ten largest market players accounted for over 75% market share in terms of number of Hong Kong travellers who joined package tours in 2015. As our major business is the provision of package tour service, we mainly compete with other licensed travel agents in Hong Kong which offer package tour service to their customers. We also face competition from airlines and other travel service providers in and outside of Hong Kong, which offer similar products and services directly to customers or over the Internet. If we are unable to offer quality travel services to meet our customers' demands and changing needs in a timely manner in response to changing market conditions or consumer preferences and taste, we may not be able to maintain our competitiveness in the industry and our market share, which could in turn materially and adversely affect our business, financial conditions and results.

Changes in our major operating costs

We generally determine the selling price of our travel products on a cost-plus basis. Our major operating costs include airfare costs, hotel tariffs and land operator costs, which together accounted for approximately 84.7% and 84.8% of our cost of sales for the years ended 31 March

2015 and 2016 respectively, of which airfare costs alone accounted for approximately 53.1% of our cost of sales for each of the years ended 31 March 2015 and 2016. In addition to the cost of travel elements, we would also take into account other factors, such as our historical pricing, market demand, prices of similar products offered by our competitors, tour enrolment situation and the exchange rate of Japanese Yen, when we determine the price of our package tour products.

If our major operating costs increase and we are unable to pass on such increment to our customers through adjustment of the selling prices of our package tours in a timely manner, our business, financial condition and results of operation could be materially and adversely affected. Please refer to "— Sensitivity and breakeven analysis" for the sensitivity analysis of the impact of hypothetical changes in our major operating costs on our profit for each financial year during the Track Record Period.

Fluctuation of foreign exchange rate

During the Track Record Period, we derived a majority of our revenue from the sales of travel products bound for Japan. Our receipts from customers are denominated in Hong Kong dollars while the settlement of substantial portion of our land costs, such as hotel tariffs, transportation costs, meal expenses and admission ticket costs, are denominated in Japanese Yen. The difference in the exchange rates at which the payables are recorded and finally settled may give rise to transactional foreign currency exchange gain or loss. Moreover, certain of our financial assets and liabilities, such as cash and cash equivalents, deposits and other receivables, trade payables and amounts due to related companies, are denominated in Japanese Yen and are therefore subject to translation difference at year-end exchange rates. Accordingly, we are exposed to foreign currency risk mainly aroused from transactions, assets and liabilities denominated in Japanese Yen. If there is significant fluctuation in the exchange rate of Japanese Yen against Hong Kong dollars, being the functional and presentation currency in our Combined Financial Information, we could experience material fluctuation in our land costs and incur material exchange differences in our combined statements of comprehensive income, which could in turn materially and adversely affect our financial conditions and results of operation.

For details regarding our Group's exposure to foreign exchange risk, please refer to note 3 "Financial risk management – (a) Foreign exchange risk" to the Accountant's Report.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Critical accounting policies and estimates refer to those accounting policies and estimates that entail significant uncertainty and judgment, and could yield materially different results under different conditions and/or assumptions. The preparation of our Combined Financial Information in conformity with the HKFRSs requires our management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The methods and approach that we use in determining these items is based on our experience, the nature of our business operations, the relevant rules and regulations and the relevant circumstances. These underlying assumptions and estimates are reviewed regularly as they may have a significant impact on our operational results as reported in our Combined Financial Information included elsewhere in this document. Below is a summary of the significant accounting policies in accordance with the HKFRSs that we believe are important to the presentation of our Combined Financial Information and involve the need to make estimates and judgments about the effect of matters that are inherently uncertain. We also have other policies, judgments, estimates and assumptions that we consider as significant, which are set out in detail in notes 2 and 4 to the Accountant's Report.

Revenue recognition

During the Track Record Period, we derived our revenue mainly from (i) the sales of package tours; (ii) the sales of FIT products; and (iii) the sales and provision of ancillary travel related products and services.

We generally recognise our revenue from the sales of package tours when the services are rendered by our Group per day spent by our customers at the destination. For revenue from sales of FIT products, we recognise the relevant revenue when the services are rendered by our Group as an agent on a net basis when the booking is confirmed. For revenue from sales and provision of ancillary travel related products and services, we recognise the relevant revenue on a net basis when the products are sold to customers.

For further details regarding our accounting policy relating to revenue recognition, please see note 2.19 "Revenue recognition" to the Accountant's Report.

Financial assets

During the Track Record Period, financial assets of our Group mainly represented (i) trade receivables, deposits and other receivables, amount due from a related company and cash and cash equivalents, which were classified as loans and receivables; and (ii) derivative financial assets which were classified as financial assets at fair value through profit or loss.

Please refer to note 2.7 "Financial assets" and note 2.9 "Impairment of financial assets" to the Accountant's Report for our accounting policies relating to, among others, classification, recognition, measurement, derecognition and impairment of financial assets.

Foreign currency translation

Our Combined Financial Information is presented in Hong Kong dollars, which is our functional and presentation currency. During the Track Record Period, certain of our transactions, assets and liabilities were denominated in foreign currencies, mainly Japanese Yen. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss of our combined financial statements.

For further details regarding our accounting policy relating to foreign currency translation, please see note 2.4 "Foreign currency translation" to the Accountant's Report.

Income tax

Income tax expenses comprise current income tax and deferred income tax. For the years ended 31 March 2015 and 2016, we recognised income tax expenses of approximately

HK$3,345,000 and HK$5,077,000 respectively, which included current income tax and deferred income tax. As at 31 March 2015 and 31 March 2016, our Group had (i) deferred income tax assets of approximately HK$244,000 and HK$102,000 respectively; and (ii) deferred income tax liabilities of nil and approximately HK$49,000 respectively.

Please refer to note 2.16 "Current and deferred income tax" to the Accountant's Report for our accounting policies relating to income taxes, including current income tax and deferred income tax.

SUMMARY RESULTS OF OPERATIONS

Set forth below is our combined statements of comprehensive income for the Track Record Period as derived from the Accountant's Report set out in Appendix I to this document.

	Year ended 31 March	
	2015	**2016**
	HK$'000	*HK$'000*
Revenue	461,546	452,632
Cost of sales	(387,934)	(369,397)
Gross profit	73,612	83,235
Other income	162	1,197
Other (losses)/gains, net	(3,579)	1,229
Selling expenses	(14,788)	(18,417)
Administrative expenses	(35,710)	(38,813)
Operating profit	19,697	28,431
Finance costs, net	(8)	(26)
Profit before income tax	19,689	28,405
Income tax expenses	(3,345)	(5,077)
Profit and total comprehensive income for the year	16,344	23,328
Profit and total comprehensive income attributable to:		
— Owners of our Company	16,226	23,109
— Non-controlling interests	118	219
	16,344	23,328

DESCRIPTION AND ANALYSIS OF PRINCIPAL ITEMS IN THE COMBINED STATEMENTS OF COMPREHENSIVE INCOME

The following is the management discussion and analysis on the principal items in our combined statements of comprehensive income for the years ended 31 March 2015 and 2016.

Revenue

Our Group principally engages in (i) the sales of package tours; (ii) the sales of FIT products; and (iii) the sales and provision of ancillary travel related products and services. Our total revenue for the years ended 31 March 2015 and 2016 amounted to approximately HK$461.5 million and

HK$452.6 million respectively. The following table sets out our revenue by major category of services/products for the Track Record Period:

	Year ended 31 March			
	2015		2016	
	HK$'000	*%*	*HK$'000*	*%*
Package tours	451,117	97.7	443,941	98.1
FIT products	4,383	1.0	4,009	0.9
Ancillary travel related products and services	6,046	1.3	4,682	1.0
Total	461,546	100.0	452,632	100.0

Package tours

Our revenue from sales of package tours mainly represents the fees received from customers for our package tours. During the Track Record Period, we generated the majority of our revenue from the sales of package tours which amounted to approximately HK$451.1 million and HK$443.9 million for the years ended 31 March 2015 and 2016 respectively, and accounted for approximately 97.7% and 98.1% of our total revenue for the corresponding years.

During the Track Record Period, we provided package tours bound for Japan, South Korea, China, Taiwan, Thailand, Malaysia and Singapore, Vietnam, Cambodia, Dubai and Australia. Since our major business is the provision of package tours with particular focus in Japan bound tours, our revenue from the sales of Japan bound package tours accounted for approximately 78.1% and 84.4% of our revenue from sales of package tours for the years ended 31 March 2015 and 2016 respectively.

The following table sets forth a breakdown of our revenue from sales of package tours by destination for the Track Record Period:

	Year ended 31 March			
	2015		2016	
	HK$'000	*%*	*HK$'000*	*%*
Japan	352,488	78.1	374,674	84.4
Other destinations*(Note)*	98,629	21.9	69,267	15.6
Total	451,117	100.0	443,941	100.0

Note: Other destinations during the Track Record Period mainly included South Korea, China, Taiwan, Thailand, Malaysia and Singapore, Vietnam, Cambodia, Dubai and Australia.

Our revenue from sales of package tours slightly decreased by approximately 1.6% from approximately HK$451.1 million for the year ended 31 March 2015 to approximately HK$443.9 million for the year ended 31 March 2016. The decrease was mainly due to the decline of revenue from sales of package tours bound for other destinations by approximately HK$29.4 million for the year ended 31 March 2016 as compared to the year ended 31 March 2015, the effect of which was partially offset by the increase in revenue from sales of package tours bound for Japan by approximately HK$22.2 million for the year ended 31 March 2016 as compared to the year ended 31 March 2015.

The decrease in revenue from sales of package tours bound for other destinations was mainly due to the outbreak of the Middle East respiratory syndrome ("**MERS**") in South Korea in May 2015, which resulted in the significant decrease in revenue from the sales of package tours bound for South Korea by approximately HK$33.8 million from approximately HK$68.2 million for the year ended 31 March 2015 to approximately HK$34.4 million for the year ended 31 March 2016.

On the other hand, our Group recorded a growth in revenue from the sales of package tours bound for Japan from approximately HK$352.5 million for the year ended 31 March 2015 to approximately HK$374.7 million for the year ended 31 March 2016, which partially offset the decrease in revenue from sales of package tours bound for other destinations. The exchange rate of Japanese Yen against Hong Kong dollars had remained relatively weak at below HK$0.07:JPY1 since November 2014 and during the year ended 31 March 2016. There had also been various measures implemented by the Ministry of Finance of Japan regarding consumption tax in Japan, for instance, (i) since 1 October 2014, the number of items eligible for tax exemption by tourists in Japan have been increased to include consumables including medicine, food and cosmetics from designated shops; (ii) the consumption tax hike to 10% has been postponed from 1 October 2015 to 2019; and (iii) tax exemption procedure can be conducted at a one-stop counter on behalf of groups of shops in shopping streets and malls since April 2015. Our Directors believe that the above factors, coupled with the outbreak of MERS in South Korea in May 2015 had contributed to the higher demand for travelling to Japan during the year ended 31 March 2016, which in turn led to the growth in our revenue from the sales of package tours bound for Japan for the year ended 31 March 2016 as compared to the year ended 31 March 2015.

Notwithstanding the foregoing, our Directors consider that the growth of our revenue from sales of package tours bound for Japan for the year ended 31 March 2016 was restrained by the aggressive marketing campaigns and promotion programmes of online agencies and booking platforms of airlines and hotels during the financial year.

FIT products

Our FIT products generally include air tickets, hotel accommodation and a combination of both. Our revenue from the sales of FIT products is recognised on net basis as we render the services as an agent, whereby we are only responsible for arranging the booking of air tickets and accommodations. Accordingly, our revenue from the sales of FIT products represents the net income, being the sales invoice amount of the FIT products netted with the associated direct costs, such as the costs of the air tickets and/or hotel accommodation.

For the years ended 31 March 2015 and 2016, our revenue from the sales of FIT products amounted to approximately HK$4.4 million and HK$4.0 million respectively, representing approximately 1.0% and 0.9% of our total revenue for the corresponding years. During the Track Record Period, most of our FIT products are bound for Japan which accounted for approximately 82.0% and 86.2% of our revenue from FIT products in the year ended 31 March 2015 and 2016 respectively.

The following table sets forth a breakdown of our revenue from sales of FIT products by destination for the Track Record Period:

	Year ended 31 March			
	2015		2016	
	HK$'000	*%*	*HK$'000*	*%*
Japan	3,596	82.0	3,456	86.2
Other destinations*(Note)*	787	18.0	553	13.8
Total	4,383	100.0	4,009	100.0

Note: Other destinations during the Track Record Period mainly included South Korea, China, Taiwan, Singapore, Thailand, Malaysia and India, etc.

Our revenue from sales of FIT products bound for Japan remained stable at approximately HK$3.6 million and HK$3.5 million for the years ended 31 March 2015 and 2016 respectively, whereas our revenue from sales of FIT products bound for other destinations decreased from approximately HK$0.8 million for the year ended 31 March 2015 to approximately HK$0.6 million for the year ended 31 March 2016 mainly due to the outbreak of the MERS in South Korea in May 2015, which resulted in the decrease in revenue from the sales of FIT products bound for South Korea from approximately HK$0.4 million for the year ended 31 March 2015 to approximately HK$0.1 million for the year ended 31 March 2016.

Ancillary travel related products and services

As part of our comprehensive travel solutions, we also offer ancillary travel related products and services to our customers, which mainly include travel insurance, admission tickets to attractions, local transportation, car rentals, prepaid telephone and internet cards and travel visa application. Similar to revenue from the sales of FIT products, our revenue from the sales and provision of ancillary travel related products and service is recognised on net basis. Accordingly, our revenue from the sales and provision of ancillary travel related products and services mainly represents (i) the commission from insurance company for the sales of travel insurance to our customers; and (ii) the net income from sales of other ancillary travel related products, being the relevant sales invoice amount netted with the associated direct costs.

For the years ended 31 March 2015 and 2016, our revenue from the sales and provision of ancillary travel related products and services amounted to approximately HK$6.0 million and HK$4.7 million respectively, representing approximately 1.3% and 1.0% of our total revenue for the corresponding years. The decrease in our revenue from the sales and provision of ancillary travel related products and services was mainly attributable to the decrease in commission income for the sales of travel insurance from approximately HK$5.6 million for the year ended 31 March 2015 to approximately HK$4.3 million for the year ended 31 March 2016 primarily as a result of the outbreak of the MERS in South Korea in May 2015.

Cost of sales

Our cost of sales mainly represents the direct costs incurred for our sales of package tours, which primarily consists of airfare costs, hotel tariffs, land operator costs, local transportation costs, meal expenses and admission ticket costs. The following table sets out the breakdown of our Group's cost of sales for the Track Record Period:

	Year ended 31 March			
	2015		2016	
	HK$'000	*%*	*HK$'000*	*%*
Airfare costs	205,916	53.1	196,101	53.1
Hotel tariffs	78,801	20.3	84,412	22.9
Land operator costs	43,779	11.3	32,793	8.9
Transportation costs	33,246	8.6	31,000	8.4
Meal expenses	14,085	3.6	13,824	3.7
Admission ticket costs	11,306	2.9	10,485	2.8
Others	801	0.2	782	0.2
Total	387,934	100.0	369,397	100.0

For the years ended 31 March 2015 and 2016, our cost of sales was approximately HK$387.9 million and HK$369.4 million respectively, representing approximately 84.1% and 81.6% of our revenue for the corresponding years. The decrease in our cost of sales were generally in line with the decrease in our revenue during the Track Record Period.

Below is the description and analysis of the major components in our cost of sales for the Track Record Period.

Airfare costs

Airfare costs represent the costs paid or payable to airlines and ticketing agents for securing air tickets for our package tours. During the Track Record Period, airfare costs were the largest component of our cost of sales, which amounted to approximately HK$205.9 million and HK$196.1 million for the years ended 31 March 2015 and 2016 respectively, and remained stable at approximately 53.1% of our total cost of sales for the corresponding years.

The decrease in our airfare costs was mainly attributable to (i) the comparatively more use of low-cost carrier for our package tours bound for Japan during the year ended 31 March 2016 as compared to the year ended 31 March 2015; and (ii) the overall decrease in our sales of package tours bound for destinations other than Japan for the year ended 31 March 2016 as compared to the year ended 31 March 2015.

Hotel tariffs

Hotel tariffs represent the costs of hotel accommodation for our package tours bound for Japan (except Okinawa). During the Track Record Period, hotel tariffs were the second largest component of our cost of sales, which amounted to approximately HK$78.8 million and HK$84.4 million for the years ended 31 March 2015 and 2016 respectively. The increase in our hotel tariffs was largely attributable to (i) the increase in sales of our package tours bound for Japan for the year ended 31 March 2016 as compared to the year ended 31 March 2015; and (ii) the generally higher hotel room rate in Japan during the year ended 31 March 2016 as compared to the previous financial year due to increase in demand for travelling to Japan. Such effect was partially mitigated by the generally weaker exchange rate of Japanese Yen against Hong Kong dollars during the year ended 31 March 2016 as compared to the previous financial year.

Land operator costs

For our package tours bound for Okinawa and other non-Japan destinations, we engage land operators to arrange for local travel elements based on our specifications and requirements, including hotel accommodation, meals, local transportation and activities. Our land operator costs mainly represent the costs paid or payable to land operators for such tour arrangements. Our land operator costs also included the cost of reservation services provided by a related company to our Group, which included reservation of hotels, restaurants and theme parks and vacation spot, for our package tours bound for Japan.

Our land operator costs decreased from approximately HK$43.8 million for the year ended 31 March 2015 to approximately HK$32.8 million for the year ended 31 March 2016. Such decrease was generally in line with decrease in sales of our package tours for destinations other than Japan for the year ended 31 March 2016 as compared to the year ended 31 March 2015.

Transportation costs, meal expenses and admission ticket costs

The other major components in our cost of sales included transportation costs, meal expenses and admission ticket costs, which mainly represent (i) the costs of local transportation and arranging of car rental services; (ii) the expenses paid or payable to local restaurants in arranging meals; and (iii) the expenses for theme park and amusement park tickets respectively, for our package tours bound for Japan (except Okinawa).

Notwithstanding the increase in our sales of package tours bound for Japan for the year ended 31 March 2016 as compared to the year ended 31 March 2015, our transportation costs, meal expenses and admission ticket costs were maintained at relatively stable proportions to our total cost of sales at approximately (i) 8.6% and 8.4%; (ii) 3.6% and 3.7%; and (iii) 2.9% and 2.8% for the years ended 31 March 2015 and 2016 respectively, mainly due to the generally weaker exchange rate of Japanese Yen against Hong Kong dollars during the year ended 31 March 2016 as compared to the previous financial year.

Gross profit and gross profit margin

The following table sets out the breakdown of our gross profit and gross profit margin by major category of services/products for the Track Record Period:

	Year ended 31 March			
	2015		2016	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	HK$'000	*%*	*HK$'000*	*%*
Package tours*(Note)*	63,183	14.0	74,544	16.8
FIT products	4,383	N/A	4,009	N/A
Ancillary travel related products and services	6,046	N/A	4,682	N/A
Total	73,612	15.9	83,235	18.4

Note: For the years ended 31 March 2015 and 2016, the gross profit margin (excluding unallocated costs of approximately HK$801,000 and HK$782,000 respectively) of (i) package tours bound for Japan was approximately 15.4% and 18.0% respectively; and (ii) package tours bound for other destinations was approximately 9.8% and 11.5% respectively.

For the years ended 31 March 2015 and 2016, we recorded gross profit of approximately HK$73.6 million and HK$83.2 million respectively, representing an overall gross profit margin of approximately 15.9% and 18.4% for the corresponding years. The growth of our overall gross profit and gross profit margin were mainly driven by the increased gross profit and gross profit margin of the sales of our package tours.

Our gross profit from the sales of package tours grew from approximately HK$63.2 million for the year ended 31 March 2015 to approximately HK$74.5 million for the year ended 31 March 2016, resulting in an increase in its gross profit margin from approximately 14.0% to 16.8% for the corresponding years. Such increase was primarily driven by (i) the decrease in airfare costs mainly due to the comparatively more use of low-cost carrier for our package tours bound for Japan during the year ended 31 March 2016; and (ii) the relatively stable transportation costs, meal expenses and admission ticket costs incurred for our package tours bound for Japan (except Okinawa) mainly due to the generally weaker exchange rate of Japanese Yen against Hong Kong dollars during the year ended 31 March 2016 as compared to the previous financial year.

Other income and other gains/(losses), net

For the years ended 31 March 2015 and 2016, our Group recorded (i) other income of approximately HK$0.2 million and HK$1.2 million respectively, which mainly consisted of referral income and subsidy income; and (ii) other net gains/(losses) of approximately HK$(3.6) million and HK$1.2 million respectively, which mainly consisted of net exchange gains/(losses), net fair value gains/(losses) on derivative financial instruments and gain/(loss) on disposal of property, plant and equipment.

The following table sets forth the breakdowns of our other income and other net gains/(losses) for the Track Record Period:

	Year ended 31 March	
	2015	**2016**
	HK$'000	*HK$'000*
Other income		
Referral income	162	539
Subsidy income	—	658
Total	162	1,197
Other gains/(losses), net		
Exchange (losses)/gain, net	(1,607)	1,083
(Loss)/Gain on disposal of property, plant and equipment	(58)	126
Fair value (losses)/gain on derivative financial instruments	(1,914)	20
Total	(3,579)	1,229

Referral income mainly refers the incentive rebate and commission from online flight and hotel booking platforms and theme parks and attractions once our Group's purchases from them meet a predetermined target. Our Group received approximately HK$0.2 million and HK$0.5 million for the years ended 31 March 2015 and 2016 respectively. The increase in rebate and commission income for the year ended 31 March 2016 was mainly attributable to a bonus rebate from an online flight booking platform as an incentive for our Group to increase utilisation of their online booking system.

For the year ended 31 March 2016, our Group's subsidy income of approximately HK$0.7 million mainly represented the subsidies provided by the government of Aichi Prefecture of Japan to travel agents for organising tours to the prefecture.

For the years ended 31 March 2015 and 2016, we recorded (i) net exchange losses of approximately HK$1,607,000 and net exchange gains of approximately HK$1,083,000 respectively mainly in respect of our Group's assets and liabilities denominated in Japanese Yen; and (ii) fair value losses of approximately HK$1,914,000 and fair value gains of approximately HK$20,000 respectively in respect of the forward exchange contracts entered into by our Group with a view to manage exchange rate exposures in relation to the settlement of land costs denominated in Japanese Yen. The net exchange losses and fair value losses on forward exchange contracts were primarily attributable to the generally depreciating trend of Japanese Yen against Hong Kong dollars during the year ended 31 March 2015. As opposed to the year ended 31 March 2015, net exchange gains and fair value gains on forward exchange contracts were recorded for the year ended 31 March 2016, mainly because Japanese Yen has started to appreciate against Hong Kong dollars since January 2016, resulting in a strengthened exchange rate of Japanese Yen against Hong Kong dollars as at 31 March 2016 as compared to beginning of the financial year.

Selling expenses

For the years ended 31 March 2015 and 2016, our Group recorded selling expenses of approximately HK$14.8 million and HK$18.4 million respectively. The following table sets out the breakdown of our Group's selling expenses for the Track Record Period:

	Year ended 31 March			
	2015		2016	
	HK$'000	*%*	*HK$'000*	*%*
Advertisement and promotion	5,473	37.0	7,966	43.3
Credit card and debit card charges	4,168	28.2	4,222	22.9
Rental and related expenses	3,176	21.5	3,978	21.6
Staff costs	364	2.4	723	3.9
Depreciation	445	3.0	608	3.3
TIC levy	632	4.3	550	3.0
Agent commission	454	3.1	263	1.4
Visa fee	76	0.5	107	0.6
Total	14,788	100.0	18,417	100.0

Our Group's selling expenses increased from approximately HK$14.8 million for the year ended 31 March 2015 to approximately HK$18.4 million for the year ended 31 March 2016 primarily due to the increase in our advertisement and promotion expenses.

Below is the description and analysis of the major components in our selling expenses for the Track Record Period.

Advertisement and promotion

Our Group advertises and promotes our brand and products through a number of channels, such as sponsoring television travel programmes and films, placing advertisements in travel magazines, newspapers and public transportation, participating in tourism fairs, organising travel seminars and distributing flyers, brochures and leaflets. Advertising and promotion expenses represented the largest component of our selling expenses during the Track Record Period. For the years ended 31 March 2015 and 2016, our advertising and promotion expenses amounted to approximately HK$5.5 million and HK$8.0 million respectively. The increase in our advertising and promotion expenses for the years ended 31 March 2016 was mainly due to our strengthened marketing efforts by increasing advertisement on public transportation and television.

Credit card and debit card charges

In addition to cash payment, our Group also accepts other payment methods from customers for our travel products, such as electronic payment system (EPS) and credit cards. Accordingly, we also incur credit card and debit card charges in respect of payments from customers with credit cards and EPS. Our credit card and debit card charges remained stable at approximately HK$4.2 million for each of the years ended 31 March 2015 and 2016.

Rental and related expenses

Our Group's rental and related expenses in selling expenses mainly represented the rentals for our branches, which amounted to approximately HK$3.2 million and HK$4.0 million for the years ended 31 March 2015 and 2016 respectively. The increase in our rental and related expenses was primarily due to the relocation of our Causeway Bay branch to a large unit in the same building in February 2015 to cope with our operations, which resulted in higher rentals for the branch.

Staff costs

Our staff costs in selling expenses mainly represented the staff costs incurred for our tour escorts. The amount increased from approximately HK$0.4 million for the year ended 31 March 2015 to approximately HK$0.7 million for the year ended 31 March 2016 mainly as a result of decrease in tours to South Korea and also the gratuity received by our tour escorts during the year ended 31 March 2016 due to the outbreak of MERS in South Korea in May 2015, which in turn resulted in an increase in amount of shortfall we paid to our tour escorts to satisfy the minimum wage requirement in Hong Kong.

Administrative expenses

Our Group's administrative expenses amounted to approximately HK$35.7 million and HK$38.8 million for the years ended 31 March 2015 and 2016 respectively. The following table sets out the breakdown of our Group's administrative expenses for the Track Record Period:

	Year ended 31 March			
	2015		2016	
	HK$'000	*%*	*HK$'000*	*%*
Staff costs	25,649	71.8	27,588	71.1
Rental and related expenses	3,962	11.1	4,028	10.4
Office, telecommunication and utility expenses	1,882	5.3	2,080	5.4
[REDACTED] expenses	—	—	1,209	3.1
Legal and professional fees	668	1.9	715	1.9
Auditor's remuneration	641	1.8	664	1.7
Entertainment expenses	679	1.9	541	1.4
Repair and maintenance	717	2.0	479	1.2
Depreciation	226	0.6	397	1.0
Overseas and local travelling	477	1.3	395	1.0
Compensation	318	0.9	221	0.6
Bank charges	200	0.6	209	0.5
Insurance	103	0.3	202	0.5
Written-off of other receivables	115	0.3	—	—
Others	73	0.2	85	0.2
Total	35,710	100.0	38,813	100.0

Below is the description and analysis of the major components in our administrative expenses for the Track Record Period.

Staff costs

Our staff costs in administrative expenses mainly represented Directors' remuneration and the salaries and benefits for our administrative and general staff. Staff costs represented the largest component of our administrative expenses during the Track Record Period. The amount slightly increased from approximately HK$25.6 million for the year ended 31 March 2015 to approximately HK$27.6 million for the year ended 31 March 2016 mainly as a result of the increase in headcount of our administrative and general staff, such as the additional management staff for our finance and accounting function and human resources function, and the salary increment for the year ended 31 March 2016. Such effect was partially offset by the decrease in our Directors' remuneration from approximately HK$6.8 million for the year ended 31 March 2015 to approximately HK$4.3 million for the year ended 31 March 2016.

Rental and related expenses

Our Group's rental and related expenses in administrative expenses mainly represented the rentals, rates and management fees for our office premises. The amount remained stable at approximately HK$4.0 million for each of the years ended 31 March 2015 and 2016.

Office, telecommunication and utility expenses

For the years ended 31 March 2015 and 2016, our Group recorded office, telecommunication and utility expenses of approximately HK$1.9 million and HK$2.1 million respectively, which mainly represented various corporate expenses incurred in our daily operations, such as office supplies, telephone, Internet, printing, computer expenses, electricity and cleaning expenses. The increase in our office, telecommunication and utility expenses was mainly attributable to the increase in our staff headcount during the year ended 31 March 2016.

Legal and professional fees

Our Group's legal and professional fees for the Track Record Period mainly represented the fees for general legal services, company secretarial services, corporate tax services and business consulting services. The amount remained stable at approximately HK$0.7 million for each of the years ended 31 March 2015 and 2016.

Finance costs, net

For the years ended 31 March 2015 and 2016, our Group recorded net finance costs of approximately HK$8,000 and HK$26,000 respectively, which mainly represented interest expenses incurred on obligations under finance leases. The following table sets forth a breakdown of our net finance costs for the Track Record Period:

	Year ended 31 March	
	2015	2016
	HK$'000	*HK$'000*
Finance income		
Bank interest income	(1)	(2)
Finance costs		
Interest expenses on obligations under finance leases	8	25
Interest expenses on bank overdraft	1	3
	9	28
Finance costs, net	8	26

The increase in our net finance costs was mainly attributable to the additions of motor vehicles in late 2014 and during the year ended 31 March 2016 under finance lease arrangements.

Income tax expenses

The following table sets forth a breakdown of our income tax expenses for the Track Record Period:

	Year ended 31 March	
	2015	2016
	HK$'000	*HK$'000*
Current income tax	3,318	4,886
Deferred income tax	27	191
Total	3,345	5,077

Our Group's operations are based in Hong Kong and we are subject to Hong Kong profits tax calculated at 16.5% on the estimated assessable profits for the Track Record Period.

For the years ended 31 March 2015 and 2016, our Group recorded income tax expenses of approximately HK$3.3 million and HK$5.1 million respectively, representing an effective tax rate of approximately 17.0% and 17.9% for the corresponding years. The slight increase in our Group's effective tax rate during the Track Record Period was mainly due to the non-deductible **[REDACTED]** expenses recognised for the year ended 31 March 2016.

Deferred income tax of approximately HK$27,000 and HK$191,000 were recognised by our Group in respect of the temporary differences arising from depreciation of property, plant and equipment. As at 31 March 2015 and 31 March 2016, our Group had (i) deferred income tax assets of approximately HK$244,000 and HK$102,000 respectively; and (ii) deferred income tax liabilities of nil and approximately HK$49,000 respectively.

Our Group had no tax obligation arising from other jurisdictions during the Track Record Period. Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, our Group had no material dispute or unresolved tax issues with the relevant tax authority.

[REDACTED] EXPENSES

Our Directors are of the view that the financial results of our Group for the year ending 31 March 2017 are expected to be adversely affected by, among others, the **[REDACTED]** expenses in relation to the **[REDACTED]**, the nature of which is non-recurring. The total **[REDACTED]** fees in relation to the **[REDACTED]**, primarily consisting of fees paid or payable to professional parties and **[REDACTED]** fees and commission, are estimated to be approximately HK$**[REDACTED]** million (based on the mid-point of the indicative **[REDACTED]** of **[REDACTED]** per Share and **[REDACTED]**). Among the estimated total **[REDACTED]** fees, (i) approximately HK$**[REDACTED]** is expected to be accounted for as a deduction from equity upon **[REDACTED]**; and (ii) approximately HK$**[REDACTED]** is expected to be recognised as expenses in our consolidated statements of comprehensive income, of which approximately HK$**[REDACTED]** had been recognised for the year ended 31 March 2016 and the remaining of approximately HK$**[REDACTED]** is expected to be recognised for the year ending 31 March 2017.

Our Directors would like to emphasise that the amount of the **[REDACTED]** expenses is a current estimate for reference only and the final amount to be recognised in the consolidated financial statements of our Group for the year ending 31 March 2017 is subject to adjustment based on audit and the then changes in variables and assumptions.

Prospective investors should note that the financial performance of our Group for the year ending 31 March 2017 is expected to be adversely affected by the estimated non-recurring **[REDACTED]** expenses mentioned above, and may or may not be comparable to the financial performance of our Group in the past.

LIQUIDITY AND CAPITAL RESOURCES

Our Group's principal liquidity and working capital requirements primarily relate to our operating costs, and prepayment and deposits to our suppliers to secure tours and FIT related services. As most of our customers are retail customers who are required to settle their fees for tours and FIT products before we render our services and/or deliver our products, we have historically funded our liquidity and working capital requirements principally with cash generated from our operations. We also funded our capital expenditures mainly with cash generated from our operations and finance lease arrangements. Going forward, we expect to fund our working capital and other liquidity requirements with a combination of various sources, including but not limited to cash generated from our operations, banking facilities, the net proceeds from the **[REDACTED]** as well as other external equity and debt financing.

Throughout the Track Record Period, we had net cash inflows from our operating activities. As at 31 March 2016, we had cash and cash equivalents of approximately HK$71.6 million, of which approximately HK$67.3 million, HK$4.2 million and HK$0.2 million are denominated in Hong Kong dollars, Japanese Yen and other currencies respectively.

Cash flows

The following table summarises our Group's cash flows for the Track Record Period:

	Year ended 31 March	
	2015	**2016**
	HK$'000	*HK$'000*
Net cash generated from operating activities	1,208	23,137
Net cash used in investing activities	(1,252)	(3,040)
Net cash used in financing activities	(8,225)	(2,991)
Net (decrease)/increase in cash and cash equivalents	(8,269)	17,106
Cash and cash equivalents at beginning of the year	62,785	54,516
Cash and cash equivalents at end of the year	54,516	71,622

Cash flows in operating activities

Our Group recorded net cash inflows from operating activities of approximately HK$1.2 million and HK$23.1 million for the years ended 31 March 2015 and 2016 respectively. The lower amount of our net cash inflows from operating activities for the year ended 31 March 2015 as compared to the year ended 31 March 2016 was principally attributable to (i) the lower operating profits for the year ended 31 March 2015 as compared to the year ended 31 March 2016; and (ii) the increase of trade deposits paid to our suppliers at the end of the year ended 31 March 2015 by approximately HK$12.5 million as compared to the beginning of the financial year, mainly for the deposits for air tickets and theme park and train tickets as at 31 March 2015 primarily as a result of the increase in enrolment for tours as at 31 March 2015 for the Easter holidays in early April 2015 and the deposits paid for charter flights reserved for the promotional air tickets sold through online group buying intermediaries during the first quarter of 2015.

Cash flows in investing activities

Our Group had net cash outflows in investing activities of approximately HK$1.3 million and HK$3.0 million for the years ended 31 March 2015 and 2016 respectively, which mainly represented (i) payments for additions of leasehold improvements, furniture, fixtures and equipment and motor vehicles amounted to approximately HK$1.3 million for each of the years ended 31 March 2015 and 2016; and (ii) payment for the development of our online sales platform of approximately HK$1.8 million during the year ended 31 March 2016.

Cash flows in financing activities

For the years ended 31 March 2015 and 2016, we recorded cash outflows in financing activities of approximately HK$8.2 million and HK$3.0 million respectively, which mainly represented (i) repayments of obligations under finance leases of approximately HK$0.1 million and HK$0.3 million; (ii) payment of dividends of approximately HK$8.1 million and HK$2.0 million; and (iii) payment of **[REDACTED]** expenses of approximately HK$**[REDACTED]**, for the corresponding years.

Working capital

After taking into account the following financial resources available to our Group:

- the amounts of net cash generated from operating activities of our Group during the Track Record Period;

- our cash and cash equivalents on hand of approximately HK$71.6 million as at 31 March 2016 and approximately HK$72.4 million as at 31 May 2016 based on our Group's unaudited combined management accounts;

- the unutilised overdraft, bank guarantee and revolving loan facilities of HK$18.3 million as at 31 May 2016, being the indebtedness date; and

- the estimated net proceeds from the **[REDACTED]** of approximately HK$**[REDACTED]** (based on the mid-point of the indicative **[REDACTED]** range of HK$**[REDACTED]** per **[REDACTED]** and **[REDACTED]**) to be received by our Group,

our Directors are of the opinion that our Group has sufficient working capital to meet our present requirements for at least the next 12 months from the date of this document.

NET CURRENT ASSETS

As at 31 March 2015, 31 March 2016 and 31 May 2016, our Group had net current assets of approximately HK$35.5 million, HK$56.3 million and HK$52.4 million respectively. Details of the components are set out as follows:

	As at 31 March		As at 31 May
	2015	2016	2016
	HK$'000	*HK$'000*	*HK$'000* *(Unaudited)*
Current assets			
Inventories	—	431	1,108
Trade receivables	2,630	226	253
Prepayments, deposits and other receivables	30,893	17,478	14,769
Derivative financial assets	—	8	—
Amount due from a related company	92	13	135
Current income tax recoverable	705	—	—
Cash and cash equivalents	54,516	71,622	72,366
	88,836	89,778	88,631
Current liabilities			
Trade payables	5,186	5,027	4,813
Accruals, provisions and other payables	43,062	24,798	27,605
Obligations under finance leases	269	353	355
Amount due to a Director	16	—	—
Dividend payable	2,000	—	—
Derivative financial liabilities	771	—	64
Amounts due to related companies	919	1,393	1,524
Current income tax liabilities	1,087	1,892	1,892
	53,310	33,463	36,253
Net current assets	35,526	56,315	52,378

Our net current assets increased from approximately HK$35.5 million as at 31 March 2015 to approximately HK$56.3 million as at 31 March 2016 mainly due to the decrease in advanced receipts from customers in our accruals, provisions and other payables by approximately HK$19.6 million, which in turn resulted in the decrease in our current liabilities from approximately HK$53.3 million as at 31 March 2015 to approximately HK$33.5 million as at 31 March 2016.

Based on our unaudited combined management accounts, our net current assets slightly decreased from approximately HK$56.3 million as at 31 March 2016 to approximately HK$52.4 million as at 31 May 2016 mainly due to the further increase in advanced receipts from customers in our accruals, provisions and other payables by approximately HK$2.0 million for tours in the summer.

For details regarding the major items affecting our net current assets during the Track Record Period, please refer to "— Description and analysis of principal items in the combined statements of financial position" below.

DESCRIPTION AND ANALYSIS OF PRINCIPAL ITEMS IN THE COMBINED STATEMENTS OF FINANCIAL POSITION

The following is the management discussion and analysis on the principal items in our combined statements of financial position as at 31 March 2015 and 31 March 2016.

Property plant and equipment

As at the Latest Practicable Date, we had six leased properties in Hong Kong for use as our offices and branches. Our Group's property, plant and equipment mainly represented the leasehold improvements, furniture, fixtures and equipment, and computer software for our leased properties, and also our motor vehicles for our corporate use. Their carrying values amounted to approximately HK$2.0 million and HK$3.1 million as at 31 March 2015 and 31 March 2016 respectively.

Our additions of property, plant and equipment for the years ended 31 March 2015 and 2016 were approximately HK$1.6 million and HK$2.1 million respectively, mainly made in respect of the relocation Causeway Bay branch during the Track Record Period, computer and telecommunication equipment for new staff and motor vehicles. Our motor vehicles as 31 March 2015 and 31 March 2016 were purchased under finance lease arrangements. Please refer to "— Indebtedness" for details.

Inventories

Our inventory balance as at 31 March 2015 and 31 March 2016 was nil and approximately HK$0.4 million respectively. It mainly represented admission tickets to attractions and local transportation passes.

Our inventory balance as at 31 March 2015 was nil because we used to purchase admission tickets to attractions and local transportation passes from a related company and did not keep such inventories ourselves. Since the year ended 31 March 2016, we have started to purchase admission tickets to attractions and local transportation passes directly from suppliers. Accordingly, inventories of approximately HK$0.4 million were recorded as at 31 March 2016 and the relevant related party transaction was discontinued for the year ended 31 March 2016. For details, please refer to note 29 to the Accountant's Report.

We generally determine the amount of admission tickets to attractions and local transportation passes to be purchased from suppliers based on a number of factors, including the minimum purchase amount required by the respective suppliers, whether the tickets and passes are exchangeable upon expiry, whether there will be any promotion events, our historical usage and our intended level of minimum inventory balance. Some of the admission tickets and local transportation passes are exchangeable once for new tickets or passes in case they are not used prior to their expiry date. During the Track Record Period, we did not record any impairment of inventories.

As at Latest Practicable Date, approximately 88.4% of our inventories as at 31 March 2016 were subsequently utilised.

Trade receivables

Our customers are mainly retail customers who purchase our package tours, FIT products and ancillary travel related products and services. We also sell our travel products to other travel agents. We generally do not offer credit term to our customers. During the Track Record Period, we offered credit term of up to 8 days after each month end to a travel agent in Hong Kong. For our promotional sales of travel products through online group buying intermediaries, we will submit payment request to them upon receiving their redemption report after the end of redemption period.

As at 31 March 2015 and 31 March 2016, we had trade receivables of approximately HK$2.6 million and HK$0.2 million respectively, which mainly represented the trade receivables from travel agents and online group buying intermediaries. The higher balance of our trade receivables as at 31 March 2015 as compared to 31 March 2016 was mainly attributable to our Group's promotional sales of air tickets to Osaka, Nagoya, Fukuoka and Seoul through online group buying intermediaries during the first quarter of 2015, which resulted in a higher balance of trade receivables from online group buying intermediaries as at 31 March 2015.

The following table sets out the trade receivable turnover days of our Group for the Track Record Period:

	Year ended 31 March	
	2015	**2016**
	Days	*Days*
Trade receivable turnover days*(Note)*	1.2	1.2

Note: Trade receivable turnover days are calculated by dividing the average trade receivable balance by revenue for the relevant financial year multiplied by the number of days during the financial year (i.e. 365 days for the years ended 31 March 2015 and 2016). Average trade receivable balance is the average of the beginning and ending trade receivable balances for the relevant financial year.

Our trade receivable turnover days were stable at approximately 1.2 days for each of the years ended 31 March 2015 and 2016. We maintained short trade receivable turnover days during the Track Record Period as the majority of our revenue was derived from retail customers who were required to settle their fees when they purchased travel products from our Group.

The following table sets out an ageing analysis of our Group's trade receivables based on invoice date as at the dates indicated:

	As at 31 March	
	2015	**2016**
	HK$'000	*HK$'000*
1 to 30 days	2,570	226
91 to 120 days	60	—
Total	2,630	226

As at 31 March 2015 and 31 March 2016, trade receivables of approximately HK$89,000 and nil were considered past due but not impaired. The past due balance mainly related to receivables from online group buying intermediaries which we considered to have no significant financial difficulty and the outstanding balances from which were considered subsequently recoverable. During the Track Record Period, we did not record any impairment of trade receivables. Set out below is the ageing analysis based on due date of these past due trade receivables:

	As at 31 March	
	2015	**2016**
	HK$'000	*HK$'000*
1 to 30 days	29	—
31 to 60 days	60	—
	89	—

As at the Latest Practicable Date, our Group's trade receivables as at 31 March 2016 were subsequently fully settled.

Prepayments, deposits and other receivables

As at 31 March 2015 and 31 March 2016, our Group had prepayments, deposits and other receivables of (i) approximately HK$1.2 million and HK$2.7 million respectively, which were non-current; and (ii) approximately HK$30.9 million and HK$17.5 million respectively, which were current.

The following table sets out a breakdown of prepayments, deposits and other receivables of our Group as at the dates indicated:

	As at 31 March	
	2015	**2016**
	HK$'000	*HK$'000*
Non-current portion		
Rental deposits	716	874
Prepayments for property, plant and equipment	434	—
Prepayments for website development costs	—	1,832
Total	1,150	2,706
Current portion		
Trade deposits	25,524	12,456
Rental, utilities and other deposits	1,362	980
Prepayment for **[REDACTED]** expenses	—	**[REDACTED]**
Amounts due from employees	2,633	927
Other prepayments	785	909
Other deposits	589	753
Total	30,893	17,478

Non-current portion

Our Group had non-current prepayments, deposits and other receivables of approximately HK$1.2 million and HK$2.7 million respectively, which mainly represented rental deposits, prepayments for property, plant and equipment and prepayments for website development costs. The increase in the balance was mainly attributable to the prepayment of approximately HK$1.8 million made for the development of our online sales platform during the year ended 31 March 2016.

Current portion

Our Group's current prepayments, deposits and other receivables amounted to approximately HK$30.9 million and HK$17.5 million as at 31 March 2015 and 31 March 2016 respectively, which mainly represented trade deposits, rental, utilities and other deposits, prepayment for **[REDACTED]** expenses and amounts due from employees. The decrease in the balance was primarily as a result of the decrease in our balances of (i) trade deposits; (ii) rental, utilities and other deposits; and (iii) amounts due from employees.

Trade deposits mainly represented the deposits for air tickets reservation, theme park and railway tickets deposits and hotel deposits made by us for the upcoming package tours and other travel products enrolled by our customers. As at 31 March 2015 and 31 March 2016, our trade deposits amounted to approximately HK$25.5 million and HK$12.5 million respectively, out of which approximately HK$18.7 million and HK$6.8 million represented deposits for air tickets reservation as at the corresponding reporting dates. The higher balance of trade deposits as at 31 March 2015 as compared to 31 March 2016 was mainly due to the increase in enrolment for tours as at 31 March 2015 for the Easter holidays in early April 2015, whereas the lower balance as at 31 March 2016 was primarily attributable to the earlier timing of the Easter holidays in late March 2016.

Our balance of rental, utilities and other deposits decreased from approximately HK$1.4 million as at 31 March 2015 to approximately HK$1.0 million as at 31 March 2016. As we relocated our Causeway Bay branch in February 2015, the balance as at 31 March 2015 included the rental deposits for both of the previous and existing premises of our Causeway Bay branch and a renovation deposit for our existing Causeway Bay branch. The rental deposit for our previous Causeway Bay branch of approximately HK$0.3 million and the renovation deposit of approximately HK$0.1 million were subsequently refunded to us during the year ended 31 March 2016.

Amounts due from employees generally include the gratuity receivable by our Group collected by tour escorts and cash advances to our tour escorts for leading tours. We had a higher balance of approximately HK$2.6 million as at 31 March 2015 as compared to that of approximately HK$1.0 million as at 31 March 2016 as the balance as at 31 March 2015 included the bank balance of approximately HK$1.9 million at a bank account in Macau in the name of our accounting staff, which was for the sole purpose of receiving fees from travel agents in Macau. As at 31 March 2016, most of the balance in this bank account was transferred to our Group. As at the Latest Practicable Date, such bank account was closed and a bank account was maintained by our Group in Macau for the same purpose.

As at 31 March 2016, we had prepayments for **[REDACTED]** expenses of approximately HK$**[REDACTED]** mainly for deduction from equity upon **[REDACTED]**.

Trade payables

Our Group's trade payables are mainly related to payables for airfare costs and land costs. Our balance of trade payables remained stable at approximately HK$5.2 million and HK$5.0 million as at 31 March 2015 and 31 March 2016 respectively. While no credit term was granted by our airline suppliers, some of our other suppliers allow us to settle based on month end statement.

Our trade payable turnover days remained stable at approximately 5.1 days and 5.0 days for the years ended 31 March 2015 and 2016 respectively. The following table sets out the trade payable turnover days of our Group for the Track Record Period:

	Year ended 31 March	
	2015	**2016**
	Days	*Days*
Trade payable turnover days *(Note)*	5.1	5.0

Note: Trade payable turnover days are calculated by dividing the average trade payable balance by cost of sales for the relevant financial year multiplied by the number of days during the financial year (i.e. 365 days for each of the financial years ended 31 March 2015 and 2016). Average trade payable balance is the average of the beginning and ending trade payable balances for the relevant financial year.

The following table sets out an ageing analysis of our Group's trade payables as at the dates indicated:

	As at 31 March	
	2015	**2016**
	HK$'000	*HK$'000*
1 to 30 days	3,756	4,418
31 to 60 days	644	258
61 to 90 days	294	60
91 to 120 days	410	276
Over 120 days	82	15
Total	5,186	5,027

As at the Latest Practicable Date, approximately 98.7% of our Group's trade payables as at 31 March 2016 were subsequently settled.

Our Directors confirm that our Group did not have any material default in payment of trade payables during the Track Record Period.

Accruals, provisions and other payables

As at 31 March 2015 and 31 March 2016, our Group had accruals, provisions and other payables of approximately HK$43.1 million and HK$24.8 million respectively. The following table sets out a breakdown of accruals, provision and other payables of our Group as at the dates indicated:

	As at 31 March	
	2015	**2016**
	HK$'000	*HK$'000*
Advanced receipts from customers	39,234	19,639
Accrued staff costs	1,321	1,732
Accrued **[REDACTED]** expenses	—	**[REDACTED]**
Other payables	2,507	2,665
Total	43,062	24,798

Our Group's accruals, provision and other payables decreased from approximately HK$43.1 million as at 31 March 2015 to approximately HK$24.8 million as at 31 March 2016 primarily as a result of the decrease in advanced receipts from customers.

We require our customers of package tours to make full payment between ten to 30 days prior to the date of departure depending on the types of tours and depending on whether it is non-peak or peak seasons. Accordingly, we had balance of advanced receipts from customers amounted to approximately HK$39.2 million and HK$19.6 million as at 31 March 2015 and 31 March 2016 respectively. The higher balance of advanced receipts from customers as at 31 March 2015 as compared to 31 March 2016 was mainly due to the increase in enrolment for tours as at 31 March 2015 for the Easter holidays in early April 2015, whereas the lower balance as at 31 March 2016 was primarily attributable to the earlier timing of the Easter holidays in late March 2016. The decrease in the balance was generally in line with the decrease in our trade deposits as at 31 March 2016 as compared to 31 March 2015.

Other payables of approximately HK$2.5 million and HK$2.7 million as at 31 March 2015 and 31 March 2016 respectively mainly represented the accruals and payables for audit fee, insurance expenses, advertising and promotion expenses, legal and professional fees and other corporate expenses.

Our Directors have confirmed that our Group did not have any material default in payment of accruals and other payables during the Track Record Period.

Derivative financial assets and liabilities

During the years ended 31 March 2015 and 2016, our Group entered into forward exchange contracts to manage our foreign exchange rate exposures in relation to the settlement of land costs denominated in Japanese Yen. The entering into of forward exchange contracts by our Group is not for speculative purposes. The financial assets and liabilities in respect of the forward exchange contracts are classified as financial assets or liabilities at fair value through profit or loss.

The notional principal amounts of the outstanding forward exchange contracts as at 31 March 2015 and 31 March 2016 were HK$6.0 million and approximately HK$1.4 million respectively. The following table sets forth the financial assets and liabilities in respect of our Group's forward exchange contracts as at the dates indicated:

	As at 31 March	
	2015	2016
	HK$'000	HK$'000
Derivative financial assets	—	8
Derivative financial liabilities	771	—

Our Group recorded derivative financial liabilities of approximately HK$771,000 and derivative financial assets of approximately HK$8,000 in respect of our Group's forward exchange contracts as at 31 March 2015 and 31 March 2016 respectively. The financial liability position as at 31 March 2015 was primarily attributable to the generally depreciating trend of Japanese Yen against Hong Kong dollars during the year ended 31 March 2015, whereas the financial asset position as at 31 March 2016 was mainly attributable to the appreciation of Japanese Yen against Hong Kong dollars since January 2016, resulting in a strengthened exchange rate of Japanese Yen against Hong Kong dollars as at 31 March 2016 as compared to beginning of the financial year.

For details regarding our Group's policy on foreign exchange risk control, please refer to "Business — Internal control and risk management — Foreign exchange risk control".

Amounts due from and to related parties

The following table sets out for a summary of our Group's amounts due from and to related parties as at the dates indicated:

	As at 31 March	
	2015	2016
	HK$'000	HK$'000
Amount due from a related company	92	13
Amount due to a Director	16	—
Amounts due to related companies	919	1,393
Total	935	1,393

The amount due to a Director of approximately HK$16,000 as at 31 March 2015 represented rental deposits paid by a Director on behalf of our Group. The amount was unsecured, interest-free and repayable on demand. The balance was fully settled during the year ended 31 March 2016.

The amount due from a related company was originated from purchases made by our Group on behalf of such related company. The amounts due to related companies mainly represented the amounts payable to such related companies for their services provided to our Group, which are disclosed in note 29 to the Accountant's Report. These balances were unsecured, interest-free and repayable on demand.

Our Directors confirm that, save for the balances with related parties in relation to our Group's continuing connected transactions upon **[REDACTED]**, any outstanding balances with related parties will be fully settled prior to **[REDACTED]**.

INDEBTEDNESS

As at 31 March 2015, 31 March 2016 and 31 May 2016, our Group had outstanding indebtedness of approximately HK$0.6 million, HK$0.6 million and HK$0.6 million respectively, which represented obligations under finance leases.

Obligations under finance leases

As at 31 March 2015, 31 March 2016 and 31 May 2016, our Group had outstanding obligations under finance leases of approximately HK$616,000, HK$611,000 and HK$553,000 respectively in respect of the motor vehicles of our Group for corporate use. The lease terms range from three to four years with effective interest rates of approximately 3.84%, 5.68% and 5.68% per annum as at 31 March 2015, 31 March 2016 and 31 May 2016 respectively. Our obligations under finance leases as at 31 March 2015, 31 March 2016 and 31 May 2016 are denominated in Hong Kong dollars.

The following table sets forth a detailed breakdown of our obligations under finance leases as at 31 March 2015, 31 March 2016 and 31 May 2016:

	As at 31 March		As at 31 May
	2015	2016	2016
	HK$'000	*HK$'000*	*HK$'000*
Gross finance lease liabilities — minimum lease payments			
— no later than one year	283	370	370
— later than one year and no later than two years	283	159	112
— later than two year and no later than five years	70	110	95
	636	639	577
Future finance charges on finance leases	(20)	(28)	(24)
Present values of finance lease liabilities	616	611	553
Present values of finance lease liabilities			
— no later than one year	269	353	355
— later than one year and no later than two years	277	151	105
— later than two year and no later than five years	70	107	93
Total obligations under finance leases	616	611	553

The comparable balance of our obligations under finance leases as at 31 March 2015 and 31 March 2016 was due to the addition of a motor vehicle during the year ended 31 March 2016 under finance lease arrangement.

Our Directors confirm that there was no material delay or default in repayment of obligations under finance leases during the Track Record Period and up to the Latest Practicable Date.

Banking facilities

As at 31 May 2016, our Group had overdraft facility of HK$10.0 million, bank guarantee of HK$5.0 million, notional limit of treasury products facility (including forward exchange contracts) of HK$30.0 million and revolving loan facility of HK$6.0 million, out of which (i) bank guarantee of HK$2.7 million were issued to our suppliers which are mainly airlines; and (ii) notional limit of treasury products facility was utilised as to HK$0.7 million for forward exchange contract.

The above banking facilities were secured by (i) a residential property owned by a related company; (ii) an office property (including its rental assignment) owned by a related company; (iii) corporate guarantee by a related company; (iv) cross guarantee from PTHK and a related company; and (v) personal guarantees by Mr. SK Yuen and Ms. Chan, our executive Directors and Controlling Shareholders. The banking facilities do not contain any material financial covenants.

Our Directors confirm that (i) the charges over the properties of related companies; (ii) the corporate guarantee provided by a related company; (iii) cross guarantee from PTHK and a related company; and (iv) personal guarantees provided by our Directors and Controlling Shareholders in respect of our Group's banking facilities will be released upon **[REDACTED]**.

To the best knowledge and belief of our Directors, our Group will not have material difficulties in obtaining new banking facilities or renewing our existing banking facilities with commercially acceptable terms after **[REDACTED]**.

Contingent liabilities

As at 31 March 2015, 31 March 2016 and 31 May 2016, our Group did not have any significant contingent liabilities.

Disclaimer

Save for disclosed above and apart from intra-group liabilities, our Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities as at 31 May 2016, being the latest practicable date for the preparation of the indebtedness statement in this document.

Material indebtedness change

Our Directors have confirmed that, up to the Latest Practicable Date, there has been no material change in indebtedness, capital commitment and contingent liabilities of our Group since 31 May 2016, being the latest practicable date for the preparation of the indebtedness statement in this document.

Our Directors have confirmed that as at the Latest Practicable Date, our Group did not have any plans to raise any material debt financing shortly after **[REDACTED]**.

OPERATING LEASE COMMITMENTS

As at 31 March 2015 and 31 March 2016, our Group had the following non-cancellable operating lease commitments in respect of our Group's leased properties and office equipment:

	As at 31 March	
	2015	**2016**
	HK$'000	*HK$'000*
No later than one year	4,550	5,513
Later than one year and no later than five years	4,102	2,967
Total	8,652	8,480

CAPITAL COMMITMENTS

Our capital expenditure contracted for but not yet provided for in our Combined Financial Information as at 31 March 2015 and 31 March 2016 amounted to nil and approximately HK$1.9 million respectively. The balance as at 31 March 2016 represented the development costs for our online sales platform.

CAPITAL EXPENDITURES

Historical capital expenditures

During the Track Record Period, our capital expenditures mainly comprised (i) additions of property, plant and equipment of approximately HK$1.6 million and HK$2.1 million for the years ended 31 March 2015 and 2016 respectively; and (ii) payments for development of online sales platforms of approximately HK$1.8 million during the year ended 31 March 2016. We principally funded our capital expenditures with internal resources and finance lease arrangements.

Planned capital expenditures

Save for (i) the planned capital expenditures as disclosed in "Future plans and **[REDACTED]**" and "— Capital commitments" above; and (ii) the additions of property, plant and equipment necessary for our business operations which will be made by our Group from time to time, our Group had no material planned capital expenditures as at the Latest Practicable Date.

PROPERTY INTERESTS

As at the Latest Practicable Date, we leased six properties in Hong Kong as our offices and branches. For details, please refer to "Business — Properties". As at the Latest Practicable Date, we did not own any properties.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had entered into certain related party transactions in relation to lease of property and certain travel related services, details of which are set out in note 29 to the Accountant's Report. Our Directors are of the view that these related party transactions as a whole were generally conducted in the ordinary course of our Group's business on an arm's length basis.

Having considered that the amounts of these related party transactions are relatively insignificant as compared to our Group's revenue and they were conducted on an arm's length basis as a whole, our Directors are of the view that the aforesaid related party transactions did not distort our financial results during the Track Record Period or cause our Track Record Period results to be unreflective of our future performance.

For further details of the related party transactions to be continued after **[REDACTED]**, please refer to "Connected Transactions".

OFF-BALANCE SHEET TRANSACTIONS

Our Directors confirm that our Group had not entered into any material off-balance sheet transactions or arrangements during the Track Record Period.

ANALYSIS OF KEY FINANCIAL RATIOS

		Year ended 31 March	
		2015	**2016**
Net profit margin before interest and tax (%)	*(Note 1)*	4.3	6.3
Net profit margin (%)	*(Note 2)*	3.5	5.1
Return on equity (%)	*(Note 3)*	43.3	38.1
Return on total assets (%)	*(Note 4)*	17.6	24.2
Interest coverage (times)	*(Note 5)*	2,188.7	1,015.5

		As at 31 March	
		2015	**2016**
Current ratio (times)	*(Note 6)*	1.7	2.7
Quick ratio (times)	*(Note 7)*	1.7	2.7
Gearing ratio (%)	*(Note 8)*	1.6	1.0
Debt-to-equity ratio (%)	*(Note 9)*	N/A	N/A

Notes:

1. Net profit margin before interest and tax is calculated based on the net profit netting off the interest and tax expense for the financial year divided by total revenue for the financial year multiplied by 100%.

2. Net profit margin is calculated based on the net profit attributable to owners of our Company for the financial year divided by total revenue for the financial year and multiplied by 100%.

3. Return on equity is calculated based on the net profit attributable to owners of our Company for the financial year divided by equity attributable to owners of our Company at the end of the financial year and multiplied by 100%.

4. Return on total assets is calculated based on the net profit attributable to owners of our Company for the financial year divided by total assets at the end of the financial year and multiplied by 100%.

5. Interest coverage is calculated based on the profit before interest and tax for the financial year divided by interest expenses for the financial year.

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

7. Quick ratio is calculated based on the total current assets (excluding inventories) at the end of the financial year divided by the total current liabilities at the end of the financial year.

8. Gearing ratio is calculated based on total debt at the end of the financial year divided by total equity at the end of the financial year and multiplied by 100%. Debt of our Group refers to obligations under finance leases.

9. Debt-to-equity ratio is calculated based on net debt at the end of the financial year divided by total equity at the end of the financial year and multiplied by 100%. Net debt is defined to include all borrowings net of cash and cash equivalents.

Net profit margin and net profit margin before interest and tax

Our Group recorded net profit margin of approximately 3.5% and 5.1% for the years ended 31 March 2015 and 2016 respectively. The growth in our net profit margin during the Track Record Period was mainly attributable to the increase in our gross profit margin mainly driven by the lower price of airline services for the year ended 31 March 2016 as compared to the year ended 31 March 2015.

Our net profit margin before interest and tax was approximately 4.3% and 6.3% for the years ended 31 March 2015 and 2016 respectively, which was generally in line with the trend of our net profit margin.

Return on equity

Our Group had return on equity of approximately 43.3% and 38.1% for the years ended 31 March 2015 and 2016 respectively. The decrease in our return on equity was primarily due to the increase in our equity base as at 31 March 2016 as a result of the profit recognised for the Track Record Period.

Return on total assets

Our Group had return on total assets of approximately 17.6% and 24.2% for the years ended 31 March 2015 and 2016 respectively. The increase in our return on total assets was mainly driven by the increase in our net profit for the year ended 31 March 2016 as compared to the previous financial year and the effect of which outweighed the increase in our total assets.

Interest coverage

Our Group's interest coverage for the years ended 31 March 2015 and 2016 was over 2,000 times and over 1,000 times respectively. The lower interest coverage was mainly due to the increase in our interest expense incurred for finance leases, which was resulted from the addition of a motor vehicle under finance lease arrangement during the year ended 31 March 2016.

Current ratio and quick ratio

Our current ratio improved from approximately 1.7 times as at 31 March 2015 to approximately 2.7 times as at 31 March 2016. Such improvement of our current ratio was primarily attributable to the decrease in our current liabilities from approximately HK$53.3 million as at 31 March 2015 to approximately HK$33.5 million mainly as a result of the decrease in advanced receipts from customers in our accruals, provisions and other payables, while our current assets as at 31 March 2015 and 31 March 2016 remained stable at approximately HK$88.8 million and HK$89.8 million respectively.

As our Group only carried insignificant amount of inventories of nil and approximately HK$0.4 million as at 31 March 2015 and 31 March 2016 respectively, our Group's quick ratio was equivalent or close to our current ratio.

Gearing ratio

Our Group maintained low gearing ratio of approximately 1.6% and 1.0% as at 31 March 2015 and 31 March 2016 respectively. The lower gearing ratio as at 31 March 2016 as compared to 31 March 2015 was mainly attributable to the increase in our equity base as at 31 March 2016 as a result of the profit recognised for the Track Record Period.

Debt-to-equity ratio

Our Group had net cash position as at 31 March 2015 and 31 March 2016. Accordingly, debt-to-equity ratio was not applicable to our Group.

SENSITIVITY AND BREAKEVEN ANALYSIS

Sensitivity analysis

During the Track Record Period, our largest operating cost components included airfare costs, hotel tariffs and land operator costs. These three largest operating cost components amounted to (i) approximately HK$205.9 million, HK$78.8 million and HK$43.8 million for the year ended 31 March 2015 respectively, representing approximately 53.1%, 20.3% and 11.3% of our total cost of sales for the same financial year respectively; and (ii) approximately HK$196.1 million, HK$84.4 million and HK$32.8 million for the year ended 31 March 2016 respectively, representing approximately 53.1%, 22.9% and 8.9% of our total cost of sales for the same financial year respectively. The year-on-year fluctuation of our airfare costs, hotel tariffs and land operator costs for the Track Record Period was approximately 4.8%, 7.1% and 25.1% respectively.

The following table sets forth the sensitivity analysis on our major operating cost components, namely airfare costs, hotel tariffs and land operator costs, based on their respective historical fluctuations of 4.8%, 7.1% and 25.1% for the Track Record Period respectively, and their effects on our Group's net profit for each financial year during the Track Record Period with all other variables held constant:

		Increase/(decrease) in net profit	
		Year ended 31 March	
	Increase/(decrease) in percentage	2015	2016
		HK$'000	*HK$'000*
Airfare costs	4.8%	(9,884)	(9,413)
	(4.8)%	9,884	9,413
Hotel tariffs	7.1%	(5,595)	(5,993)
	(7.1)%	5,595	5,993
Land operator costs	25.1%	(10,989)	(8,231)
	(25.1)%	10,989	8,231

Because a number of assumptions have been applied, the above sensitivity analysis is for illustrative purposes only.

Breakeven analysis

For the year ended 31 March 2015, it is estimated that, holding all other variables constant, with an increase in (i) airfare costs by approximately 9.5%; (ii) hotel tariffs by approximately 24.8%; or (iii) land operator costs by approximately 44.7%, our Group would achieve breakeven.

For the year ended 31 March 2016, it is estimated that, holding all other variables constant, with an increase in (i) airfare costs by approximately 14.2%; (ii) hotel tariffs by approximately 33.1%; or (iii) land operator costs by approximately 85.2%, our Group would achieve breakeven.

FINANCIAL RISK MANAGEMENT

Our Group's activities expose it to a variety of financial risks, including foreign exchange risk, credit risk and liquidity risk. Our Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on our Group's financial performance.

Foreign exchange risk

Our Group operates principally in Hong Kong. It is exposed to foreign exchange risk primarily with respect to Japanese Yen denominated transactions arising from the settlement of land costs, including hotel tariffs and other travel-related services.

The foreign exchange risk of our Group mainly arises from cash and cash equivalents, deposits and other receivables, trade payables and amounts due to/from related companies denominated in Japanese Yen. For details regarding the amount of our financial assets and liabilities denominated in foreign currencies, please refer to note 3 "Financial risk management — (a) Foreign exchange risk" to the Accountant's Report.

We manage our exposures to foreign exchange transactions by monitoring the level of foreign currency receipts and payments and using foreign exchange forward contracts to manage against the foreign exchange risk arising from future operational transactions and recognised assets and liabilities. Our Group ensures that the net exposure to foreign exchange risk is kept to an acceptable level from time to time. Our Group also regularly reviews the portfolio of suppliers and the currencies in which the transactions are denominated so as to minimise our Group's exposure to foreign exchange risk.

Credit risk

The credit risk of our Group mainly arises from cash and cash equivalents, trade receivables, other receivables and amounts due from related companies. The carrying amounts of these balances represent our Group's maximum exposure to credit risk in relation to financial assets. In respect of cash deposited at banks, the credit risk is considered to be low as the counterparties are reputable banks.

Majority of our Group's revenue is received from individual retail customers in relation to package tours services and are transacted in cash or credit cards. Our Group's trade receivables mainly arise from sales of air tickets and hotel accommodations to other travel agents and through online group buying intermediaries. As at 31 March 2015 and 31 March 2016, our three largest debtors accounted for approximately 99% and 100% and our largest debtor accounted for approximately 97% and 98% of our Group's trade receivables balance respectively. In view of the history of business dealings with these debtors and the sound collection history of the receivables due from them, our Group believes that there is no material credit risk inherent in our Group's outstanding receivables balance due from these debtors. We make periodic assessment on the recoverability of the trade and other receivables based on historical payment records, the length of overdue period, the financial strength of our debtors and whether there are any disputes with them. Our Directors consider our Group's credit risk of these receivables to be low. For amount due from a related party, our Directors are of the opinion that the credit risk is low due to the sound collection history of the receivables due from such related party.

Liquidity risk

Prudent liquidity risk management is controlled by maintaining sufficient cash and cash equivalents generated from the operating activities. As at 31 March 2015 and 31 March 2016, our Group held cash and cash equivalents and trade receivables respectively, that are expected to readily generate cash inflows for managing liquidity risk. Please refer to note 3 "Financial risk management — (c) Liquidity risk" to the Accountant's Report for the maturity analysis of our financial liabilities as at 31 March 2015 and 31 March 2016.

UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

The following statement of unaudited pro forma combined net tangible assets of our Group has been prepared, on the basis of the notes set forth below, for the purpose of illustrating the effect of the **[REDACTED]** as if it had taken place on 31 March 2016. It has been prepared for illustrative purpose only and, because of its hypothetical nature, may not give a true picture of the financial position of our Group had the **[REDACTED]** been completed as at 31 March 2016, or at any future date.

[REDACTED]

DIVIDEND

Our Directors intend to strike a balance between maintaining sufficient capital to grow our business and rewarding our Shareholders. The declaration of future dividends will be subject to our Directors' decision and will depend on, among other things, our earnings, financial condition, cash requirements and availability, and any other factors our Directors may consider relevant. Cash dividends on the Shares, if any, will be paid in Hong Kong dollars. The amount of dividend will be determined upon the completion of financial audit and will be referred to distributable profit shown on audited financial report. As these factors and the payment of dividends is at the discretion of our Board, which reserves the right to change its plan on the payment of dividends, there is no assurance that any particular dividend amount, or any dividend at all, will be declared and paid in the future. Currently, we do not have any predetermined dividend distribution ratio.

During the Track Record Period, dividends of approximately HK$7.9 million and HK$2.0 million were declared and paid by Worldwide Package and PTHK to their then shareholders respectively.

DISTRIBUTABLE RESERVES

Under the Companies Law, we may pay dividends out of our profit or our share premium account in accordance with the provisions of our Articles of Association, provided that immediately following the date on which the dividend is proposed to be distributed, we remain able to pay our debts as and when they fall due in the ordinary course of business. Our Company was incorporated on 8 June 2016 and there was no distributable reserve as at 31 March 2015 and 31 March 2016 respectively.

DISCLOSURE UNDER CHAPTER 17 OF THE GEM LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this document, as at the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

POST BALANCE SHEET EVENTS

Please refer to "— Recent developments and material adverse change" below and note 30 "Subsequent events" to the Accountant's Report.

RECENT DEVELOPMENTS AND MATERIAL ADVERSE CHANGE

Based on the unaudited financial information of our Group, we recorded notable declines in our revenue and gross profit margin for the two months ended 31 May 2016 as compared to the corresponding period in 2015. Our Directors believe that such decline was a combined result of (i) the occurrence of the 2016 Kumamoto Earthquake in April 2016; and (ii) the continued appreciation of Japanese Yen against Hong Kong dollars subsequent to 31 March 2016, which affected customers' sentiment and their demand for travelling to Japan during the two months ended 31 May 2016. The intense competition with online agencies and booking platforms of airlines and hotels has also continued to exert pressure on our revenue from sales of package tours during the period. We also recorded significant increase in administrative expenses during the two months ended 31 May 2016 due to further recognition of **[REDACTED]** expenses.

The 2016 Kumamoto Earthquake

In April 2016, a strong earthquake measuring a maximum of 7 on the Japan Meteorological Agency seismic intensity scale occurred in Kumamoto Prefecture in Kyushu, Japan, being one of the most popular tour destinations of our Group in Japan in terms of number of customers during the Track Record Period. Such earthquake, named the 2016 Kumamoto Earthquake, was the first intensity-7 earthquake since the Great East Japan Earthquake of March 2011 and was the strongest earthquake ever recorded in Kyushu since the establishment of Japan Meteorological Agency. The earthquake has caused adverse conditions in Kumamoto Prefecture and its surrounding areas, including extensive damages and suspension of public transportation system. Our Directors believe that the earthquake has resulted in adverse impact on customers' sentiment and their demand for travelling to the affected regions in Kyushu.

Appreciation of Japanese Yen against Hong Kong dollars

Since the beginning of 2016, Japanese Yen has been on an appreciating trend against Hong Kong dollars. Subsequent to the Track Record Period, the exchange rate of Japanese Yen against Hong Kong dollars raised above HK$0.07:JPY1. As at the Latest Practicable Date, the exchange rate of Japanese Yen against Hong Kong dollars reached approximately HK$0.075:JPY1. The appreciation of Japanese Yen is expected to affect our Group's financial performance in various aspects, including decline in customers' demand for our package tours and FIT products bound for Japan and increase in our land costs which are settled in Japanese Yen, such as hotel tariffs, transportation costs, meal expenses and admission ticket costs, which accounted for approximately 37.8% of our total cost of sales for the year ended 31 March 2016.

Intensified competition with online agencies and booking platforms

Our Group continued to face intense competition with online agencies and booking platforms of airlines and hotels during the two months ended 31 May 2016. Their aggressive marketing campaigns and promotion programmes are considered to have reduced the demands of customers for our package tours bound for major destinations, such as Japan and South Korea, which in turn adversely affected our revenue from sales of package tours during the period.

Recognition of [REDACTED] expenses

During the two months ended 31 May 2016, our Group continued to recognise **[REDACTED]** expenses, which has resulted in significant increase in our administrative expenses for the period as compared to the two months ended 31 May 2015. It is estimated that **[REDACTED]** expenses of approximately HK$**[REDACTED]** will be recognised in our consolidated statements of comprehensive income for the year ending 31 March 2017.

Prospective investors should note that the financial results of our Group for the year ending 31 March 2017 will be materially and adversely affected by the aforesaid factors, some of which are non-recurring in nature, and that our Group's consolidated statements of profit or loss and other comprehensive income for the year may show a significant decline as compared to that for the previous financial year. Notwithstanding, our Directors are of the view that there is no fundamental deterioration in the commercial and operational viability of our business.

Save as disclosed above, our Directors confirm that, up to the date of this document, there had been no material adverse change in our financial or trading position or prospect since 31 March 2016, being the date to which our latest audited financial information was prepared and there had been no event since 31 March 2016 which would materially affect the information shown in the Accountant's Report.

SUSTAINABILITY OF OUR BUSINESS

Notwithstanding that our Group's results of operation and financial condition for the year ending 31 March 2017 are expected to be adversely impacted by certain factors as mentioned in "—Recent developments and material adverse change" above, our Directors believe that our business is sustainable based on the following reasons:

Our long established track record , our brand awareness and our well-maintained business relationship with suppliers

With a track record of 37 years, we are one of the long-established and well known travel agents in Hong Kong. Our executive Directors, Mr. SK Yuen and Ms. Chan have 37 years of experience and Mr. CN Yuen has over 10 years of experience in the travel industry. Our Directors believe that we are, and have always been, capable of understanding and adapting to our customers' needs. We have a proven record of providing quality products and services to our customers by designing comprehensive itinerary of tours.

We have been promoting our brand awareness through various marketing channels including but not limited to sponsorship of television travel programmes and films, advertisements on newspapers, travel magazines and public transportation. All of these have made us stood out in the travel service industry in Hong Kong. This is proven by our established market presence. As stated in the CH Report, we were the second largest travel agent in Hong Kong in terms of number of travellers for package tours bound for Japan in 2015, and ranked eighth in terms of number of travellers for outbound package tours amongst the travel agents in Hong Kong which provided outbound package tours in 2015.

We intend to apply part of the net proceeds from the **[REDACTED]** for, among others, advertisements in various media channels including television, travel and life style magazines, Internet and public transportation and for marketing campaigns such as television travel programmes and film sponsorship, which we believe will help further promote our brand awareness, and in turn will boost our business performance in both short and long run.

Apart from our continuous effort in promoting our package tour services, we will continue to devote in development and enhancement of our online sales platform. We have engaged an independent software developer to develop and enhance our online sales platform with an integrated booking system where our customers will be able to view real time information on the availability and pricing of package tours and FIT products and where they can make purchase and booking with real-time confirmation. We believe the development and enhancement of our online web portal will create greater flexibility and extent of convenience to customers and in turn lift up our competitiveness.

For details of our business strategies and future plans, please refer to "Business — Strategies" and "Future Plans and **[REDACTED]**".

According to the CH Report, maintaining good suppliers' network, such as airline companies, hotels operators and land operators, is one of the key factors of success for travel agent companies. Having stable suppliers' network and relationship can ensure stable supply and reliable services from the suppliers. We have maintained long term business relationship of more than 14 years with some of our major airline suppliers and we are allocated with block seats to ensure there are sufficient seats for our tour operations. We have enjoyed good business relationship with other suppliers including land operators and bus operators. We have also maintained long term business relationship with some of our land operators for at least 10 years. We are of the view that our established good business relationships with suppliers can minimise the risk of shortage of quality supplies and also maintain the quality of our services, which in turn ensure the stable operation of our business.

Continuous growth of market size and market opportunities

According to the CH Report, it is expected that the revenue of outbound package tours in Hong Kong will increase from 2016 to 2020 with a CAGR of approximately 6.1%. Our revenue generated from package tours bound for Japan accounted for approximately 78.1% and 84.4% of our total revenue for the years ended 31 March 2015 and 2016 respectively. As stated in the CH Report, the total revenue from package tours bound for Japan from Hong Kong has been increasing from 2011 to 2015 and is projected to steadily grow at around 6.0% annually from 2016 to 2020. According to the CH Report, outbound travelling has become part of a lifestyle for many Hong Kong residents who are always on the lookout for relief from their stressful lifestyle. Moreover, the higher spending power of Hong Kong travellers will drive the growth of the size of the travel industry in Hong Kong. The growth of market size will in turn benefit our Group's business growth. Low-cost carrier flights are rapidly emerging in the airline industry. Their relatively lower prices help lower the costs of sales of package tours. In addition, new flight destinations offered by airlines can further expanded our tour destinations so as to enhance the diversity of our products. For instance, one of our air flight suppliers launches direct flights from Hong Kong to three new destinations in Japan, namely Ishigaki, Takamatsu and Kagoshima, in June and July 2016. It has also been adding extra daily flights frequency to certain areas in Japan from Hong Kong. Our Directors believe the above drivers are beneficial to the industry in Hong Kong, particularly to travel agents who arrange package tours bound for Japan, and create business opportunities to us.

There had also been various measures implemented by the Ministry of Finance of Japan regarding consumption tax in Japan, for instance, (i) since 1 October 2014, the number of items eligible for tax exemption by tourists in Japan have been increased to include consumables including medicine, food and cosmetics from designated shops; and (ii) the tax exemption procedure can be conducted at a one-stop counter on behalf of groups of shops in shopping streets and malls since April 2015. Our Directors consider that the above factors will continue to contribute to the higher demand for travelling to Japan. Further, Japan National Tourist Organisation targets to attract 20 million tourists a year by 2020 when it hosts the Olympic Games in Tokyo. This includes promoting tourism for the 2020 Olympics and beyond, putting in place plans to expand the inbound market, simplifying entry procedures such as relaxing visa requirements, cultivating hidden regional tourism resources, promoting a welcoming environment for international visitors and developing the meetings and incentives market. Our Directors believe the local civil and infrastructure development will further enhance the attractiveness of Japan, which will help drive the number of Hong Kong travellers travelling to Japan and in turn promote our sales.

Our ability to respond to adversities

As disclosed in "Risk Factors", inherent in the travel industry, our operation is vulnerable to interruption and damage from natural disasters, acts or threats of terrorism, wars, travel-related accidents, outbreak of contagious or infectious disease, political instability or other catastrophic events. Moreover, we are exposed to foreign exchange risk, particularly in relation to Japanese Yen. Changes in the foreign exchange rate between Japanese Yen and Hong Kong dollar would impact on our Group's operating performance as well as our financial position. Further, the travel industry is sensitive to the economic cycle of the Hong Kong economy, which may be affected by the global economic condition. Although such events and changes may unfavourably affect our business performance and financial position, our Directors are of the view that such adverse event changes are isolated events or cyclical and shall not have a long term impact.

In the past ten years, our Group encountered adverse economic environment and events which would affect our business operation and results, including but not limited to the global financial crisis in 2007 and 2008, worldwide outbreak of H1N1 flu epidemic in 2009, the Great East Japan Earthquake of March 2011 and the appreciation of Japanese Yen against Hong Kong dollar in 2011 which reached its record high. Nevertheless, save for the years ended 31 March 2010 and 2011, our Group had been profit-making in each year during the past ten years. Our Directors believe that although our business is sensitive and vulnerable to adversities, our historical financial performance and position and our established market presence have demonstrated our ability to respond to adversities and to minimise their impact to our Group, so as to remain as a key player in the travel industry in Hong Kong.

Strong and healthy financial position

Our Group consistently recorded net assets position as at each year end of the past ten financial years. As at 31 March 2015 and 2016, our total assets reached approximately HK$92.2 million and HK$95.7 million respectively and net assets amounted to approximately HK$38.0 million and HK$61.3 million respectively. Our liquidity remained healthy with net current assets of approximately HK$35.5 million and HK$56.3 million as at 31 March 2015 and 2016, which represented current ratio of approximately 1.7 times and 2.7 times respectively. Our Group maintained minimal gearing throughout the Track Record Period. We had cash and cash equivalents of approximately HK$72.4 million as at 31 May 2016. Our Directors believe that the strong and healthy financial position will sustain our business operation and our growth.

Our Directors believe that the **[REDACTED]** will enhance our Group's corporate image and reputation as well as further strengthen our market position in the travel industry in Hong Kong. According to the CH Report, the reputation of a travel agent company is one of the major considerations for Hong Kong travellers. The **[REDACTED]** status will help advertise our Group to potential customers and enhance our corporate profile and credibility with the public and business partners. This in turn will strengthen our competitiveness and benefit our business performance and growth.

Based on the above, our Directors are of the view that our Group's business is sustainable.

FUTURE PLANS

Please refer to the "Business — Strategies" for a detailed description of our future plans.

[REDACTED]

We estimate that the net proceeds from the **[REDACTED]** (after deducting underwriting commissions and estimated expenses payable by us in connection with the **[REDACTED]**), assuming an **[REDACTED]** of **[REDACTED]** per Share (being the mid-point of the indicative **[REDACTED]**, will be approximately HK$**[REDACTED]**. We currently intend to apply the net proceeds in the following manner:

- approximately **[REDACTED]**%, or HK$**[REDACTED]**, to be used to promote our brand recognition and awareness over the years ending 31 March 2017, 2018 and 2019, among which, approximately **[REDACTED]**% or HK$**[REDACTED]** will be used for advertisements in various media channels including newspapers, television, public transportation, travel and life style magazines and Internet; and approximately **[REDACTED]**% or HK$**[REDACTED]** will be used for marketing campaigns such as television travel programmes and film sponsorship;

- approximately **[REDACTED]**%, or HK$**[REDACTED]**, to be used to strengthen and enhance our sales channels, among which, approximately **[REDACTED]**% or HK$**[REDACTED]** will be used for refurbishment of our existing branches to give a unified and new image across all our branches and for setting up of a new branch when strategic location is identified; and approximately **[REDACTED]**% or HK$**[REDACTED]** will be used for settlement of the costs for the development and enhancement of our online sales platform;

- approximately **[REDACTED]**%, or HK$**[REDACTED]**, to be used to improve our operational efficiency, among which, approximately **[REDACTED]**%, or HK$**[REDACTED]** will be used for improvement of our information systems including upgrading or replacement of our hotlines telephone system in the year ending 31 March 2017 and our accounting system and tour operating system during the two years ending 31 March 2018 and 2019; and approximately **[REDACTED]**% or HK$**[REDACTED]** will be used to renovate our offices to improve working environment and to promote efficient use of office space; and

- approximately **[REDACTED]**%, or HK$**[REDACTED]**, to be used for our general corporate and working capital purposes.

The following table sets forth a summary of the allocation of net proceeds from the **[REDACTED]** for the periods indicated:

	From the Latest Practicable Date to 31 March 2017	Six months ending 30 September 2017	31 March 2018	30 September 2018	31 March 2019	Total
	HK$' million	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*
Promoting our brand recognition and awareness	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Strengthening and enhancing our sales channels	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Improving our operational efficiency	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
	[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
General corporate and working capital purposes						**[REDACTED]**
Total						**[REDACTED]**

If the **[REDACTED]** is set at the high-end of the indicative **[REDACTED]**, being **[REDACTED]**, the net proceeds of the **[REDACTED]**, will be approximately HK$**[REDACTED]**. We intend to apply the additional net proceeds for the above purposes on a pro-rata basis.

If the **[REDACTED]** is set at the low-end of the indicative **[REDACTED]**, being **[REDACTED]**, the net proceeds of the **[REDACTED]**, will be approximately HK$**[REDACTED]**. In such case, we intend to reduce the allocation of such net proceeds for the above purposes on a pro-rata basis.

To the extent that the net proceeds are not immediately required for or applied to the above purposes, we may hold such funds in short-term deposits with licensed banks and authorised financial institutions in Hong Kong for so long as it is in our best interests.

We will make an appropriate announcement and comply with the requirements of the GEM Listing Rules if there is any change to the above proposed **[REDACTED]**.

IMPLEMENTATION PLANS

We set out below the implementation plans which our Directors intend to carry out. The implemental plans are based on a number of basis and assumptions set out in "— Implementation plans — Basis and assumptions". The basis and assumptions are subject to uncertainties and factors beyond our control, particularly the risk factors set out in "Risk Factors". No assurance can be given that our business objectives will be achieved or our plans will be implemented as set out in the implementation plans or at all.

For the period from the Latest Practicable Date to 31 March 2017

Promoting our brand recognition and awareness	• placing of advertisements on newspapers, television, travel and lifestyle magazines, public transportation and the Internet • sponsoring of television travel programmes and films • engaging digital marketing service providers to develop and monitor digital marketing campaigns in support of our business, so as to build a healthy online presence • organising travel seminars and participating in tourism fairs • cooperating with credit card companies and banks to offer promotion and discounts on our products and services
Increasing customer loyalty by evaluating and improving our membership system	• reviewing customer's feedback and monitoring members' movements and redemption activities on our existing membership system
Developing new products and services	• researching for new destinations (e.g. points of attraction) or new travel elements (e.g. special local events) for our existing tours
Strengthening and enhancing our sales channels	• revamping our website and incorporating an integrated online sales platform with various modules including package tours, FIT products and ancillary travel related products and services, membership system, and payment gateway by stages
Increasing our operational efficiency by improving our information systems	• upgrading or replacing our hotlines telephone system
Expanding our staff team	• recruiting a general manager to oversee our overall business operations • recruiting one to two experienced IT specialist(s) to support our new website and online sales platform

	• recruiting one to two accounting officer(s) to support our chief financial officer to meet our financial reporting requirements after **[REDACTED]** • recruiting one to two advertising officer(s) to plan and manage our advertising campaigns

For the six months from 1 April 2017 to 30 September 2017

Promoting our brand recognition and awareness	• placing of advertisements on newspapers, television, travel and lifestyle magazines, public transportation and the Internet • sponsoring of television travel programmes and films • engaging digital marketing service providers to develop and monitor digital marketing campaigns in support of our business, so as to build a healthy online presence • organising travel seminars and participating in tourism fairs • cooperating with credit card companies and banks to offer promotion and discounts on our products and services
Increasing customer loyalty by evaluating and improving our membership system	• reviewing customer's feedback and monitoring members' movements and redemption activities on our existing membership system • evaluating and improving our membership system such as expanding the redemption scheme to offer additional benefits, souvenirs and gift vouchers
Developing new products and services	• researching for new destinations (e.g. points of attraction) or new travel elements (e.g. special local events) for our existing tours • developing one to two new destination(s) for our package tours

Strengthening and enhancing our sales channels	• refurbishment of one of our existing branch to give a unified and new image across all branches • evaluating the need to increase our branch network • continuing revamping our website and incorporating an integrated online sales platform with various modules including package tours, FIT products and ancillary travel related products and services, membership system, and payment gateway by stages
Increasing our operational efficiency by improving our information systems	• sourcing for service providers to upgrade or replace our existing accounting system and tour operating system with an integrated management information functions

For the six months from 1 October 2017 to 31 March 2018

Promoting our brand recognition awareness	• placing of advertisements on newspapers, television, travel and lifestyle magazines, public transportation and the Internet • sponsoring of television travel programmes and films • engaging digital marketing service providers to develop and monitor digital marketing campaigns in support of our business, so as to build a healthy online presence • organising travel seminars and participating in tourism fairs • cooperating with credit card companies and banks to offer promotion and discounts on our products and services
Increasing customer loyalty by evaluating and improving our membership system	• reviewing customer's feedback and monitoring members' movements and redemption activities on our existing membership system

Developing new products and services	• researching for new destinations (e.g. points of attraction) or new travel elements (e.g. special local events) for our existing tours
Strengthening and enhancing our sales channels	• refurbishment of one of our existing branches to give a unified and new image across all branches • evaluating the need to increase our branch network • evaluating and improving our website and online sales platform
Increasing our operational efficiency by improving our information systems and refurbishing our offices	• renovating our offices to improve working environment and efficient use of office space • upgrading or replacing our existing accounting system and tour operating system with integrated management information functions

For the six months from 1 April 2018 to 30 September 2018

Promoting our brand recognition and awareness	• placing of advertisements on newspapers, television, travel and lifestyle magazines, public transportation and the Internet • sponsoring of television travel programmes and films • engaging digital marketing service providers to develop and monitor digital marketing campaigns in support of our business, so as to build a healthy online presence • organising travel seminars and participating in tourism fairs • cooperating with credit card companies and banks to offer promotion and discounts on our products and services

Increasing customer loyalty by evaluating and improving our membership system	• reviewing customer's feedback and monitoring members' movements and redemption activities on our existing membership system • evaluating and improving our membership system such as expanding the redemption scheme to offer additional benefits, souvenirs and gift vouchers
Developing new products and services	• researching for new destinations (e.g. points of attraction) or new travel elements (e.g. special local events) for our existing tours • developing one to two new destinations for our package tours
Strengthening and enhancing our sales channels	• refurbishment of one of our existing branches to give a unified and new image across all branches • continuing our evaluation of the need to increase our branch network • evaluating and improving our website and online sales platform
Increasing our operational efficiency by improving our information systems and refurbishing our offices	• renovating our offices to improve working environment and efficient use of office space • upgrading or replacing our existing accounting system and tour operating system with integrated management information functions

For the six months from 1 October 2018 to 31 March 2019

Promoting our brand recognition and awareness	• placing of advertisements on newspapers, television, travel and lifestyle magazines, public transportation and the Internet • sponsoring of television travel programmes and films

	• engaging digital marketing service providers to develop and monitor digital marketing campaigns in support of our business, so as to build a healthy online presence • organising travel seminars and participating in tourism fairs • cooperating with credit card companies and banks to offer promotion and discounts on our products and services
Increasing customer loyalty by evaluating and improving our membership system	• reviewing customer's feedback and monitoring members' movements and redemption activities on our existing membership system
Developing new products and services	• researching for new destinations (e.g. points of attraction) or new travel elements (e.g. special local events) for our existing tours
Strengthening and enhancing our sales channels	• refurbishment of one of our existing branches to give a unified and new image across all branches • continuing our evaluation of the need to increase our branch network • evaluating and improving our website and online sales platform
Increasing our operational efficiency by improving our information systems	• evaluating and improving our new accounting system and tour management system

Basis and assumptions

Our implementation plans are based on the following general assumptions:

1. there will be no material changes in the existing political, social or economic conditions in Hong Kong and in other places where we operate or will operate our businesses;

2. there will not be material changes in the prospects of travel industry in Hong Kong and in other places for which our travel products are bound or used;

3. there will be no material disruption of our business operation as a result of any factors such as natural disasters and political protests;

4. we have sufficient financial resources to meet the necessary capital expenditure required for the implementation of our plans;

5. we are able to renew and obtain the necessary licences for our existing and future business operations;

6. we will be able to retain our management team and recruit suitable staff for our expansion;

7. there will be no material changes in the taxation regime or rates of taxation applicable to our businesses; and

8. we will not be materially affected by the risk factors as set out in "Risk Factors".

REASONS FOR THE [REDACTED] AND THE [REDACTED]

Our Directors consider it justifiable and in the interests of our Company and the Shareholders as a whole to pursue the **[REDACTED]** having considered that it will enhance our Group's corporate image and reputation as well as further strengthen our market position in the travel industry in Hong Kong. According to the CH Report, the reputation of a travel agent company is one of the major considerations for Hong Kong travellers. The **[REDACTED]** status will help advertise our Group to existing and potential customers and suppliers, and enhance our corporate profile and credibility with the public and business partners. This will also raise confidence of our staff in us and help retain and attract talents. Only a few of our competitors in Hong Kong are listed companies. The **[REDACTED]** status will differentiate us from our private competitors. Our internal control and corporate governance practices will also be enhanced following the **[REDACTED]**. All of these in turn will strengthen our competitiveness, help expand our market share and benefit our business performance and growth.

Despite our seemingly high level of cash and cash equivalents of approximately HK$72.4 million as at 31 May 2016 as compared to the estimated net proceeds from the **[REDACTED]** of approximately HK$**[REDACTED]** (based on the mid-point of the indicative **[REDACTED]**), our Directors decided to maintain our existing cash on hand to support the working capital of our daily operation, while the net proceeds from the **[REDACTED]** will help finance our development plans. Our Directors consider it necessary to maintain a relatively higher level of liquidity to meet the prepayment requests of our suppliers from time to time, particularly during peak seasons. For instance, our trade deposits paid to suppliers at the end of the financial year ended 31 March 2015 increased by approximately HK$12.5 million as compared to the beginning of the financial year, reaching to approximately HK$25.5 million mainly as a result of deposits paid for air ticket reservations, theme park and railway tickets and hotel reservations for the upcoming package tours for the Easter holiday in early April 2015. In addition, our operating cash flow experienced significant fluctuation during the Track Record Period. Our net cash generated from operating activities for the year ended 31 March 2015 only amounted to approximately HK$1.2 million. In light of the foregoing and having considered that our annual cost of sales amounted to over

HK$360 million during the Track Record Period, our Directors consider that the amount of cash and cash equivalents as at 31 May 2016 is not excessive for our scale of operation and our on-going funding requirements. In addition, we will have access to the capital market after the **[REDACTED]**, providing us additional avenues to raise capital in the long run. The estimated **[REDACTED]** expenses accounted for a reasonable proportion of the gross proceeds of the **[REDACTED]**, ranging from approximately 28.9% to 39.2% based on the indicative **[REDACTED]** as stated in this document. In light of the foregoing, our Directors consider the **[REDACTED]** justifiable.

So far as is known to any Directors, immediately following the completion of the **[REDACTED]** and the Capitalisation Issue and without taking into account of any shares which may be allotted and issued pursuant to the exercise of any options that may be granted under the Share Option Scheme, the following persons will have an interest and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to our Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group:

Interests and long positions in Shares

		As at the date of this application proof		Immediately following the completion of the [REDACTED] and the Capitalisation Issue	
Name	**Nature of interest**	**Number of Shares**	**Approximate percentage of shareholding**	**Number of Shares**	**Approximate percentage of shareholding**
WWPKG Investment*(Note 1)*	Beneficial owner	10,000	100%	**[REDACTED]**	**[REDACTED]**
Ms. Chan*(Note 1)*	Interest of a controlled corporation and interest of spouse	10,000	100%	**[REDACTED]**	**[REDACTED]**
Mr. SK Yuen*(Note 2)*	Interest of a controlled corporation and interest of spouse	10,000	100%	**[REDACTED]**	**[REDACTED]**

Note 1: WWPKG Investment is a company incorporated in the BVI with limited liability and is owned by Ms. Chan, Mr. SK Yuen and Mr. CN Yuen as to 68.02%, 23.42% and 8.56% respectively. Ms. Chan is deemed to be interested in all the Shares held by WWPKG Investment under the SFO.

Note 2: Mr. SK Yuen is the spouse of Ms. Chan. Mr. SK Yuen is deemed to be interested in the same number of Shares in which Ms. Chan is interested by virtue of the SFO.

Save as disclosed above, none of our Directors is aware of any other person who will, immediately following completion of the **[REDACTED]** and the Capitalisation Issue and without taking into account of any shares which may be allotted and issued pursuant to the exercise of any options that may be granted under the Share Option Scheme, have an interest or short position in our Shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any of our subsidiaries. None of our Directors is aware of any arrangement which may at a subsequent date result in a change of control of our Company.

UNDERTAKINGS

Each of our Controlling Shareholders has also given undertakings in respect of the Shares to our Company and the Stock Exchange as required by Rules 13.16A(1) and 13.19 of GEM Listing Rules.

Each of the Controlling Shareholders has further voluntarily undertaken to the Stock Exchange for an additional 12 months commencing on the date on which the undertaking under 13.16A(1)(b) of the GEM Listing Rules expires, he/she/it shall not, and shall procure that the relevant registered holder(s) and his/her/its associates or companies controlled by him/her/it and any nominee or trustee holding in trust for himself/herself/itself shall not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any Shares held by him/her/it or any of his/her/its associates or companies controlled by him/her/it or any nominee or trustee holding on trust for himself/herself/itself if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would together cease to be our Controlling Shareholders. For further details, please refer to "Underwriting".

SHARE CAPITAL

The table below sets forth information with respect to the authorised and issued share capital of our Company before and following the completion of the Capitalisation Issue and **[REDACTED]** (without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme):

As of the date of this document

Authorised share capital		*HK$*
38,000,000	Shares of HK$0.01 each	380,000
Issued share capital		
10,000	Shares of HK$0.01 each	100

Immediately after completion of the [REDACTED] and the Capitalisation Issue

Authorised share capital		*HK$*
10,000,000,000	Shares	100,000,000
Shares in issue or to be issued, fully paid or credited as fully paid		
10,000	Shares in issue as at the date of this document	100
[REDACTED]	Shares to be issued pursuant to the Capitalisation Issue	**[REDACTED]**
[REDACTED]	Shares to be issued pursuant to the **[REDACTED]**	**[REDACTED]**
[REDACTED]	Shares	**[REDACTED]**

ASSUMPTIONS

The table as shown above assumes the **[REDACTED]** becoming unconditional and the allotment and issue of Shares pursuant thereto and under the Capitalisation Issue and **[REDACTED]** are made as described herein. It does not take into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates given to our Directors to allot and issue or repurchase Shares as referred to in "— General mandate to issue Shares" or "— General mandate to repurchase Shares" below, as the case may be.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of the **[REDACTED]** and at all times thereafter, our Company must maintain the minimum prescribed percentage of 25% of the total issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules).

RANKING

The **[REDACTED]** will rank pari passu in all respects with all Shares in issue or to be issued as mentioned in this document, and will qualify in full for all dividends or other distributions declared, made or paid on our Shares after the date of this document, save for entitlements under the Capitalisation Issue.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarised in "Statutory and General Information — D. Share Option Scheme" in Appendix IV to this document.

GENERAL MANDATE TO ISSUE SHARES

Conditional on the conditions as stated in **[REDACTED]** being fulfilled, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with subject to the requirement that the aggregate number of Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued (otherwise than pursuant to a rights issue, or scrip dividend scheme or similar arrangements, or a specific authority granted by the Shareholders) shall not exceed:

(a) 20% of the total number of issued Shares immediately following the completion of the **[REDACTED]** and the Capitalisation Issue (not including Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme); and

(b) the aggregate number of Shares repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares as referred to in "— General mandate to repurchase Shares" below.

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or upon the exercise of any options which may be granted under the Share Option Scheme. This general mandate to issue Shares will remain in effect until:

(a) the conclusion of our Company's next annual general meeting;

(b) the expiration of the period within which our Company's next annual general meeting is required to be held by any applicable laws of the Cayman Islands or the Articles; or

(c) it is varied or revoked by an ordinary resolution of the Shareholders in general meeting,

whichever is the earliest.

For further details of this general mandate, please refer to "Statutory and General Information — A. Further information about our Company and our subsidiaries — 3. Written resolutions of our Shareholder passed on [●]" in Appendix IV to this document.

GENERAL MANDATE TO REPURCHASE SHARES

Conditional on conditions as stated in **[REDACTED]** being fulfilled, our Directors have been granted a general unconditional mandate to exercise all the powers to repurchase Shares (Shares which may be listed on the Stock Exchange or on any other stock exchange which is recognised by the SFC and the Stock Exchange for this purpose) with an aggregate number of Shares of not more than 10% of the total number of issued Shares immediately following the completion of the Capitalisation Issue and the **[REDACTED]** (not including Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme).

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and made in connection with all applicable laws and regulations and the requirements of the GEM Listing Rules. A summary of the relevant GEM Listing Rules is set out in "Statutory and General Information — A. Further information about our Company and our subsidiaries — 7. Repurchase of our own securities" in Appendix IV to this document.

The general mandate to repurchase Shares will remain in effect until:

(a) the conclusion of our Company's next annual general meeting;

(b) the expiration of the period within which our Company's next annual general meeting is required to be held by any applicable laws of the Cayman Islands or the Articles; or

(c) it is varied or revoked by an ordinary resolution of the Shareholders in general meeting,

whichever is the earliest.

For further details of this general mandate, please refer to "Statutory and General Information — A. Further information about our Company and our subsidiaries — 3. Written resolutions of our Shareholder passed on [●]" in Appendix IV to this document.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

The circumstances under which general meeting and class meeting are required are provided in our Articles. For details, please see "Summary of the Constitution of our Company and Cayman Islands Company Law" in Appendix III to this document.

[REDACTED]

[REDACTED], [REDACTED] and [REDACTED]

[●]

Co-Managers

[●]

UNDERWRITING ARRANGEMENTS AND EXPENSES

[REDACTED]

Pursuant to the **[REDACTED]**, our Company has agreed to initially offer **[REDACTED]** new Shares for subscription by members of the public in Hong Kong on and subject to the terms and conditions of this document and the **[REDACTED]**.

Subject to, among other conditions, the granting of the approval for the **[REDACTED]** of, and permission to deal in, all the Shares in issue and any Shares to be issued as mentioned in this document by the Listing Division and to certain other conditions set out in the **[REDACTED]**, the **[REDACTED]** have severally, but not jointly, agreed to subscribe or procure subscribers for their respective applicable proportions of the **[REDACTED]** which are not taken up under the **[REDACTED]** on the terms and conditions of this document, the **[REDACTED]** and the **[REDACTED]**. In addition, the **[REDACTED]** is conditional on and subject to the **[REDACTED]** having been executed, becoming, and continuing to be, unconditional and not having been terminated.

Grounds for termination

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Lock-up undertakings to the Stock Exchange

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange that he/she/it shall not and shall procure that the relevant registered holder(s) shall not:

(i) in the period commencing on the date of this document and ending on the date which is six months from the **[REDACTED]** Date dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he/she/it is shown by this document to be the beneficial owner; or

(ii) in the period of 18 months commencing on the date on which the period referred to in (i) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances he/she/it would cease to be a controlling shareholder (as defined in the GEM Listing Rules) of our Company.

Each of our Controlling Shareholders has also undertaken to the Stock Exchange and our Company to comply with the following requirements:

(i) in the event that he/she/it pledges or charges any direct or indirect interest in relevant Shares in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)), as security for a bona fide commercial loan or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, at any time during the period commencing on the date of this document and ending on the date which is six months from the **[REDACTED]** Date, he/she/it must inform our Company immediately thereafter, disclosing the details specified in Rules 17.43(1) to (4) of the GEM Listing Rules; and

(ii) having pledged or charged any interest in Shares under (i) above, he/she/it must inform our Company immediately in the event that he/she/it becomes aware that the pledge or charge has disposed of or intends to dispose of such interest and of the number of Shares affected.

Our Company will inform the Stock Exchange as soon as we have been informed of such matters and must forthwith publish an announcement giving details of the same in accordance with the requirements of Rule 17.43 of the GEM Listing Rules.

[REDACTED]

Commission and expenses

The **[REDACTED]** will, and the **[REDACTED]** are expected to receive a commission of **[REDACTED]**% of the aggregate **[REDACTED]** payable for the **[REDACTED]** underwritten by them, out of which they shall pay any sub-underwriting commissions.

The underwriting commission, documentation and advisory fee, **[REDACTED]** fees, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees together with printing and other expenses relating to the **[REDACTED]**, assuming an **[REDACTED]** of HK$**[REDACTED]** per Share (being the mid-point of the indicative **[REDACTED]**), are estimated to amount to approximately HK$**[REDACTED]** in total, and are payable by our Company.

SOLE SPONSOR'S, [REDACTED] AND [REDACTED] INTEREST IN OUR COMPANY

The Sole Sponsor will receive a documentation fee. The **[REDACTED]** and the other **[REDACTED]** will receive an underwriting commission. Particulars of these underwriting commission and expenses are set forth under **[REDACTED]** above.

We have appointed Lego Corporate Finance Limited as our compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules for the period commencing on the **[REDACTED]** and ending on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of the despatch of our annual report for the second full financial year commencing after the **[REDACTED]**.

Save as disclosed above, none of the Sole Sponsor, the **[REDACTED]** and the **[REDACTED]** is interested legally or beneficially in shares of any members of our Group or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any of our members nor any interest in the **[REDACTED]**.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The following is the text of a report received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants.

[Letterhead of PricewaterhouseCoopers]

[Draft]

[Date]

The Board of Directors
WWPKG Holdings Company Limited
Lego Corporate Finance Limited

Dear Sirs

We report on the financial information of WWPKG Holdings Company Limited (the "Company") and its subsidiaries (together, the "Group"), which comprises the combined statements of financial position as at 31 March 2015 and 2016, and the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the years ended 31 March 2015 and 2016 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information. This financial information has been prepared by the directors of the Company and is set out in Sections I to III below for inclusion in Appendix I to the document of the Company dated [date] (the "Document") in connection with the initial listing of shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The Company was incorporated in the Cayman Islands on 8 June 2016 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganisation as described in Note 1.2 of Section II headed "Reorganisation" below, which was completed on 5 July 2016, the Company became the holding company of the subsidiaries now comprising the Group (the "Reorganisation").

As at the date of this report, the Company has direct and indirect interests in the subsidiaries as set out in Note 1.2 of Section II below. All of these companies are private companies or, if incorporated or established outside Hong Kong, have substantially the same characteristics as a Hong Kong incorporated private company.

No statutory audited financial statements have been prepared by the Company as it is newly incorporated and has not involved in any significant business transactions since its date of incorporation, other than the Reorganisation. The statutory audited financial statements of the other companies now comprising the Group as at the date of this report for which there are statutory audit requirements have been prepared in accordance with the relevant accounting principles generally accepted in their place of incorporation. The details of the statutory auditors of these companies are set out in Note 1.2 of Section II.

The directors of the Company have prepared the combined financial statements of the Company and its subsidiaries now comprising the Group for the Relevant Periods, in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements"). The directors of the Company are responsible for the preparation of the Underlying Financial Statements that gives a true and fair view in accordance with HKFRSs. We have audited the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing (the "HKSAs") issued by the HKICPA pursuant to separate terms of engagement with the Company.

The financial information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon, and on the basis set out in Note 1.3 of Section II below.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the financial information that gives a true and fair view in accordance with the basis of presentation set out in Note 1.3 of Section II below and in accordance with HKFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANT'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial information and to report our opinion to you. We carried out our procedures in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

OPINION

In our opinion, the financial information gives, for the purpose of this report and presented on the basis set out in Note 1.3 of Section II below, a true and fair view of the combined financial position of the Group as at 31 March 2015 and 2016 and of the Group's combined financial performance and cash flows for the Relevant Periods.

I. FINANCIAL INFORMATION OF THE GROUP

The following is the financial information of the Group prepared by the directors of the Company as at 31 March 2015 and 2016, and for each of the years ended 31 March 2015 and 2016 (the "Financial Information"):

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 March	
		2015	**2016**
	Note	*HK$'000*	*HK$'000*
Revenue	5	461,546	452,632
Cost of sales	7	(387,934)	(369,397)
Gross profit		73,612	83,235
Other income	6	162	1,197
Other (losses)/gains, net	6	(3,579)	1,229
Selling expenses	7	(14,788)	(18,417)
Administrative expenses	7	(35,710)	(38,813)
Operating profit		19,697	28,431
Finance income	10	1	2
Finance costs	10	(9)	(28)
Finance costs, net	10	(8)	(26)
Profit before income tax		19,689	28,405
Income tax expense	11	(3,345)	(5,077)
Profit and total comprehensive income for the year		16,344	23,328
Profit and total comprehensive income attributable to:			
Owners of the Company		16,226	23,109
Non-controlling interests		118	219
		16,344	23,328
Basic and diluted earnings per shares for profit attributable to owners of the Company	12	N/A	N/A

COMBINED STATEMENTS OF FINANCIAL POSITION

		As at 31 March	
		2015	**2016**
	Note	*HK$'000*	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment	14	1,988	3,073
Prepayments, deposits and other receivables	18	1,150	2,706
Deferred income tax assets	24	244	102
		3,382	5,881
Current assets			
Inventories	16	—	431
Trade receivables	17	2,630	226
Prepayments, deposits and other receivables	18	30,893	17,478
Derivative financial assets	25	—	8
Amount due from a related company	29	92	13
Current income tax recoverable		705	—
Cash and cash equivalents	19	54,516	71,622
		88,836	89,778
Total assets		92,218	95,659
EQUITY			
Equity attributable to owners of the Company			
Combined capital	20	11,500	11,500
Reserves		25,999	49,108
		37,499	60,608
Non-controlling interests		454	673
Total equity		37,953	61,281

		As at 31 March	
		2015	**2016**
	Note	*HK$'000*	*HK$'000*
LIABILITIES			
Non-current liabilities			
Obligations under finance leases	23	347	258
Other non-current liabilities	22	608	608
Deferred income tax liabilities	24	—	49
		955	915
Current liabilities			
Trade payables	21	5,186	5,027
Accruals, provisions and other payables	22	43,062	24,798
Obligations under finance leases	23	269	353
Amount due to a director	29	16	—
Dividend payable		2,000	—
Derivative financial liabilities	25	771	—
Amounts due to related companies	29	919	1,393
Current income tax liabilities		1,087	1,892
		53,310	33,463
Total liabilities		54,265	34,378
Total equity and liabilities		92,218	95,659

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company				
	Combined capital	**Retained earnings**	**Sub-total**	**Non-controlling interests**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balances at 1 April 2014	11,500	19,659	31,159	365	31,524
Comprehensive income					
Profit for the year	—	16,226	16,226	118	16,344
Total comprehensive income for the year	—	16,226	16,226	118	16,344
Dividend (Note 13)	—	(9,886)	(9,886)	(29)	(9,915)
Total transactions with owners	—	(9,886)	(9,886)	(29)	(9,915)
Balance at 31 March 2015 and 1 April 2015	11,500	25,999	37,499	454	37,953
Comprehensive income					
Profit for the year	—	23,109	23,109	219	23,328
Total comprehensive income for the year	—	23,109	23,109	219	23,328
Balances at 31 March 2016	11,500	49,108	60,608	673	61,281

COMBINED STATEMENTS OF CASH FLOWS

		As at 31 March	
		2015	2016
	Note	HK$'000	HK$'000
Cash flows from operating activities			
Cash generated from operations	26	8,646	26,541
Interest paid		(9)	(28)
Income tax paid		(7,429)	(3,376)
Net cash generated from operating activities		1,208	23,137
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,253)	(1,340)
Payment for website development costs		—	(1,832)
Proceeds from disposal of property, plant and equipment		—	130
Interest received		1	2
Net cash used in investing activities		(1,252)	(3,040)
Cash flows from financing activities			
Repayment of obligations under finance leases		(110)	(325)
Dividends paid		(8,115)	(2,000)
Payment for professional fee incurred in connection with the Company's **[REDACTED]**		—	(666)
Net cash used in financing activities		(8,225)	(2,991)
Net (decrease)/increase in cash and cash equivalents		(8,269)	17,106
Cash and cash equivalents at beginning of the year		62,785	54,516
Cash and cash equivalents at end of the year		54,516	71,622

II NOTES TO THE FINANCIAL INFORMATION

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 General Information

WWPKG Holdings Company Limited (the "Company") was incorporated in the Cayman Islands on 8 June 2016 as an exempted company with limited liability under Companies Law, Cap. 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands. The registered address of the Company PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries comprising the Group (together, the "Group") are principally engaged in selling of package tours, air tickets and hotel accommodations ("FIT products") and certain ancillary travel related products and services (the "Listing Business") in Hong Kong.

This combined financial information ("Financial Information") is presented in thousands of units of Hong Kong dollars ("HK$"), unless otherwise stated.

1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation (the "Reorganisation") as described below, the Listing Business was carried out by Package Tours (Hong Kong) Limited ("Package Tours") and Worldwide Package Travel Service Limited ("Worldwide Package") (collectively the "Operating Companies"). Before the completion of the Reorganisation, the Operating Companies were controlled by Ms. Chan Suk Mei (the "Ultimate Controlling Shareholder") who held controlling interests in the Operating Companies throughout the Relevant Periods.

In preparation for listing of the Company's shares on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, the following transactions were carried out:

(i) On 12 May 2016, the Ultimate Controlling Shareholder and Mr. Lin Tsun Chan, a minority shareholder of Package Tours, entered into a sale and purchase agreement, pursuant to which the Ultimate Controlling Shareholder acquired 180 shares in Package Tours, representing 0.18% of the issued capital of Package Tours, from Mr. Lin at the consideration of approximately HK$72,000 which represented fair value.

(ii) On 7 June 2016, WWPKG Investment Holdings Limited ("WWPKG Investment") was incorporated in the British Virgin Islands ("BVI") with authorised share capital of US$50,000. Upon incorporation, 6,802 shares, 2,342 shares and 856 shares were allotted and issued at par to the Ultimate Controlling Shareholder, Mr. SK Yuen and Mr. CN Yuen, respectively. As a result, the Ultimate Controlling Shareholder, Mr. SK Yuen and Mr. CN Yuen became the shareholders of WWPKG Investment, holding 68.02%, 23.42% and 8.56% of the issued share capital of WWPKG Investment, respectively.

(iii) On 8 June 2016, the Company was incorporated in the Cayman Islands with authorised share capital of HK$380,000, 1 share of which was allotted and issued at par to the first subscriber, Reid Services Limited, which was subsequently transferred to WWPKG Investment on 8 June 2016 at par. Upon completion of transfer the Company became a wholly-owned subsidiary of WWPKG Investment.

(iv) On 10 June 2016, WWPKG Management Company Limited ("WWPKG Management") was incorporated in the BVI with authorised share capital of US$50,000. Upon incorporation, 1 share was allotted and issued at par to the Company. As a result, WWPKG Management became a wholly-owned subsidiary of the Company.

(v) On 5 July 2016, WWPKG Management acquired 98,710 shares in Package Tours, being 98.71% of its then entire issued share capital, from the Ultimate Controlling Shareholder and Mr. SK Yuen. The consideration for the aforesaid acquisition was satisfied by WWPKG Management procuring the Company to allot and issue, at the direction of the Ultimate Controlling Shareholder and Mr. SK Yuen, 4,863 shares of the Company to WWPKG Investment credited as fully paid. After the aforesaid acquisition, Package Tours became owned as to 98,710 shares by WWPKG Management and 1,290 shares by three independent third parties, representing 98.71% and 1.29% of the issued capital of Package Tours respectively. After the aforesaid share transfer, Package Tours became a subsidiary of WWPKG Management.

(vi) On 5 July 2016, the Ultimate Controlling Shareholder and Mr. CN Yuen and WWPKG Management entered into a sale and purchase agreement, pursuant to which WWPKG Management acquired 15,000 shares in Worldwide Package, being its then entire issued capital, from the Ultimate Controlling Shareholder and Mr. CN Yuen. The consideration of the aforesaid acquisition was satisfied by WWPKG Management procuring the Company to allot and issue, at the direction of the Ultimate Controlling Shareholder and Mr. CN Yuen, 5,136 shares of the Company to WWPKG Investment credited as fully paid. After the aforesaid acquisition, Worldwide Package became a wholly-owned subsidiary of WWPKG Management.

(vii) Upon the completion of the Reorganisation and as at the date of this Report, the Company has direct or indirect interests in the following subsidiaries:

Name	Country and date of incorporation	Principal activities	Type of legal status	Issued and paid up capital	Effective interest held as at 31 March 2015	Effective interest held as at 31 March 2016
Directly held						
WWPKG Management Company Limited	British Virgin Islands 10 June 2016	Investment holding	Limited liability company	1 ordinary share	n/a	n/a
Indirectly held						
Package Tours (Hong Kong) Limited	Hong Kong 1 June 1979	Provision of package tours services	Limited liability company	100,000 ordinary shares	98.53%	98.53%
Worldwide Package Travel Service Limited	Hong Kong 19 July 1985	Acting as a travel agent for selling of travel related products	Limited liability company	15,000 ordinary shares	100%	100%

The statutory financial statements of Package Tours (Hong Kong) Limited and Worldwide Package Travel Service Limited for the year ended 31 March 2015 were audited by PricewaterhouseCoopers, Certified Public Accountants, Hong Kong.

No audited financial statements have been issued for WWPKG Investment Holdings Limited and WWPKG Management Company Limited as there is no statutory audit requirement in the place of incorporation.

1.3 Basis of presentation

For the purpose of this report, the Financial Information of the Group have been prepared using the principles of merger accounting, as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for each of the years ended 31 March 2015 and 2016 (the "Relevant Periods") have been prepared using the financial information of the companies engaged in the Listing Business and now comprising the Group, under the common control of the Ultimate Controlling Shareholder as if the current group structure had been in existence throughout the Relevant Periods, or since the respective dates of incorporation/establishment of the combining companies, or since the date when the combining companies first came under the control of the Ultimate Controlling Shareholder, whichever is a shorter period. The combined statements of financial position of the Group as at 31 March 2015 and 2016 have been prepared to present the assets and liabilities of the companies now comprising the Group as at these dates, as if the current group structure had been in existence as at these dates. The net assets and results of the Group were combined using the existing book values from the Ultimate Controlling Shareholder's perspective.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied throughout the Relevant Periods which are each of the years ended 31 March 2015 and 2016, unless otherwise stated.

2.1 Basis of preparation

The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA and has been prepared under the historical cost convention, as modified by the revaluation of derivative financial instruments, which are carried at fair value.

The preparation of Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information, are disclosed in Note 4.

New standards and amendments to existing standards not yet adopted by the Group

The following are standards and amendments to existing standards that have been published and are relevant and mandatory for the Group's accounting periods beginning on or after 1 April 2016 or later periods, but have not been early adopted by the Group.

		Effective for accounting year beginning on or after
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 16	Leases	1 January 2019

Under HKAS 17, lessees were required to make a distinction between a finance lease (on the combined statements of financial position) and an operating lease (off balance sheet). HKFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a right-of-use asset for virtually all lease contracts. The new standard will impact both the combined statements of financial position and related ratios (capital adequacy ratio and leverage ratio), but the impact will not be material. If the Group early adopts HKFRS 16, as at 31 March 2016, the amount of operating leasing commitment amounted to HK$8,480,000 (Note 28) would be recognised on the combined statements of financial position as asset and liability. It would have immaterial influences on total assets and liabilities. The impacts on capital adequacy ratio and leverage ratio will also be immaterial.

Management is in the process of making an assessment on the impact of other standards and amendments to existing HKFRSs and is not yet in a position to state whether they will have a significant impact on the Group's results of operations and financial position.

2.2 Subsidiaries

Consolidation

Except for the Reorganisation as stated in Note 1.2, subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations other than business under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRSs.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with Hong Kong Accounting Standards ("HKASs") 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company who make strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Financial Information is presented in HK$, which is the Company's functional currency and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into functional currency using exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

All foreign exchange gains and losses that related to foreign currency transactions for land cost are presented in the combined statements of comprehensive income within "cost of sales". All other foreign exchange gains and losses are presented in the combined statements of comprehensive income within "other (losses)/gains, net".

Changes in the fair value of debt securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income.

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged in profit or loss during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Leasehold improvements	20% or over the lease term, whichever is shorter
Furniture, fixtures and office equipment	20% per annum
Computer software	20% to 33.3% per annum
Motor vehicles	33.3% per annum

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.6 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7 Financial assets

(a) Classification

The Group classifies its financial assets as loans and receivables and financial assets at fair values through profit or loss. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade receivables", "deposits and other receivables", "amount due from a related company" and "cash and cash equivalents" in the combined statements of financial position.

(b) Recognition, derecognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the profit or loss in the period in which they arise.

2.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the combined statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.9 Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, 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. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a 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 (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

2.10 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group does not designate any derivative as a hedging instrument. Changes in fair value of derivative financial instruments are presented in the combined statements of comprehensive income within "other (losses)/gains, net".

2.11 Inventories

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

2.12 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.13 Cash and cash equivalents

In the combined statements of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks.

2.14 Combined capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Current and deferred income tax

The tax expense for the years comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the combined statements of financial position date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the combined financial statements. However, the deferred tax liabilities are not recognised if they arise from initial recognition of goodwill, the deferred income tax is not accounted for if it is from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.17 Employee benefits

(a) Pension obligations

The Group has arranged for its employees to join the Mandatory Provident Fund Scheme, which is a defined contribution scheme managed by an independent trustee. A defined contribution plan is a pension plan under which the Group pays fixed contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(c) Employee leave entitlements

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 statement of financial position date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(d) Long service payments

Employees who have completed the required number of years of service to the Group are eligible for long service payments. A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their services to the Group to the reporting date.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.19 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied and services provided, stated net of discounts and returns. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement. Revenue is recognised as follows:

(i) Revenue from provision of package tours services is recognised when the services are rendered by the Group per day spent at the destination.

(ii) Margin income from sales of FIT products is recognised when the services are rendered by the Group as an agent on a net basis when the booking is confirmed.

(iii) Margin income from sales of ancillary travel related products and services (such as insurance, transportation passes and admission tickets) are recognised on a net basis when the product is sold to customers.

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

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

(vi) Referral income is recognised when the services are rendered.

Determining whether the Group is acting as a principal or as an agent requires consideration of all relevant facts and circumstances, including whether (1) the Group is the primary obligator in the provision of package tours services and sales of air tickets and hotel accommodations; (2) the Group retains the inventory risk of before and after the customer orders, during the provision of services or on return; (3) the Group has latitude in establishing prices; and (4) the Group bears the credit risk for collecting cash from customers. The Group's management performs the assessment based on the above mentioned factors and reaches the conclusion that the Group acts as a principal in the provision of package tours services since it has exposure to the significant risks and rewards associated with the provision of services, and acts as an agent in the sales of air tickets and hotel accommodations since the risks and rewards associated with the sales are borne by the airline companies and hotels. Accordingly, the Group recognises revenue from the provision of package tours services on a gross basis and sales of air tickets and hotel accommodations on a net basis.

2.20 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's combined financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.22 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including foreign exchange risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by management of the Group. Formal and informal management meetings are held to identify significant risks and to develop procedures to deal with any risks in relation to the Group's businesses.

(a) Foreign exchange risk

The Group operates principally in Hong Kong. It is exposed to foreign exchange risk primarily with respect to Japanese Yen ("JPY") denominated transactions arising from the costs of services consumed in hotel accommodations and other travel-related services.

The foreign exchange risk of the Group mainly arises from cash and cash equivalents, deposits and other receivables, trade payables and amounts due from/(to) related companies denominated in JPY, which are used in the provision of package tours services in Japan.

The table below summarises the financial assets and liabilities denominated in foreign currencies:

	As at 31 March	
	2015	**2016**
	HK$'000	*HK$'000*
Assets		
JPY	9,196	7,370
Others	190	189
	9,386	7,559
Liabilities		
JPY	2,287	3,096

As at 31 March 2015 and 2016, if JPY had strengthened/weakened by 10% with all other variables held constant, the post-tax profit for the respective years ended 31 March 2015 and 2016 would have been approximately HK$577,000 and HK$357,000 higher/lower, mainly as a result of foreign exchange gains/losses on revaluation of JPY denominated cash and cash equivalents, deposits and other receivables, trade payables and amounts due from/(to) related companies.

The Group manages its exposures to foreign exchange transactions by monitoring the level of foreign currency receipts and payments and using foreign exchange forward contracts to manage against the foreign exchange risk arising from future operational transactions and recognised assets and liabilities. The Group ensures that the net exposure to foreign exchange risk is kept to an acceptable level from time to time. The Group also regularly reviews the portfolio of suppliers and the currencies in which the transactions are denominated so as to minimise the Group's exposure to foreign exchange risk.

(b) Credit risk

The credit risk of the Group mainly arises from cash and cash equivalents, trade receivables, other receivables and amounts due from a related company. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets. In respect of cash deposited at banks, the credit risk is considered to be low as the counterparties are reputable banks.

Majority of the Group's revenue is received from individual retail customers in relation to package tours services and are transacted in cash or credit cards. The Group's trade receivables arise from sales of air tickets and hotel accommodations to other travel agents. As at 31 March 2015 and 2016, the top three debtors accounted for approximately 99% and 100% and the largest debtor accounted for approximately 97% and 98% of the Group's trade receivables balance, respectively. The Group has set up long-term cooperative relationship with these debtors. In view of the history of business dealings with the debtors and the sound collection history of the receivables due from them, management believes that there is no material credit risk inherent in the Group's outstanding receivables balance due from these debtors. Management makes periodic assessment on the recoverability of the trade and other receivables based on historical payment records, the length of overdue period, the financial strength of the debtors and whether there are any disputes with the debtors. The directors consider the Group's credit risk of these receivables to be low.

For amounts due from related parties, the directors are of the opinion that the credit risk is low due to the sound collection history of the receivables due from them. The extent of credit risk relating to the Group's trade and other receivables is disclosed in Note 17 and Note 18.

(c) Liquidity risk

Prudent liquidity risk management is controlled by maintaining sufficient cash and cash equivalents generated from the operating activities. As at 31 March 2015 and 2016, the Group held cash and cash equivalents and trade receivables, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

As at 31 March 2015 and 2016, the Group has banking facilities in the aggregate amount of HK$51,000,000, including a bank guarantee to suppliers in the amount of HK$5,000,000, respectively, for future operating activities. The above banking facilities were secured by i) a residential property and an office property (including its rental assignment) owned by related companies; ii) corporate guarantee by a related company; iii) cross guarantee from Package Tours and a related company; and iv) personal guarantees by Mr. SK Yuen and Ms. Chan, the executive directors of the Company.

The banking facilities do not contain any material covenants and the Group has not breached any covenants on its banking facilities.

All the properties charged and guarantees provided by the related companies, Package Tours, Mr. SK Yuen and Ms. Chan for the Group's banking facilities will be fully released upon **[REDACTED]**.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the combined statements of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	On demand	Within 1 year	Between 1 to 2 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2015				
Trade payables	—	5,186	—	5,186
Accruals and other payables	—	2,004	—	2,004
Obligations under finance leases	—	283	353	636
Amounts due to related companies	919	—	—	919
Amount due to a director	16	—	—	16
Dividend payable	—	2,000	—	2,000
Derivative financial instruments	—	771	—	771
	935	10,244	353	11,532
As at 31 March 2016				
Trade payables	—	5,027	—	5,027
Accruals and other payables	—	3,427	—	3,427
Obligations under finance leases	—	370	269	639
Amounts due to related companies	1,393	—	—	1,393
	1,393	8,824	269	10,486

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total obligations under finance leases (including "current" and "non-current" as shown in the combined statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the combined statement of financial position plus net debt.

As at 31 March 2015 and 2016, the Group had net cash position as follows:

	Year ended 31 March	
	2015	**2016**
	HK$'000	*HK$'000*
Total obligations under finance leases (Note 23)	616	611
Less: cash and cash equivalents (Note 19)	(54,516)	(71,622)
Net cash	(53,900)	(71,011)

3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	Level 2
	HK$'000
As at 31 March 2015	
Liabilities	
Forward exchange contracts	771
As at 31 March 2016	
Assets	
Forward exchange contracts	8

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. As at 31 March 2015 and 2016, instruments included in level 2 represent forward exchange contracts issued by financial institution in Hong Kong which was classified as financial assets/liabilities at fair value through profit or loss, and the fair value is determined using forward exchange rates at the date of the combined statements of financial position.

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

3.4 Offsetting financial assets and financial liabilities

As at 31 March 2015 and 2016, there were no financial assets or financial liabilities which were subject to offsetting, enforceable master netting or similar agreements.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal 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 addressed below.

(a) Income taxes

The Group is subject to income taxes in Hong Kong. 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. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

(b) Provision for impairment of trade and other receivables

Significant judgement is exercised in the assessment of the collectability of receivables. In making its judgement, management considers a wide range of factors such as results of follow-up procedures performed, payment trend including subsequent payments, and financial positions of the debtors.

5 Revenue and segment information

(a) Revenue

The Group is principally engaged in selling of package tours, FIT products and certain ancillary travel related products and services. Revenue recognised during the Relevant Periods is as follows:

	Year ended 31 March	
	2015	**2016**
	HK$'000	*HK$'000*
Revenue		
Sales of package tours	451,117	443,941
Margin income from sales of FIT products	4,383	4,009
Margin income from sales of ancillary travel related products and services	6,046	4,682
	461,546	452,632

(b) Segment information

Management has identified its operating segments based on the reports reviewed by the chief operating decision maker that are used for making strategic decisions. The chief operating decision maker is identified as the executive directors of the Company. The only component in internal reporting to the chief operating decision maker is the Group's travel and travel-related services business during the Relevant Periods. In this regard, management considers there is only one operating segment under the requirements of HKFRS 8 Operating Segments.

There is no single external customer that contributed to more than 10% revenue of the Group's revenue for the years ended 31 March 2015 and 2016.

The Group is domiciled in Hong Kong and all revenue was generated from customers located in Hong Kong. As at 31 March 2015 and 2016, all non-current assets were located in Hong Kong.

6 Other income and other (losses)/gains, net

	Year ended 31 March	
	2015	**2016**
	HK$'000	*HK$'000*
Other income		
Referral income	162	539
Subsidies (Note)	—	658
	162	1,197
Other (losses)/gains, net		
Exchange (losses)/gains, net	(1,607)	1,083
Fair value (loss)/gain on derivative financial instruments	(1,914)	20
(Loss)/gain on disposal of property, plant and equipment	(58)	126
	(3,579)	1,229

Note:

During the year ended 31 March 2016, subsidies were mainly received from the government of Japan for organising tours to visit certain prefectures in Japan.

7 Expenses by nature

The Group's profit for each of the years ended 31 March 2015 and 2016 is stated after charging/(crediting) the following cost of sales, selling expenses and administrative expenses:

	Year ended 31 March	
	2015	2016
	HK$'000	*HK$'000*
Land cost (Note)	187,175	172,845
Air fare cost	205,916	196,101
Auditor's remuneration		
— Audit service	601	600
— Non-audit service	40	64
Employee benefits expenses, excluding benefits and interests of directors (Note 8)	19,169	23,997
Directors' benefits and interests of directors (Note 9)	6,844	4,314
Depreciation of property, plant and equipment (Note 14)	671	1,005
Written off of other receivables	115	—
Operating lease rentals of:		
— Office and branches premises	6,088	6,909
— Equipment rental	271	235
Advertising and promotion	5,473	7,966
Exchange gain	(5,958)	(331)
Credit card fee	3,929	4,100
Entertainment expenses	679	541
Office, telecommunication and utility expenses	1,882	2,080
Legal and professional fees	668	715
Professional expenses incurred in connection with the Company's **[REDACTED]**	—	1,209
Others	4,869	4,277
	438,432	426,627

Note:

Land costs mainly consist of direct costs incurred in the provision of package tours services such as hotel fees, transportation expenses, meal expenses and admission tickets costs.

8 Employee benefit expense, excluding benefits and interests of directors

	Year ended 31 March	
	2015	**2016**
	HK$'000	*HK$'000*
Salaries, bonuses and allowances	17,078	21,678
Pension costs — defined contribution plan *(Note)*	1,332	1,400
Other employee benefits	759	919
	19,169	23,997

Note:

The Group has arranged for its employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), which is a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the entities of the Group (the employer) and its employees make monthly contributions to the scheme generally at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. The monthly contributions of each of the employer and the employees are subject to a maximum contribution of HK$1,500 per month since June 2014 (January 2013 to May 2014: HK$1,250) and thereafter contributions are voluntary.

9 Directors' and highest-paid individuals' remuneration

(a) Benefits and interests of directors

The remuneration of every director of the Company paid/payable by the Group for the years ended 31 March 2015 and 2016 is set out below:

Year ended 31 March 2015

Name	Fee	Salaries, other allowances and benefits	Discretionary bonuses	Defined contribution pension costs	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors					
Yuen Chun Ning (Chief Executive Officer)	—	1,020	—	18	1,038
Chan Suk Mei, Frances	—	3,600	—	18	3,618
Yuen Sze Keung, Frankie (Chairman)	—	1,080	1,090	18	2,188
	—	5,700	1,090	54	6,844

Year ended 31 March 2016

Name	Fee	Salaries, other allowances and benefits	Discretionary bonuses	Defined contribution pension costs	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive director					
Yuen Chun Ning (Chief Executive Officer)	—	1,020	—	18	1,038
Chan Suk Mei, Frances	—	1,800	—	18	1,818
Yuen Sze Keung, Frankie (Chairman)	—	1,440	—	18	1,458
	—	4,260	—	54	4,314

During the years ended 31 March 2015 and 2016, the Group has not paid consideration to any third parties for making available directors' services.

As at 31 March 2015 and 2016, there is no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors.

Save as disclosed in Note 29, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of each of the two years ended 31 March 2015 and 2016 or at any time during the Relevant Periods.

The remuneration shown above represents remuneration received from the Group by these directors in their capacity as employees to the Group and/or their capacity as directors of the Company during the Relevant Periods.

There was no arrangement under which a director waived or agreed to waive any emoluments during the Relevant Periods.

Mr. Ho Wing Huen, Mr. Lam Yin Kin and Mr. Yen Yuen Ho Tony were appointed as the Company's independent non-executive directors ("INEDs") on [Date]. During the Relevant Periods, the INEDs have not been appointed nor received any remuneration.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for each of the two years ended 31 March 2015 and 2016 include 3 and 3 directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 2 and 2 individuals during the Relevant Periods are as follows:

	Year ended 31 March	
	2015	2016
	HK$'000	*HK$'000*
Salaries, other allowances and benefits	924	1,700
Bonuses	108	143
Pension cost — defined contribution plan	35	36
	1,067	1,879

The emoluments fell within the following bands:

	Number of individuals Year ended 31 March	
	2015	2016
Emolument bands		
HK$500,001 to HK$1,000,000	2	1
HK$1,000,001 to HK$2,000,000	—	1
	2	2

No inducement for joining the Group or compensation for loss of office was paid or payable to any five highest paid individuals (including directors and other employees) during the Relevant Periods.

10 Finance costs, net

	Year ended 31 March	
	2015	2016
	HK$'000	*HK$'000*
Finance income		
Bank interest income	1	2
Finance costs		
Interest expense on obligations under finance leases	(8)	(25)
Bank overdraft	(1)	(3)
	(9)	(28)
Finance costs, net	(8)	(26)

11 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the Relevant Periods. No overseas profits tax have been calculated as the group companies are incorporated in the BVI or the Cayman Islands and are exempted from tax.

Income tax expense charged to the combined statements of comprehensive income represents:

	Year ended 31 March	
	2015	**2016**
	HK$'000	*HK$'000*
Current income tax	3,318	4,886
Deferred income tax (Note 24)	27	191
	3,345	5,077

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the taxation rate in Hong Kong as follows:

	Year ended 31 March	
	2015	**2016**
	HK$'000	*HK$'000*
Profit before income tax	19,689	28,405
Tax calculated at a tax rate of 16.5%	3,249	4,687
Income not subject to tax	(1)	(48)
Expenses not deductible for tax purpose	97	438
	3,345	5,077

12 Basic and diluted earnings per share

No earnings per share information is presented as its inclusion, for the purpose of the Financial Information, is not considered meaningful due to the Reorganisation and the presentation of the results for each of the years ended 31 March 2015 and 2016 on a combined basis as disclosed in Note 1.2 above.

13 Dividends

During the year ended 31 March 2015, the Board of Directors of Package Tours and Worldwide Package declared the payment of an interim dividend of HK$20 and HK$528 per ordinary share to their then shareholders totalling HK$2,000,000 and HK$7,915,000, respectively.

14 Property, plant and equipment

	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Computer software	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2015					
Cost					
At 1 April 2014	4,087	5,266	2,590	—	11,943
Additions	634	102	858	—	1,594
Write-off	(254)	—	—	—	(254)
At 31 March 2015	4,467	5,368	3,448	—	13,283
Accumulated depreciation					
At 1 April 2014	(3,461)	(4,769)	(2,590)	—	(10,820)
Charge *(Note 7)*	(375)	(196)	(100)	—	(671)
Write-off	196	—	—	—	196
At 31 March 2015	(3,640)	(4,965)	(2,690)	—	(11,295)
Closing net book amount					
At 31 March 2015	827	403	758	—	1,988
Year ended 31 March 2016					
Cost					
At 1 April 2015	4,467	5,368	3,448	—	13,283
Additions	59	950	650	435	2,094
Disposals	(403)	(2,143)	(890)	—	(3,436)
At 31 March 2016	4,123	4,175	3,208	435	11,941
Accumulated depreciation					
At 1 April 2015	(3,640)	(4,965)	(2,690)	—	(11,295)
Charge *(Note 7)*	(367)	(297)	(280)	(61)	(1,005)
Disposals	403	2,139	890	—	3,432
At 31 March 2016	(3,604)	(3,123)	(2,080)	(61)	(8,868)
Closing net book amount					
At 31 March 2016	519	1,052	1,128	374	3,073

Depreciation expenses of HK$226,000 and HK$397,000 has been charged in "administrative expenses" and HK$445,000 and HK$608,000 has been charged in "selling expenses" for the years ended 31 March 2015 and 2016, respectively.

Motor vehicles include the following amounts where the Group is a lessee under finance leases:

	As at 31 March	
	2015	2016
	HK$'000	*HK$'000*
Costs	3,448	3,208
Accumulated depreciation	(2,690)	(2,080)
	758	1,128

15 Financial instruments by category

	As at 31 March	
	2015	2016
	HK$'000	*HK$'000*
Financial assets		
Financial assets at fair value through profit or loss		
Derivative financial instruments	—	8
Loans and receivables		
Trade receivables	2,630	226
Deposits and other receivables	30,824	15,990
Amount due from a related company	92	13
Cash and cash equivalents	54,516	71,622
	88,062	87,851
	88,062	87,859
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Derivative financial instruments	771	—
Other financial liabilities at amortised cost		
Trade payables	5,186	5,027
Accruals and other payables	2,004	3,427
Amount due to a director	16	—
Amounts due to related companies	919	1,393
Obligations under finance leases	616	611
Dividend payable	2,000	—
	10,741	10,458
	11,512	10,458

16 Inventories

	As at 31 March	
	2015	2016
	HK$'000	*HK$'000*
Merchandise for sales	—	431

The cost of inventories included in cost of sales during the years ended 31 March 2015 and 2016 amounted to approximately HK$Nil and HK$1,631,000, respectively.

17 Trade receivables

Trade receivables represent income receivable from travel agents. The credit terms granted by the Group generally ranged up to 90 days.

The carrying amounts of trade receivables approximate their fair values.

As at 31 March 2015 and 2016, the ageing analysis of trade receivables based on invoice date is as follows:

	As at 31 March	
	2015	**2016**
	HK$'000	*HK$'000*
1 to 30 days	2,570	226
91 to 120 days	60	—
	2,630	226

As at 31 March 2015 and 2016, trade receivables of HK$89,000 and HK$Nil were considered past due but not impaired. These relate to a customer for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered. The ageing analysis based on due date of these trade receivables is as follows:

	As at 31 March	
	2015	**2016**
	HK$'000	*HK$'000*
1 to 30 days	29	—
31 to 60 days	60	—
	89	—

The maximum exposure to credit risk is the carrying amounts of trade receivables and the Group does not have any collateral as security. The Group's trade receivables are denominated in HK$.

18 Prepayments, deposits and other receivables

	As at 31 March	
	2015	2016
	HK$'000	*HK$'000*
Non-current portion		
Rental deposits	716	874
Prepayments for property, plant and equipment	434	—
Prepayments for website development costs	—	1,832
	1,150	2,706
Current portion		
Trade deposits	25,524	12,456
Rental, utilities and other deposits	1,362	980
Prepayments for professional fee incurred in connection with the Company's **[REDACTED]**	—	1,453
Amounts due from employees	2,633	927
Other prepayments	785	909
Other receivables	589	753
	30,893	17,478

The carrying amounts of prepayment, deposits and other receivables approximate their fair values as at 31 March 2015 and 2016.

Prepayments, deposits and other receivables are denominated in the following currencies:

	As at 31 March	
	2015	2016
	HK$'000	*HK$'000*
HK$	29,819	16,984
JPY	2,224	3,200
	32,043	20,184

19 Cash and cash equivalents

	As at 31 March	
	2015	2016
	HK$'000	*HK$'000*
Cash on hand	5,588	3,012
Cash at bank	48,928	68,610
Cash and cash equivalents	54,516	71,622

Cash and cash equivalents are denominated in the following currencies:

	As at 31 March	
	2015	2016
	HK$'000	*HK$'000*
HK$	47,354	67,263
JPY	6,972	4,170
Others	190	189
	54,516	71,622

20 Combined capital

Combined capital during the Relevant Periods represents the combined share capital of the companies now comprising the Group after elimination of inter-company investments, if any.

21 Trade payables

The ageing analysis of the trade payables based on invoice dates as at 31 March 2015 and 2016 were as follows:

	As at 31 March	
	2015	2016
	HK$'000	*HK$'000*
1 to 30 days	3,756	4,418
31 to 60 days	644	258
61 to 90 days	294	60
91 to 120 days	410	276
Over 120 days	82	15
	5,186	5,027

The carrying amounts of trade payables approximate their fair values as at 31 March 2015 and 2016 and are denominated in the following currencies:

	As at 31 March	
	2015	2016
	HK$'000	*HK$'000*
HK$	3,510	3,828
JPY	1,676	1,199
	5,186	5,027

22 Accruals, other payables and other non-current liabilities

	As at 31 March	
	2015	**2016**
	HK$'000	*HK$'000*
Other non-current liabilities		
Provisions for reinstatement cost	430	436
Long service payment	178	172
	608	608
Accruals and other payables		
Advanced receipts from customers	39,234	19,639
Accrued staff costs	1,321	1,732
Accrued professional fee in connection with the Company's **[REDACTED]**	—	762
Other payables	2,507	2,665
	43,062	24,798

The carrying amounts of other payables approximate their fair values as at 31 March 2015 and 2016, and are denominated in HK$.

23 Obligations under finance leases

	As at 31 March	
	2015	**2016**
	HK$'000	*HK$'000*
Gross finance lease liabilities — minimum lease payments		
No later than 1 year	283	370
Later than 1 year and no later than 2 years	283	159
Later than 2 years and no later than 5 years	70	110
	636	639
Future finance charges on finance leases	(20)	(28)
Present values of finance lease liabilities	616	611
The present values of finance lease liabilities are as follows:		
No later than 1 year	269	353
Later than 1 year and no later than 2 years	277	151
Later than 2 years and no later than 5 years	70	107
Total obligations under finance leases	616	611

Assets arranged under finance leases represent motor vehicles. The lease terms are 3 to 4 years with effective interest rate of 3.84% and 5.68% per annum as at 31 March 2015 and 2016, respectively.

24 Deferred income tax

The analysis of deferred income tax assets and liabilities are as follows:

	As at 31 March	
	2015	2016
	HK$'000	*HK$'000*
Deferred income tax assets		
— to be recovered after more than 12 months	244	102
Deferred income tax liabilities		
— to be recovered after more than 12 months	—	(49)
Deferred income tax assets, net	244	53

The gross movements on the deferred income tax account is as follows:

	As at 31 March	
	2015	2016
	HK$'000	*HK$'000*
At 1 April	271	244
Charged to the combined statements of comprehensive income	(27)	(191)
Deferred income tax assets	244	53

The movements in deferred income tax assets and liabilities during the Relevant Periods, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	As at 31 March	
	2015	2016
	HK$'000	*HK$'000*
Deferred income tax assets		
Decelerated tax depreciation		
At 1 April	271	284
Recognised in profit or loss *(Note 11)*	13	(70)
Deferred income tax assets	284	214

	As at 31 March	
	2015	**2016**
	HK$'000	*HK$'000*
Deferred income tax liabilities		
Accelerated tax depreciation		
At 1 April	—	(40)
Recognised in profit or loss *(Note 11)*	(40)	(121)
Deferred income tax liabilities	(40)	(161)

As at 31 March 2015 and 2016, there were no material unprovided deferred income tax asset and liabilities.

25 Derivative financial instruments

	As at 31 March	
	2015	**2016**
	HK$'000	*HK$'000*
Forward exchange contracts — at fair value through profit or loss		
— Current assets	—	8
— Current liabilities	(771)	—

During the years ended 31 March 2015 and 2016, the Group entered into forward exchange contracts to manage its foreign exchange rate exposures in relation to the settlement of land costs in JPY which did not meet the criteria for hedge accounting. The Group's policy is not to utilise trading derivative financial instruments for speculative purposes. The notional principal amounts of the outstanding forward exchange contracts as at 31 March 2015 and 2016 were HK$6,000,000 and HK$1,372,000 respectively.

26 Cash generated from operations

	Year ended 31 March	
	2015	**2016**
	HK$'000	*HK$'000*
Profit before income tax	19,689	28,405
Adjustments for:		
Depreciation of property, plant and equipment	671	1,005
Loss/(gain) on disposal of property, plant and equipment	58	(126)
Finance costs, net	8	26
Written off of other receivables	115	—
Fair value loss/(gain) on derivative financial instruments	771	(779)
Operating cash flows before changes in working capital	21,312	28,531
Changes in working capital:		
Inventories	—	(431)
Trade receivables	(2,168)	2,404
Prepayments, deposits and other receivables	(16,059)	13,923
Amount due to a director	16	(16)
Amount due from a related company	3,448	553
Trade payables	(473)	(159)
Accruals, other payables and other non-current liabilities	2,570	(18,264)
Cash generated from operations	8,646	26,541

In the combined statements of cash flows, proceeds from disposal of property, plant and equipment comprise:

	As at 31 March	
	2015	**2016**
	HK$'000	*HK$'000*
Cost disposed *(Note 14)*	254	3,436
Accumulated depreciation *(Note 14)*	(196)	(3,432)
(Loss)/gain on disposal of property, plant and equipment *(Note 7)*	(58)	126
Proceeds from disposal of property, plant and equipment	—	130

27 Contingencies

As at 31 March 2015 and 2016, the Group did not have any significant contingent liabilities.

28 Commitments

(a) Capital commitment

Capital expenditure contracted but not provided for as at 31 March 2015 and 2016 is as follows:

	As at 31 March	
	2015	**2016**
	HK$'000	*HK$'000*
Website development costs	—	1,896

Subsequent to the Relevant Periods, capital expenditure authorised but not contracted for is as follows:

	HK$'000
Property, plant and equipment	195

(b) Operating lease commitments

As a lessee

As at 31 March 2015 and 2016, the Group leases a number of premises under non-cancellable operating leases, except for office premises under cancellable operating lease agreements with a related company (Note 29). The leases terms are for 3 years and are renewable at the end of the lease period at market rate. The Group can terminate the leases by giving a 3-month written notice to the landlord.

The Group also leases various office equipment under cancellable operating lease agreements. The Group is required to give a 1-month notice for the termination of these agreements. The lease expenditure charged to the combined statements of comprehensive income during the Relevant Periods is disclosed in Note 7.

The future aggregate minimum lease payments under non-cancellable operating leases, including 3-month non-cancellable leases for office premises and 1-month non-cancellable leases for office equipment, are as follows:

	As at 31 March	
	2015	**2016**
	HK$'000	*HK$'000*
No later than one year	4,550	5,513
Later than one year and no later than five years	4,102	2,967
	8,652	8,480

Subsequent to the Relevant Periods, the Group has been authorised to enter into a non-cancellable operating lease agreement for a new branch. The lease term is for 3 years with no early termination clause.

The future aggregate minimum lease payment under non-cancellable operating lease for the branch are as follows:

	HK$'000
No later than one year	540
Later than one year and no later than five years	2,718
	3,258

29 Related party transactions

The directors are of the view that the following individuals and companies were related parties that had transactions or balances with the Group as at and during the years ended 31 March 2015 and 2016:

Name of related party	Relationship with the Group
Chan Suk Mei, Frances	Director of the Company, Ultimate Controlling Shareholder
Yuen Sze Keung, Frankie	Director of the Company
Yuen Chun Ning	Director of the Company
Sky Right Investment Limited	Controlled by the Ultimate Controlling Shareholder
HCNY Consultancy Limited	Controlled by the Ultimate Controlling Shareholder
Japan Super Company Limited	Controlled by the Ultimate Controlling Shareholder
JC Service Limited	Controlled by a connected person of the Ultimate Controlling Shareholder
Y's Japan Limited	Controlled by a connected person of the Ultimate Controlling Shareholder

Other than those transactions and balances disclosed elsewhere in the Financial Information, the following transactions were carried out with related parties during the Relevant Periods:

Related party transactions

(a) Transactions with related parties

The following transactions were undertaken by the Group with related parties during the Relevant Periods:

	Year ended 31 March	
	2015	**2016**
	HK$'000	*HK$'000*
Continuing transactions:		
Rental expenses		
Sky Right Investment Limited	2,712	2,712
Venue fee		
HCNY Consultancy Limited	373	343
Tour bus services fee		
JC Service Limited	12,314	13,622
Booking services fee		
Y's Japan Limited	2,610	2,398
Discontinued transactions:		
Purchase of theme park admission tickets		
HCNY Consultancy Limited	1,282	—

All of the above transactions with related parties were conducted in the ordinary course of the business of the Group based on the terms mutually agreed between the relevant parties.

(b) Key management compensation

Key management personnel are deemed to be the members of the Board of Directors of the Company who have responsibility for the planning directing and controlling the activities of the Group (Note 9).

(c) Amount due to a director

The amount represented rental deposits paid by a director on behalf of the Group. The amount was unsecured, interest-free and repayable on demand and are denominated in HK$.

	As at 31 March	
	2015	2016
	HK$'000	*HK$'000*
Current portion		
Yuen Sze Keung, Frankie	(16)	—

(d) Amounts due from/(to) related companies

As at 31 March 2015 and 2016, there was no impairment for the amounts due from related companies, as the amounts have not past due and they have no history of default in payment.

	As at 31 March	
	2015	2016
	HK$'000	*HK$'000*
Amount due from a related company		
— Japan Super Company Limited	92	13
Amounts due to related companies		
— Y's Japan Limited	(45)	(77)
— JC Service Limited	(566)	(1,316)
— HCNY Consultancy Limited	(308)	—
	(919)	(1,393)

Amount due from a related company is unsecured, interest-free, repayable on demand and denominated in HK$.

Amounts due to related companies arise from trading activities are unsecured, interest-free, repayable on demand and are denominated in JPY, except for the amounts due to HCNY Consultancy Limited which are denominated in HK$.

30 Subsequent events

Other than those disclosed elsewhere in the Financial Information, there have been no material events subsequent to the Relevant Periods, which require adjustment or disclosure in accordance with HKFRSs.

31 Financial information of the Company

As at 31 March 2016, the Company had not been incorporated and accordingly, it had no assets, liabilities or distribution reserves as at that date.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies comprising the Group in respect of any period subsequent to 31 March 2016 and up to the date of this report. No dividend or distribution has been declared or paid by the Company or any of the companies comprising the Group in respect of any period subsequent to 31 March 2016.

Yours faithfully
[PricewaterhouseCoopers]
Certified Public Accountants
Hong Kong

The following information does not form part of the Accountant's Report prepared by PricewaterhouseCoopers, Certified Public Accountants, the Reporting Accountant of the Company, as set forth in Appendix I to this document, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this document and the Accountant's Report set forth in Appendix I to this document.

A. UNAUDITED PRO FORMA COMBINED NET TANGIBLE ASSETS

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 8 June 2016 under the Companies Law. The Company's constitutional documents consist of its amended and restated Memorandum of Association (**Memorandum**) and its amended and restated Articles of Association (**Articles**).

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum provides, inter alia, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since the Company is an exempted company, that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on [●]. A summary of certain provisions of the Articles is set out below.

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of the Articles relating to general meetings shall *mutatis mutandis* apply to every such separate general meeting, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or, in the case of a shareholder being a corporation, by its duly authorized representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

(iii) **Alteration of capital**

The Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

(iv) **Transfer of shares**

Subject to the Companies Law and the requirements of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register. Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the GEM Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(v) **Power of the Company to purchase its own shares**

The Company may purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles or any, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

(vi) **Power of any subsidiary of the Company to own shares in the Company**

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(vii) **Calls on shares and forfeiture of shares**

The Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for payment to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

(b) Directors

(i) Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The period for lodgement of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the "retirement by rotation" provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

(aa) resigns;

(bb) dies;

(cc) is declared to be of unsound mind and the Board resolves that his office be vacated;

(dd) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(ee) he is prohibited from being or ceases to be a director by operation of law;

(ff) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;

(gg) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or (hh) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine, and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(ii) **Power to allot and issue shares and warrants**

Subject to the provisions of the Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) **Power to dispose of the assets of the Company or any of its subsidiaries**

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iv) **Borrowing powers**

The Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) **Remuneration**

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make contributions out of the Company's monies to, any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) **Compensation or payments for loss of office**

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(vii) **Loans and provision of security for loans to Directors**

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(viii) **Disclosure of interest in contracts with the Company or any of its subsidiaries**

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

(aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(ee) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

(ix) **Proceedings of the Board**

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(c) **Alterations to the constitutional documents and the Company's name**

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

(d) **Meetings of member**

(i) **Special and ordinary resolutions**

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(ii) **Voting rights and right to demand a poll**

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the GEM Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

(A) at least two members;

(B) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(C) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the GEM Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(iii) **Annual general meetings**

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(iv) **Notices of meetings and business to be conducted**

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Companies Law and the GEM Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

(v) **Quorum for meetings and separate class meetings**

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) **Proxies**

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(e) **Accounts and audit**

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account, book or document of the Company except as conferred by the Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarized financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarized financial statements instead of the full financial statements. The summarized financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those shareholders that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(f) **Dividends and other methods of distribution**

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

(i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;

(ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and

(iii) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

(aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(g) **Inspection of corporate records**

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

(h) **Rights of minorities in relation to fraud or oppression**

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarized in paragraph 3(f) of this Appendix.

(i) **Procedures on liquidation**

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up and the assets available for distribution among the members of the Company are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* among such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the assets available for distribution among the members as such are insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Companies Law, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(j) Subscription rights reserve

Provided that it is not prohibited by and is otherwise in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on 8 June 2016 subject to the Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Company operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

Under Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

(i) paying distributions or dividends to members;

(ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(iii) any manner provided in section 37 of the Companies Law;

(iv) writing-off the preliminary expenses of the company; and

(v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

(c) **Financial assistance to purchase shares of a company or its holding company**

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

(d) **Purchase of shares and warrants by a company and its subsidiaries**

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) **Dividends and distributions**

Subject to a solvency test, as prescribed in the Companies Law, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

(f) **Protection of minorities and shareholders' suits**

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of Foss v. Harbottle and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) **Disposal of assets**

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

(h) **Accounting and auditing requirements**

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) **Exchange control**

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) **Taxation**

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet that:

(i) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and

(ii) no tax be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

(aa) on or in respect of the shares, debentures or other obligations of the Company; or

(bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking for the Company is for a period of 20 years from [●].

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

(k) **Stamp duty on transfers**

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) **Loans to directors**

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

(m) **Inspection of corporate records**

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

(n) **Register of members**

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands.

(o) **Register of Directors and officers**

Pursuant to the Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 60 days of any change in such directors or officers, including a change of the name of such directors or officers.

(p) **Winding up**

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s).The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

(q) **Reconstructions**

Reconstructions and amalgamations may be approved by a majority in number representing 75% in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(r) **Take-overs**

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

(s) **Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, the Company's legal adviser on Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in "Documents available for inspection" in Appendix V to this document. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 8 June 2016. Our Company has established our principal place of business in Hong Kong at 706-708, 7/F, Lippo Sun Plaza, No. 28 Canton Road, Tsim Sha Tsui, Kowloon and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on [●]. Our Company has appointed Ms. Hon Piu Kwun Queenie and Mr. CN Yuen as its authorised representatives for the acceptance of service of process and notices in Hong Kong.

As our Company was incorporated in the Cayman Islands, we operate subject to the Companies Law and to our constitution comprising the Memorandum and the Articles. A summary of various provisions of our Company's constitution and certain relevant aspects of the Companies Law is set out in Appendix III to this document.

2. Changes in share capital of our Company

As at the date of incorporation of our Company, our authorised share capital was HK$380,000 divided into 38,000,000 Shares of HK$0.01 each. Following its incorporation, 1 Share was allotted and issued as fully paid to the first subscriber, an Independent Third Party, which was subsequently transferred to WWPKG Investment at par on 8 June 2016.

On 5 July 2016, our Company allotted and issued 2,521 Shares and 2,342 Shares to WWPKG Investment credited as fully paid as consideration for the acquisition of 51,180 shares and 47,530 shares in PTHK, being approximately 98.71% of its then entire issued share capital, from Ms. Chan and Mr. SK Yuen, by WWPKG Management.

On 5 July 2016, our Company allotted and issued 4,280 Shares and 856 Shares to WWPKG Investment credited as fully paid as consideration for the acquisition of 12,500 shares and 2,500 shares in Worldwide Package, being its then entire issued capital, from Ms. Chan and Mr. CN Yuen, by WWPKG Management.

Pursuant to the written resolutions of our Shareholder passed on [●], the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares to HK$100,000,000 divided into 10,000,000,000 Shares.

Immediately following completion of the **[REDACTED]** and the Capitalisation Issue, the authorised share capital of our Company will be HK$100,000,000 divided into 10,000,000,000 Shares and the issued share capital of our Company will be HK$**[REDACTED]** divided into **[REDACTED]** Shares fully paid or credited as fully paid. Save as disclosed in this document, our Directors do not have any present intention to issue any part of the authorised but unissued share capital of our Company and, without prior approval of the Shareholders at general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed in this document, there has been no other alteration in the share capital of our Company since the date of its incorporation.

3. Written Resolutions of our Shareholder passed on [●]

On [●], resolutions in writing were passed by our Shareholder pursuant to which, among other matters:

(a) our Company approved and adopted the Memorandum and the Articles, the terms of which are summarised in "Summary of the Constitution of our Company and the Cayman Islands Company Law" in Appendix III to this document;

(b) conditional on (i) the Listing Division granting **[REDACTED]** of, and permission to deal in, the Shares in issue and to be issued as mentioned in this document; and (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise:

   (i) the **[REDACTED]** was approved and our Directors were authorised to allot and issue the **[REDACTED]** pursuant to the **[REDACTED]**;

   (ii) the rules of the Share Option Scheme, the principal terms of which are set out in "— D. Share Option Scheme", were approved and adopted and our Directors were authorised to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options which may be granted under the Share Option Scheme;

   (iii) conditional on the share premium account of our Company being credited as a result of the **[REDACTED]**, our Directors were authorised to capitalise an amount of HK$**[REDACTED]** standing to the credit of the share premium account of our Company and to appropriate such amount as capital to pay up in full **[REDACTED]** Shares for allotment and issue to the Shareholders whose names appear on the register of members of our Company at the close of business on the date this resolution was passed, and our Directors were authorised to give effect to such capitalisation and distribution;

   (iv) a general unconditional mandate was given to our Directors to allot, issue and deal with (otherwise than by way of rights issue, scrip dividend schemes or similar arrangements in accordance with the Articles, or pursuant to the exercise of any options which may be granted under the Share Option Scheme or under the **[REDACTED]** or the Capitalisation Issue) the unissued Shares with an aggregate number of Shares not exceeding the sum of (a) 20% of the total number of issued Shares immediately following completion of the **[REDACTED]** and the Capitalisation Issue; and (b) the number of Shares repurchased by our Company pursuant to the authority granted to our Directors as referred in paragraph 7 below, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable Cayman Islands laws to be held, or the passing of an ordinary resolution by the Shareholders of our Company revoking or varying the authority given to our Directors, whichever occurs first; and

(v) a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase Shares with an aggregate number of Shares not exceeding 10% of the total number of issued Shares immediately following completion of the **[REDACTED]** and the Capitalisation Issue, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable Cayman Islands laws to be held, or the passing of an ordinary resolution by the Shareholders of our Company revoking or varying the authority given to our Directors, whichever occurs first.

4. Corporate Reorganisation

In preparation for the **[REDACTED]**, the companies comprising our Group underwent the Reorganisation to rationalise the corporate structure of our Group. For further details, please refer to "History, Reorganisation and Development".

5. Changes in share capital of our subsidiaries

Our Company's subsidiaries are listed in the Accountant's Report, the text of which is set out in Appendix I to this document.

Save as disclosed in "History, Reorganisation and Development", there has been no other change to the share capital of any of the subsidiaries of our Company within the two years immediately prior to the date of this document.

6. Particulars of our subsidiaries

Particulars of our subsidiaries are set forth in the Accountant's Report, the text of which is set forth in Appendix I to this document.

7. Repurchase of our own securities

This paragraph includes the information required by the Stock Exchange to be included in this document concerning the repurchase by our Company of our own securities.

(a) Provisions of the GEM Listing Rules

The GEM Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) Shareholders' approval

All proposed repurchases of securities on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval in relation to specific transactions.

Note: Pursuant to the written resolution of our Shareholder passed on [●], a general unconditional mandate (the "Repurchase Mandate") was given to our Directors authorising any repurchase of Shares by our Company as described above in "— A. Further information about our Company and our subsidiaries — 3. Written resolutions of our Shareholder passed on [●]".

(ii) Source of Funds

Any repurchases must be financed out of funds legally available for the purpose in accordance with the Memorandum and the Articles and the applicable laws and regulations of the Cayman Islands.

(b) Funding of purchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Memorandum, the Articles and the applicable laws and regulations of the Cayman Islands. Pursuant to the Repurchase Mandate, repurchases will be made out of funds of our Company legally permitted to be utilised in this connection, including profits and share premium of our Company or out of a fresh issue of Shares made for the purpose of the repurchase or, if authorised by the Articles and subject to the Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, if authorised by the Articles and subject to the Companies Law, out of capital of our Company.

Our Company may not repurchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(c) Reasons for repurchases

Repurchases of Shares will only be made when our Directors believe that such a repurchase will benefit our Company and the Shareholders as a whole. Such repurchases may, depending on market conditions and funding arrangements at that time, lead to an enhancement of the net asset value of our Company and/or its earnings per Share.

(d) Exercise of the Repurchase Mandate

Exercise in full of the Repurchase Mandate, on the basis of **[REDACTED]** Shares in issue immediately after completion of the **[REDACTED]** and the Capitalisation Issue (but taking no account of any options which may be granted under the Share Option Scheme), could accordingly result in up to **[REDACTED]** Shares being repurchased by our Company during the course of the period (the "Relevant Period") prior to the earliest of:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles and the applicable laws and regulations of the Cayman Islands to be held; or

(iii) the revocation, variation or renewal of the Repurchase Mandate by ordinary resolution of the Shareholders in general meeting.

(e) General

None of our Directors or, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates (as defined in the GEM Listing Rules), has any present intention, if the Repurchase Mandate is approved by the Shareholders, to sell any Shares to our Company or our subsidiaries.

There might be a material adverse impact on the working capital or gearing position of our Company (as compared with the position disclosed in this document) in the event that the Repurchase Mandate is exercised in full. However, our Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or on its gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules, the Memorandum, the Articles and all the applicable laws and regulations of the Cayman Islands.

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the interests of the Shareholder(s), could obtain or consolidate control of our Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of a repurchase of Shares made after the **[REDACTED]**. Save as aforesaid, our Directors are not aware of any other consequence under the Takeovers Code as a result of a repurchase of Shares made immediately after the **[REDACTED]**.

No connected person (as defined in the GEM Listing Rules) of our Company has notified our Company that he has a present intention to sell any Shares to our Company or has undertaken not to do so, if the Repurchase Mandate is exercised.

No repurchase of Shares has been made since the incorporation of our Company.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business of our Group) have been entered into by our Company or its subsidiaries within the two years preceding the date of this document and are or may be material:

(a) the sale and purchase agreement dated 5 July 2016 and made between Ms. Chan, Mr. SK Yuen, WWPKG Management and our Company, pursuant to which WWPKG Management agreed to acquire 51,180 shares and 47,580 shares respectively in PTHK (being approximately 98.71% of the entire issued share capital of PTHK) at the consideration of WWPKG Management procuring our Company to allot and issue 2,521 Shares and 2,342 Shares respectively to WWPKG Investment;

(b) the sale and purchase agreement dated 5 July 2016 and made between Ms. Chan, Mr. CN Yuen, WWPKG Management and our Company, pursuant to which WWPKG Management agreed to acquire 12,500 shares and 2,500 shares respectively in Worldwide Package (being the entire issued share capital of Worldwide Package) at the consideration of WWPKG Management procuring our Company to allot and issue 4,280 Shares and 856 Shares respectively to WWPKG Investment;

(c) the deed of assignment of trademark dated 5 July 2016 with respect to the transfer of the trademark as set out in schedule to the deed from HCNY to PTHK at a consideration of HK$100;

(d) the Deed of Non-competition executed by our Controlling Shareholders in favour of our Company as detailed in "Relationship with our Controlling Shareholders — Deed of Non-competition";

(e) the Deed of Indemnity executed by our Controlling Shareholders in favour of our Company (for itself and as trustee for our subsidiaries) containing the indemnities referred to in "— E. Other information — 1. Estate duty, tax and other indemnity"; and

(f) the **[REDACTED]**.

2. Intellectual property of our Group

(a) Trademarks

(i) As at the Latest Practicable Date, our Group was the registered owner of the following trademarks registered in Hong Kong:

Trademark	Registration no.	Trademark owner	Class(es)	Expiry date
	300098974	PTHK	39,43	22 October 2023
	301715553	PTHK	39,43	14 September 2020
	301707994	PTHK	39,43	5 September 2020

(ii) The following trademark was assigned to us under the deed of assignment dated 5 July 2016, the notice of which has been filed to the Trade Marks Registry of Hong Kong:

Trademark	Registration no.	Name of Assignor	Name of Assignee	Class	Filing date
	300017126	HCNY	PTHK	39	6 July 2016

(iii) As at the Latest Practicable Date, our Group has made applications to register the following trademarks:

No.	Trademark	Application no.	Name of applicant	Territory of application	Class(es)	Application date
1.		303737656	PTHK	Hong Kong	39,43	8 April 2016
2.		303737674	PTHK	Hong Kong	39,43	8 April 2016

No.	Trademark	Application no.	Name of applicant	Territory of application	Class(es)	Application date
3.		303737683	Worldwide Package	Hong Kong	39,43	8 April 2016
4.		Pending for issuance	PTHK	China	39	8 April 2016
5.		Pending for issuance	PTHK	China	43	8 April 2016
6.	縱橫遊 www.wwpkg.com.hk	Pending for issuance	PTHK	China	39	8 April 2016
7.	縱橫遊 www.wwpkg.com.hk	Pending for issuance	PTHK	China	43	8 April 2016
8.		19611176	Worldwide Package	China	39	8 April 2016
9.		19611175	Worldwide Package	China	43	8 April 2016

(b) Domain names

As at the Latest Practicable Date, our Group was the registered proprietor of the following domain name:

Registrant	Domain name	Commencement date	Expiry date
Worldwide Package	**wwpkg.com.hk**	29 October 1997	N/A

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interests

(a) Interests and short positions of directors and chief executives of our Company in the share capital, underlying shares or debentures of our Company and its associated corporations

Immediately following completion of the **[REDACTED]** and the Capitalisation Issue (taking no account of Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme), the interests or short positions of each of our Directors and the chief executive of our Company in the share capital, underlying shares and debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO) which, once the Shares are listed, will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein or which, once the Shares are listed, will be required, to be notified to our Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are set out as follows:

Interests in our Company

Name	Nature of interest	Number of Shares (L) *(Note1)*	Approximate percentage of shareholding
Ms. Chan*(Note2)*	Interest of a controlled corporation and interest of spouse	**[REDACTED]**	**[REDACTED]**
Mr. SK Yuen*(Note3)*	Interest of a controlled corporation and interest of spouse	**[REDACTED]**	**[REDACTED]**

Note1: The letter "L" denotes the long position in our Shares.

Note2: WWPKG Investment is beneficially owned as to 68.02%, 23.42% and 8.56% by Ms. Chan, Mr. SK Yuen and Mr. CN Yuen respectively. Ms. Chan is deemed to be interested in all the Shares held by WWPKG Investment under the SFO.

Note3: Mr. SK Yuen is the spouse of Ms. Chan. Mr. SK Yuen is deemed to be interested in the same number of Shares in which Ms. Chan is interested by virtue of the SFO.

Interests in associated corporation of our Company

Name of Director	Name of associated corporation	Nature of interest	Number of shares (L)*(Note1)*	Approximate percentage of shareholding
Ms. Chan	WWPKG Investment	Beneficial owner and interest of spouse	9,144	91.44%
Mr. SK Yuen*(Note2)*	WWPKG Investment	Beneficial owner and interest of spouse	9,144	91.44%
Mr. CN Yuen	WWPKG Investment	Beneficial owner	856	8.56%

Note1: The letter "L" denotes the long position in the shares of the associated corporation.

Note2: Mr. SK Yuen is the spouse of Ms. Chan. Mr. SK Yuen is deemed to be interested in the same number of shares in which Ms. Chan is interested by virtue of the SFO.

Save as disclosed above, immediately following completion of the **[REDACTED]** and the Capitalisation Issue (but taking no account of any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme), none of the Directors or chief executive of our Company has any interest or short position in the shares, underlying shares or debentures of our Company or any of its associated corporations which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he will be taken or deemed to have under the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to our Company and the Stock Exchange once our Shares are listed.

(b) Interests and short positions of substantial shareholders in the share capital of our Company

So far as our Directors are aware, immediately following completion of the **[REDACTED]** and the Capitalisation Issue (but taking no account of any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme), the following person (not being a director or chief executive of the Company) who will have interests or short positions in the Shares and underlying Shares which are required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who will be, directly or indirectly, interested in 10% or more of any nominal value of the share capital carrying rights to vote in all circumstances at general meeting of any member of our Group:

Name	Nature of interest	Number of Shares (L) *(Note1)*	Approximate percentage of shareholding
WWPKG Investment*(Note2)*	Beneficial owner	**[REDACTED]**	**[REDACTED]**

Note1: The letter "L" denotes the long position in our Shares.

Note2: WWPKG Investment is a company incorporated in the BVI with limited liability and is owned by Ms. Chan, Mr. SK Yuen and Mr. CN Yuen as to 68.02%, 23.42% and 8.56%.

Save as disclosed herein but taking no account of any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme, our Directors are not aware of any person (not being a director or chief executive of our Company) who will immediately following completion of the **[REDACTED]** and the Capitalisation Issue have interests or short positions in the Shares and underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who will immediately following completion of the **[REDACTED]** and the Capitalisation Issue be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

2. Directors' service contracts and remuneration

(a) Directors' service contracts

Each of our executive Directors has entered into a service contract with our Company for a term of three years commencing from the **[REDACTED]** Date, which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of our independent non-executive Directors has entered into a letter of appointment with our Company for a term of three years commencing from the **[REDACTED]** Date, which may be terminated by not less than three months' notice in writing served by either party on the other.

(b) Directors' remuneration

The remuneration of our executive Directors are determined based on the relevant Director's experience, responsibility, workload and the time devoted to our Company.

For each of the two years ended 31 March 2016, the aggregate amount paid to our Directors as remuneration (including fees, salaries, contribution to retirement benefit scheme and discretionary performance related bonus) were approximately HK$6.8 million and HK$4.3 million respectively.

For the year ending 31 March 2017, the estimated total compensation payable to our Directors amounts to approximately HK$4.3 million (excluding any discretionary bonus).

There was no arrangement under which a Director has waived or agreed to waive any emoluments for each of the two financial years immediately preceding the issue of this document.

The basic annual remuneration (subject to annual review and excluding any discretionary bonus) payable by our Group to each of our Directors is as follows:

Name of Director	Annual remuneration (HK$)
Executive Directors	
Mr. SK Yuen	1,440,000
Ms. Chan	1,800,000
Mr. CN Yuen	1,020,000
Independent non-executive Directors	
Mr. Lam Yiu Kin	200,000
Mr. Yen Yuen Ho Tony	160,000
Mr. Ho Wing Huen	160,000

3. Related party transactions

During the two years preceding the date of this document, the Group was engaged in related party transactions as described in note 29 to the Accountant's Report set out in Appendix I to this document and "Connected Transactions".

4. Disclaimers

Save as disclosed in this document:

(a) none of our Directors nor any of the persons whose names are listed in "— E. Other information — Qualifications of experts" has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(b) none of our Directors nor any of the persons whose names are listed in "— E. Other information — Qualifications of experts" is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group;

(c) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole;

(d) save as disclosed in this document, none of our Directors or their associates (as defined in the GEM Listing Rules) or existing shareholders of our Company (who, to the knowledge of our Directors, owns more than 5% of our issued share capital) has any other interest in any of the five largest customers of our Company; and

(e) none of our Directors or their associates (as defined in the GEM Listing Rules) or our existing shareholders of our Company (who, to the knowledge of our Directors, owns more than 5% of our issued share capital) has any interest in any of the five largest suppliers of our Company.

D. SHARE OPTION SCHEME

Summary of terms of the Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor was it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme:

(a) ***Purpose of the Share Option Scheme***

The purpose of the Share Option Scheme is to enable our Company to grant options to the employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner of our Company or any subsidiary (including any director of our Company or any subsidiary) who is in full-time or part-time employment with or otherwise engaged by our Company or any subsidiary at the time when an option is granted to such employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner or any person who, in the absolute discretion of the Board ("**the Eligible Participants**"), has contributed or may contribute to our Group as incentive or reward for their contribution to our Group to subscribe for the Shares thereby linking their interest with that of our Group.

(b) ***Grant and acceptance of options***

Subject to the terms of the Share Option Scheme, our Directors may, in its absolute discretion make offer to the Eligible Participants. An offer shall be made to an Eligible Participant in writing in such form as our Directors may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of 21 days from the date upon which it is made provided that no such offer shall be open for acceptance after the 10th anniversary of the adoption date of the Share Option Scheme or the termination of the same.

An offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the offer duly signed by the Eligible Participant, together with a non-refundable remittance in favour of our Company of HK$1.00 by way of consideration for the grant thereof is received by our Company within such time as may be specified in the offer (which shall not be later than 21 days from, and inclusive of, the date of offer).

Any offer may be accepted by an Eligible Participant in respect of less than the total number of Shares which are offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof.

(c) ***Subscription price of Shares***

The subscription price for Shares under the Share Option Scheme shall be determined at the discretion of our Directors but in any event will not be less than the highest of (a) the closing price of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the offer date of the particular option, which must be a business day; (b) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the offer date of that particular option; and (c) the nominal value of a Share on the offer date of the particular option.

(d) ***Maximum number of Shares***

(i) Subject to (iii) below, the maximum number of Shares in respect of which options may be granted at any time under the Share Option Scheme together with options which may be granted under any other share option schemes for the time being of our Group shall not exceed such number of Shares as equals 10% of the issued share capital of our Company at the **[REDACTED]** Date. On the basis of a total of **[REDACTED]** Shares in issue as at the **[REDACTED]** Date, the relevant limit will be **[REDACTED]** Shares which represent 10% of the issued Shares at the **[REDACTED]** Date. Our Company may seek approval by its Shareholders in general meeting to refresh the 10% limit provided that the total number of Shares available for issue upon exercise of all options which may be granted under the Share Option Scheme and any other schemes of our Group in these circumstances must not exceed 10% of the issued share capital of our Company at the date of approval of refreshing of the limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Group (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or any other share option schemes or exercised options) will not be counted for the purpose of calculating the limit as refreshed.

(ii) Our Company may seek separate approval by its Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the limit are granted only to Eligible Participant(s) specifically identified by our Company before such approval is sought. Our Company will send a circular to the Shareholders containing a generic description of the specified Eligible Participant(s) who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participant(s) with an explanation as to how the terms of the options serve such purpose, and such information as may be required under the GEM Listing Rules from time to time.

The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other options granted and yet to be exercised under any other share option schemes of our Group must not exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Group if this will result in the limit being exceeded.

(iii) Unless approved by the Shareholders in the manner set out below, the total number of Shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue. Where any further grant of options to an Eligible Participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by Shareholders in general meeting with such Eligible Participant and his close associates (or his associates if the Eligible Participant is a connected person) abstaining from voting. Our Company must send a circular to its Shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the options to be granted (and options previously granted to such Eligible Participant), and such information as may be required under the GEM Listing Rules from time to time. The number and terms (including the subscription price) of options to be granted to such Eligible Participant must be fixed before Shareholders' approval and the date of meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(iv) The exercise of any option shall be subject to the Shareholders in general meeting approving any necessary increase in the authorised share capital of our Company. Subject thereto, our Directors shall make available sufficient of the then authorised but unissued share capital of our Company to allot the Shares on the exercise of any option.

(e) *Exercise of options*

An option may be exercised at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an option, but in any event no later than 10 years from the date of grant.

Subject to terms of the Share Option Scheme, an option shall be exercisable in whole or in part in the circumstances by giving notice in writing to our Company stating that the option is thereby exercised and the number of Shares in respect of which it is so exercised. Each such notice must be accompanied by a non-refundable remittance for the full amount of the subscription price for Shares in respect of which the notice is given. Within 21 days after receipt of the notice and, where appropriate, receipt of the auditors' or the independent financial adviser's certificate, our Company shall accordingly allot the relevant number of Shares to the grantee (or his legal personal representative) credited as fully paid.

Though there is no specified minimum period under the Share Option Scheme for which an option must be held or the performance target which must be achieved before an option can be exercised under the terms and conditions of the Share Option Scheme, our Directors may make such grant of options, subject to such terms and conditions in relation to the minimum period of such options to be held and/or the performance targets to be achieved as our Directors may determine in their absolute discretion.

(f) *Restrictions on the time of grant of options*

Grant of options may not be made after inside information has come to the knowledge of our Company until such inside information has been announced in accordance with the relevant requirements of the GEM Listing Rules. In particular, no option may be granted during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting for the approval of our Company's interim or annual results and (ii) the deadline for our Company to publish its interim or annual results announcement, and ending on the date of such results announcement.

(g) *Rights are personal to grantees*

An option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any option or enter into any agreement to do so.

(h) *Rights on ceasing employment*

The option period in respect of any option shall automatically terminate and that option (to the extent not already exercised) shall automatically lapse on the date on which the grantee ceases to be an Eligible Participant by reason of a termination of his employment on any one or more of the grounds that he has been guilty of persistent or serious misconduct, or has become bankrupt or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the grantee or any member of our Group into disrepute).

(i) *Rights on death*

In the event of the grantee ceasing to be an Eligible Participant by reason of his death before exercising the option in full and where the grantee is an employee of our Group none of the events which would be a ground for termination of his employment under paragraph (h) above arises, his personal representative(s) may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of death, or such longer period as our Directors may determine.

(j) *Cancellation of options*

Where our Company cancels options and offers new options to the same option holder, the offer of such new options may only be made under the Share Option Scheme with available options (to the extent not yet granted and excluding the cancelled options) within the limit approved by the Shareholders as mentioned in paragraph (d) above.

(k) ***Effect of alterations to share capital***

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable or the Share Option Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, rights issue or other offer of securities to holders of Shares (including any securities convertible into share capital or warrants or options to subscribe for any share capital of our Company, but excluding options under the Share Option Scheme and options under any other similar employee share option scheme of our Company), consolidation, sub-division or reduction of the share capital of our Company or otherwise howsoever, then, in any such case (other than in the case of capitalisation of profits or reserves) our Company shall instruct the auditors or an independent financial adviser to certify in writing:

(A) the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular grantee, to:

i. the number or nominal amount of Shares to which the Share Option Scheme or any option(s) relates (insofar as it is/they are unexercised); and/or

ii. the subscription price; and/or

iii. the maximum number of Shares referred to in paragraph d(i); and/ or

iv. the method of the exercise of the option(s).

and an adjustment as so certified by the independent financial adviser or the auditors shall be made, provided that:

i. any such adjustment must give a grantee the same proportion of the equity capital as that to which that person was previously entitled;

ii. any such adjustment shall be made on the basis that the aggregate subscription price payable by a grantee on the full exercise of any option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event;

iii. no such adjustment shall be made if the effect of which would be to enable a Share to be issued at less than its nominal value;

iv. the issue of securities of our Company as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and

v. to the advantage in any respect of the grantee without specific prior approval of the Shareholders.

(B) in respect of any such adjustment, other than any made on a capitalisation issue, the independent financial adviser or the auditors must confirm to our Directors in writing that the adjustment so made satisfies the requirements of the relevant provisions of the GEM Listing Rules and any guidance/interpretation of the GEM Listing Rules issued by the Stock Exchange from time to time.

(l) ***Rights on a general offer***

If a general or partial offer is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all its reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, Shareholders. If such offer becomes or is declared unconditional, the grantee shall, notwithstanding any other term on which his options were granted, be entitled to exercise the option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company at any time thereafter and up to the close of such offer (or any revised offer).

(m) ***Rights on winding up***

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as it despatches such notice to each member of our Company give notice thereof to all grantees (containing an extract of the provisions of this paragraph) and thereupon, each grantee or his personal representative(s) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the grantee credited as fully paid.

(n) ***Rights on a compromise or arrangement***

Other than a general or partial offer or a scheme of arrangement contemplated in paragraph (o) below, in the event of a compromise or arrangement between our Company and its members or creditors being proposed for the purpose of or in connection with a scheme for the reconstruction or amalgamation of our Company, our Company shall give notice thereof to all grantees on the same date as it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement and any grantee or his personal representative(s) may by notice in writing to our Company accompanied by a remittance of the full amount of the subscription price in respect of which the notice is given (such notice to be received by our Company not later than two business days prior to the proposed meeting) exercise the option (to the extent not already exercised) either to its full extent or to the extent specified in such notice.

(o) ***Rights on a scheme of arrangement***

If a general or partial offer by way of scheme of arrangement is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all its reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, Shareholders. If such scheme of arrangement is formally proposed to the Shareholders, the grantee shall, notwithstanding any other term on which his options were granted, be entitled to exercise the option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company at any time thereafter and the record date for entitlements under the scheme of arrangement.

(p) ***Ranking of Shares***

Shares to be allotted and issued upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank pari passu in all respects with the existing fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of our Company is closed, the first day of the reopening of the register of members (the "**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an option shall not carry voting rights until the name of the grantee has been duly entered onto the register of members of our Company as the holder thereof.

(q) ***Duration and administration of the Share Option Scheme***

The Share Option Scheme shall be valid and effective commencing from the adoption date of the Share Option Scheme until the termination date as provided therein (which being the close of business of our Company on the date which falls ten years from the date of the adoption of the Share Option Scheme), after which period no further options will be granted but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. The Share Option Scheme shall be subject to the administration of our Board whose decision on all matters arising in relation to the Share Option Scheme or its interpretation or effect shall (save as otherwise provided therein and in the absence of manifest error) be final and binding on all persons who may be affected thereby.

(r) ***Alterations to the terms of the Share Option Scheme***

i. alterations of the provisions relating to the matters set out in Rule 23.03 of the GEM Listing Rules cannot be altered to the advantage of Eligible Participant without the prior approval of the Shareholders in general meeting;

ii. any alteration to the terms and conditions of the provisions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme;

iii. any change to the authority of our Directors or administrator of the Share Option Scheme in relation to any alteration to the terms of the Share Option Scheme must be approved by the Shareholders in general meeting; and

iv. the amended terms of the Share Option Scheme or the options must still comply with the relevant requirements of the GEM Listing Rules and any guidance/interpretation of the GEM Listing Rules issued by the Stock Exchange from time to time.

(s) ***Conditions of the Share Option Scheme***

The Share Option Scheme is conditional upon:

i. the Listing Division granting the **[REDACTED]** of, and permission to deal in, any Shares to be issued by our Company pursuant to the exercise of options in accordance with the terms and conditions of the Share Option Scheme;

ii. commencement of dealings of Shares on the Stock Exchange; and

iii. the passing of the necessary resolution to approve and adopt the Share Option Scheme by the Shareholders in general meeting or by way of written resolution and to authorise our Directors to grant options at their absolute discretion thereunder and to allot, issue and deal with Shares pursuant to the exercise of any options granted under the Share Option Scheme.

(t) ***Grant of options to connected persons or any of their associates***

Each grant of options to a Director, chief executive or substantial Shareholder or an independent non-executive Director (as defined in the GEM Listing Rules) of our Company, or any of their respective associates must be approved by the independent non-executive Directors (excluding the independent non-executive Director who is the proposed grantee of the option (if any)). Where any grant of options to a substantial Shareholder or an independent non-executive Director, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

i. representing in aggregate over 0.1% of the Shares in issue; and

ii. having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5 million,

such further grant of options must be approved by the Shareholders. Our Company must send a circular to its Shareholders. The grantee, his associates and all core connected persons of our Company must abstain from voting at such general meeting, except that any such grantee, his associate, or core connected person of our Company may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such options must be taken on a poll. The circular must contain:

(i) details of the number and terms (including the subscription price) of the options to be granted to each Eligible Participant, which must be fixed before the Shareholders' meeting and the date of the meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price;

(ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the options) to the independent Shareholders as to voting; and

(iii) the information as may be required under the GEM Listing Rules from time to time.

Shareholders' approval is also required for any change in the terms of options granted to an Eligible Participant who is a substantial shareholder (as defined in the GEM Listing Rules) or an independent non-executive Director, or any of their respective associates.

(u) *Lapse of option*

The Option Period (as defined in the Share Option Scheme) in respect of any option shall automatically terminate and that option (to the extent not already exercised) shall automatically lapse on the earliest of:

i. the expiry of the Option Period;

ii. the expiry of any of the periods referred to in paragraphs (h), (i) or (n), where applicable;

iii. subject to the court of competent jurisdiction not making an order prohibiting the offeror from acquiring the remaining shares in the offer, the expiry of the period referred to in paragraph (l);

iv. subject to the scheme of arrangement becoming effective, the expiry date of the period referred to in paragraph (o);

v. the date on which the grantee ceases to be an Eligible Participant for any reason other than his death or the termination of his employment or engagement on one or more grounds specified in (vi) below;

vi. the date on which the grantee of an option ceases to be an Eligible Participant by reason of the termination of his employment or engagement on grounds including, but not limited to, misconduct, bankruptcy, insolvency and conviction of any criminal offence;

vii. the date of the commencement of the winding-up of our Company referred to in paragraph (m);

viii. the date on which the grantee commits a breach of paragraph (g); or

ix. the date on which the option is cancelled by the Board as set out in paragraph (j).

(v) ***Termination***

Our Company by an ordinary resolution in general meeting may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(w) ***Miscellaneous***

Any dispute arising in connection with the number of Shares of an option, any of the matters referred to in paragraph (k) above shall be referred to the decision of the auditors or the independent financial adviser who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final, conclusive and binding on all persons who may be affected thereby.

(x) ***Present status of the Share Option Scheme***

Application has been made to the Listing Division for the approval of the Share Option Scheme, the subsequent grant of options under the Share Option Scheme and the **[REDACTED]** of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme which shall represent 10% of the Shares in issue upon completion of the **[REDACTED]**.

As at the date of this document, no options have been granted or agreed to be granted under the Share Option Scheme.

(y) ***Value of options***

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of the options. Our Directors believe that any calculation of the value of the options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

Our Board confirms that it will not approve the exercise of any option if as a result which our Company will not be able to comply with the public float requirements under the GEM Listing Rules.

E. OTHER INFORMATION

1. Estate duty, tax and other indemnity

Indemnity on estate duty and taxation

Our Controlling Shareholders (the "**Indemnifiers**") have pursuant to the Deed of Indemnity, given indemnities on a joint and several basis in favour of our Company (for ourselves and as trustee as our subsidiaries) in connection with, among others, any taxation which might be payable by any member of our Group in respect of any income, profits or gains earned, accrued or received or alleged to have been earned, accrued or received on or before the date on which the **[REDACTED]** becomes unconditional (the "**Effective Date**").

The Indemnifiers will however, not be liable under the Deed of Indemnity for taxation where:

i. to the extent (if any) to which provision, reserve or allowance has been made for such taxation liabilities and claims in the audited combined accounts of our Company for the Track Record Period as set out in Appendix I to this document (the "**Accounts**");

ii. to the extent such taxation liabilities and claims falling on any of the members of our Group in respect of their current accounting periods or any accounting period commencing on or after the Effective Date would not have arisen but for some act or omission of, or transaction voluntarily effected by, any of the members of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) with the prior written consent or agreement or acquiescence of the Indemnifiers other than any such act, omission or transaction:

    (i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after the Effective Date, or

    (ii) carried out, made or entered into pursuant to a legally binding commitment created on or before the Effective Date or pursuant to any statement of intention made in this document; or

iii. to the extent of any provision, reserve or allowance made for such taxation liabilities in the Accounts which is finally established to be an over-provision or an excessive reserve or allowance, in which case the Indemnifiers' liability (if any) in respect of such taxation liabilities shall be reduced by an amount not exceeding such provision, reserve or allowance, provided that the amount of any such provision, reserve or allowance applied pursuant to this paragraph to reduce the Indemnifiers' liability in respect of such taxation liabilities shall not be available in respect of any such liability arising thereafter and for the avoidance of doubt, such over-provision or excess provision, reserve or allowance shall only be applied to reduce the liability of the Indemnifiers under the Deed of Indemnity and none of the members of our Group shall in any circumstances be liable to pay the Indemnifiers any such excess; or

iv. to the extent that any taxation liabilities and claims arises or is incurred as a result of the imposition of such taxation liabilities as a consequence of any retrospective change in the law, rules and regulations or the interpretation or practice thereof by the Hong Kong Inland Revenue Department or any other relevant authority (whether in Hong Kong, the Cayman Islands and the BVI, or any other part of the world) coming into force after the Effective Date or to the extent that such taxation liabilities and claims arise or is increased by an increase in rates of such taxation liabilities after the Effective Date with retrospective effect.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries under the laws of the Cayman Islands, the BVI and Hong Kong, being jurisdictions in which one or more of the companies comprising our Group are incorporated.

2. Litigation

As at the Latest Practicable Date, no member of our Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened against any member of our Group.

3. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Listing Division for **[REDACTED]** of, and permission to deal in, the Shares in issue and Shares to be issued as mentioned herein (including any Shares falling to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme).

The Sole Sponsor is independent from our Company pursuant to Rule 6A.07 of the GEM Listing Rules. The total amount of fees payable to the Sole Sponsor by our Company for sponsoring the **[REDACTED]** of the Shares on the Stock Exchange is HK$3.5 million.

4. Preliminary Expenses

Our preliminary expenses are estimated to be approximately HK$34,000 and are payable by our Company.

5. Promoter

Our Company has no promoter for the purpose of the GEM Listing Rules. Save as disclosed above, within the two years immediately preceding the date of this document, no cash, securities or other benefits have been paid, allotted or given to any promoters in connection with the **[REDACTED]** or the related transactions described in this document.

6. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this document:

Name	Qualification
Lego Corporate Finance Limited	A licensed corporation under the SFO to engage in type 6 (advising on corporate finance) regulated activities as defined under the SFO
Appleby	Cayman Islands attorneys-at-law
Crowe Horwath (HK) Consulting & Valuation Limited	Industry research consultant
PricewaterhouseCoopers	Certified Public Accountants
Soga Law Office	Legal advisers to our Company as to Japan law

7. Consents of experts

Each of the experts named in paragraph 6 above has given and has not withdrawn its consent to the issue of this document with the inclusion of its report and/or letter and/or opinion and/or data (as the case may be) and references to its name included in the form and context in which it respectively appears.

None of the experts named in paragraph 6 above has any shareholding interests in our Group or any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, securities in any member of our Group.

8. Binding effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

9. Agency fees or commission received

The Underwriters will receive an underwriting commission, and the Sole Sponsor will receive a documentation fee, as referred to in **[REDACTED]**.

10. Registration procedures

The register of members of our Company will be maintained in the Cayman Islands by **[REDACTED]** and a branch register of members of our Company will be maintained in Hong Kong by **[REDACTED]**. Save where our Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, our Company's branch share registrar in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.

11. Miscellaneous

(a) Save as disclosed in this document, within the two years immediately preceding the date of this document:

  (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

  (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

  (iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;

  (iv) no founders, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued; and

  (v) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries.

(b) Since 31 March 2016, being the date of our latest audited combined financial results were prepared, save as disclosed in "Summary — Recent developments and material adverse change", there has been no material adverse change in the financial or trading position or prospects of our Group.

(c) There has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document.

(d) No company within our Group is presently listed on any stock exchange or traded on any trading system.

(e) There are no arrangements in existence under which future dividends are to be or agreed to be waived.

(f) Our Company has no outstanding convertible debt securities.

12. Bilingual document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). The English text of this document shall prevail over the Chinese text.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

(a) the **[REDACTED]**;

(b) the written consents referred to in "Statutory and General Information — E. Other information — 7. Consents of experts" in Appendix IV to this document; and

(c) copies of material contracts referred to in "Statutory and General Information — B. Further information about our business — 1. Summary of material contracts" in Appendix IV to this document.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Fairbairn Catley Low & Kong at 23rd Floor, Shui On Centre, 6 – 8 Harbour Road, Hong Kong during normal business hours from 9: 30 a.m. to 5: 30 p.m. Monday to Friday, other than Hong Kong public holidays, up to and including [●] 2016:

(a) the Memorandum and the Articles;

(b) the Accountant's Report on our Group from PricewaterhouseCoopers, the text of which is set out in Appendix I to this document;

(c) the audited combined financial statements of our Group for each of the two years ended 31 March 2016;

(d) the report from PricewaterhouseCoopers on the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this document;

(e) the letter prepared by Appleby summarising certain aspects of Cayman Islands company law as referred to in Appendix III to this document;

(f) the legal opinion issued by Soga Law Office in respect of certain aspects of our Group;

(g) the CH Report;

(h) the rules of the Share Option Scheme;

(i) the Companies Law;

(j) the material contracts referred to in "Statutory and General Information — B. Further information about our Business — 1. Summary of material contracts" in Appendix IV to this document;

(k) the service agreements and appointment letters referred to in "Statutory and General Information — C. Further information about our Directors and substantial shareholders — 2. Directors' service contracts and remuneration" in Appendix IV to this document; and

(l) the written consents referred to in "Statutory and General Information — E. Other information — 7. Consents of experts" in Appendix IV to this document.