

縱橫遊

WWPKG Holdings Company Limited
縱橫遊控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8069

SHARE OFFER

Sole Sponsor



Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager



IMPORTANT

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



WWPKG Holdings Company Limited 縱橫遊控股有限公司

(Incorporated in the Cayman Islands with limited liability)

LISTING ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED

BY WAY OF PUBLIC OFFER AND PLACING

Number of Offer Shares	: 100,000,000 Shares
Number of Public Offer Shares	: 10,000,000 Shares (subject to re-allocation)
Number of Placing Shares	: 90,000,000 Shares (subject to re-allocation)
Maximum Offer Price	: HK\$0.80 per Offer Share, plus brokerage fee 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	: 8069

Sole Sponsor



Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager



Co-Managers (in alphabetical order)



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

A copy of this prospectus, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix V to this prospectus, 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 prospectus or any of the other documents referred to above.

The Offer Price is expected to be fixed by an agreement between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on the Price Determination Date which is expected to be on or about Friday, 6 January 2017 or such other date as may be agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters), but in any event no later than Monday, 9 January 2017. The Offer Price will not be more than HK\$0.80 per Offer Share and is expected to be not less than HK\$0.40 per Offer Share. Applicants for the Public Offer Shares are required to pay, on application, the maximum Offer Price of HK\$0.80 for each Offer Share together with brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price finally determined is lower than HK\$0.80 per Offer Share (the maximum Offer Price). If, for any reason, the Offer Price is not agreed between us and the Sole Global Coordinator (for itself and on behalf of the Underwriters) by Monday, 9 January 2017, the Share Offer will not proceed and will lapse.

The Sole Global Coordinator (for itself and on behalf of the Underwriters), with the consent of our Company, may reduce the number of Offer Shares and/or the indicative Offer Price range below that as stated in this prospectus (which is HK\$0.40 to HK\$0.80 per Offer Share) at any time prior to the morning of the last day for lodging applications under the Public Offer. In such a case, notice of the reduction in the number of Offer Shares and/or the indicative Offer Price range 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 Share Offer" and "How to Apply For Public Offer Shares".

The obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement to subscribe for, and to procure subscriptions for, the Public Offer Shares, are subject to termination by the Sole Global Coordinator (for itself and on behalf of the Public Offer Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. 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 prospectus, including, without limitation, the risk factors set out in "Risk Factors".

The Offer Shares 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.

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

If there is any change in the following expected timetable, we will issue an announcement to be published on the websites of our Company and the Stock Exchange.

	<i>Date and time^(Note 1)</i>
	2017
Application Lists open ^(Note 2)	11:45 a.m. on Thursday, 5 January
Latest time for lodging WHITE and YELLOW Application Forms	12:00 noon on Thursday, 5 January
Latest time for giving electronic application instructions to HKSCC ^(Note 3)	12:00 noon on Thursday, 5 January
Application Lists close ^(Note 2)	12:00 noon on Thursday, 5 January
Expected Price Determination Date ^(Note 4)	Friday, 6 January
(1) Announcement of the final Offer Price, the level of indication of level of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares	Wednesday, 11 January
(2) Results of allocations in the Public Offer (with successful applicants' identification document or business registration numbers, where appropriate) to be available through a variety of channels as described in "How to Apply for Public Offer Shares — 10. Publication of results" from	Wednesday, 11 January
(3) A full announcement containing (1) and (2) above to be published on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.wwpkg.com.hk ^(Note 5) from	Wednesday, 11 January
Results of allocations in the Public Offer will be available at www.tricor.com.hk/ipo/result with a "search by ID" function from	Wednesday, 11 January
Despatch of Share certificates or deposit of the Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Public Offer on or before ^(Notes 6 and 8)	Wednesday, 11 January
Despatch of refund cheques in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications pursuant to the Public Offer on or before ^(Notes 7 and 8)	Wednesday, 11 January
Dealings in the Shares on GEM expected to commence at 9:00 a.m. on	Thursday, 12 January

Notes:

- (1) All dates and times refer to Hong Kong dates and times, except as otherwise stated.
- (2) If there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 5 January 2017, the Application Lists will not open or close on that day. See "How to Apply for Public Offer Shares — 9. Effect of bad weather on the opening of the Application Lists". If the Application Lists do not open and close on Thursday, 5 January 2017, the dates mentioned in this section may be affected.

EXPECTED TIMETABLE

- (3) Applicants who apply for Public Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to “How to Apply for Public Offer Shares — 5. Applying by giving **electronic application instructions** to HKSCC via CCASS”.
- (4) The Price Determination Date is expected to be on or around Friday, 6 January 2017 and, in any event, no later than Monday, 9 January 2017. If, for any reason, our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) are unable to reach an agreement on the Offer Price on or before Monday, 9 January 2017, the Share Offer will not proceed and will lapse.
- (5) None of the website or any of the information contained on the website forms part of this prospectus.
- (6) Share certificates will only become valid at 8:00 a.m. on Thursday, 12 January 2017 provided that the Share Offer has become unconditional in all respects and none of the Underwriting Agreements has been terminated in accordance with their respective terms. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk. If the Share Offer does not become unconditional or the Underwriting Agreements are terminated in accordance with their respective terms, we will make an announcement as soon as possible.
- (7) Refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Public Offer and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant’s Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant’s Hong Kong identity card number or passport number before encashment of the refund cheque. Inaccurate completion of an applicant’s Hong Kong identity card number or passport number may invalidate or delay encashment of the refund cheque.
- (8) Applicants who have applied on **WHITE** Application Forms for 1,000,000 Shares or more and have provided all information required by the Application Form may collect any refund cheques and/or Share certificates (where applicable) in person from our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, 11 January 2017. Applicants being individuals who are eligible for personal collection must not authorise any other person to collect on their behalf. Applicants being corporations which are eligible for personal collection must attend by their authorised representatives bearing a letter of authorisation from their corporation stamped with the company’s chop. Both individuals and authorised representatives of corporations must produce evidence of identity acceptable to the Hong Kong Branch Share Registrar at the time of collection.

Applicants who have applied on **YELLOW** Application Forms for 1,000,000 Public Offer Shares or more and have provided all information required by the Application Form may collect their refund cheques, if any, in person but may not elect to collect their Share certificates as such Share certificates will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to their or the designated CCASS Participant’s stock account as stated in their Application Forms. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

Applicants who have applied for Public Offer Shares by giving **electronic application instructions** to HKSCC should refer to “How to Apply for Public Offer Shares — 13. Despatch/collection of Share certificates and refund monies — Personal collection — (iii) If you apply via **electronic application instructions** to HKSCC” for details.

Applicants who have applied for less than 1,000,000 Public Offer Shares or have applied for 1,000,000 Public Offer Shares or more but do not collect their Share certificates and/or refund cheques, the Share certificates and/or refund cheques will be despatched by ordinary post, at the applicants’ own risk, to the addresses specified in the relevant applications on or before Wednesday, 11 January 2017.

Further information is set out in “How to Apply for Public Offer Shares — 12. Refund of application monies” and “How to Apply for Public Offer Shares — 13. Despatch/collection of Share certificates and refund monies”.

EXPECTED TIMETABLE

The above expected timetable is a summary only. You should refer to “Structure and Conditions of the Share Offer” and “How to Apply for Public Offer Shares” for details of the structure of the Share Offer, including the conditions of the Share Offer, and the procedures for application for the Public Offer Shares.

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IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This prospectus is issued by our Company solely in connection with the Public Offer and the Public Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Public Offer Shares offered by this prospectus pursuant to the Public Offer. This prospectus 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 public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering of the Offer Shares 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 prospectus and the Application Forms to make your investment decision. The Public Offer is made solely on the basis of the information contained and the representations made in this prospectus. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, 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 Share Offer. The information contained on our website at www.wwpkg.com.hk does not form part of this prospectus.

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SUMMARY

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

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in “Risk Factors”. You should read that section carefully before you decide whether to invest in the Offer Shares.

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 business includes (i) the design, development and sales of outbound package tours; (ii) the sales of free independent traveller (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 and the three months ended 30 June 2015 and 2016, our revenue was approximately HK\$461.5 million, HK\$452.6 million, HK\$118.3 million and HK\$82.4 million respectively. The tables below show the breakdown of our revenue, gross profit and gross profit margin by major category of services/products for the Track Record Period:

	Year ended 31 March				Three months ended 30 June			
	2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	<i>(Unaudited)</i>							
Package tours	451,117	97.7	443,941	98.1	116,481	98.5	80,299	97.5
FIT products ^(Note 1)	4,383	1.0	4,009	0.9	958	0.8	752	0.9
Ancillary travel related products and services ^(Note 1)	6,046	1.3	4,682	1.0	846	0.7	1,336	1.6
Total	<u>461,546</u>	<u>100.0</u>	<u>452,632</u>	<u>100.0</u>	<u>118,285</u>	<u>100.0</u>	<u>82,387</u>	<u>100.0</u>

SUMMARY

	Year ended 31 March				Three months ended 30 June			
	2015		2016		2015		2016	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Package tours ^(Note 2)	63,183	14.0	74,544	16.8	23,246	20.0	8,739	10.9
FIT products ^(Note 1)	4,383	N/A	4,009	N/A	958	N/A	752	N/A
Ancillary travel related products and services ^(Note 1)	6,046	N/A	4,682	N/A	846	N/A	1,336	N/A
Total	<u>73,612</u>	15.9	<u>83,235</u>	18.4	<u>25,050</u>	21.2	<u>10,827</u>	13.1

(Unaudited)

Notes:

- (1) Our revenues from sales of FIT products and ancillary travel related products and services are recognised on net basis as we render our services as an agent.
- (2) 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 three months ended 30 June 2015 and 2016, the gross profit margin (excluding unallocated costs of approximately HK\$187,000 and HK\$142,000 respectively) of (i) package tours bound for Japan was approximately 20.7% and 11.0% respectively; and (ii) package tours bound for other destinations was approximately 16.6% and 11.2% respectively.

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 with approximately 2.6% market share 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. For details of the awards, please refer to “Business — Awards”.

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.

Expected loss-making for the year ending 31 March 2017

Prospective investors should note that for the three months ended 30 June 2016, we recorded a net loss of approximately HK\$7.9 million as compared to an unaudited net profit of approximately HK\$11.0 million for the corresponding period in 2015, and that we expect the financial results of our Group will drop significantly and will record a net loss for the year ending 31 March 2017 as compared to a net profit of approximately HK\$23.3 million for the year ended 31 March 2016. For details of the factors which affected and are expected to have adverse effect on our financial results for the three months ended 30 June 2016 and year ending 31 March 2017, please refer to “— Recent developments and material adverse change”. If such factors continue to adversely affect our business operations and our counteractive measures cannot effectively alleviate the adverse impact brought by such factors, the net loss of our Group for the year ending 31 March 2017 will increase further.

SUMMARY

BUSINESS MODEL

We operate as a licensed travel agent in Hong Kong to provide a variety of travel products and services to our customers. We offer various 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 satisfy the needs of 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%, 84.4%, 84.9% and 86.5% of our revenue from package tours for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015 and 2016 respectively. The following table sets out our revenue from package tours by destination for the Track Record Period:

	Year ended 31 March				Three months ended 30 June			
	2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000 (Unaudited)	%	HK\$'000	%
Japan	352,488	78.1	374,674	84.4	98,948	84.9	69,473	86.5
Other destinations:								
South Korea	68,214	15.1	34,424	7.8	8,067	6.9	5,503	6.9
Taiwan	12,247	2.7	12,891	2.9	2,955	2.5	1,036	1.3
China	8,907	2.0	11,752	2.6	4,269	3.7	2,802	3.5
Southeast Asian countries ^(Note 1)	9,152	2.1	6,063	1.4	2,242	2.0	790	1.0
Other countries ^(Note 2)	109	0.0	4,137	0.9	—	—	695	0.8
Total	<u>451,117</u>	<u>100.0</u>	<u>443,941</u>	<u>100.0</u>	<u>116,481</u>	<u>100.0</u>	<u>80,299</u>	<u>100.0</u>

Notes:

- (1) Southeast Asian countries during the Track Record Period included Thailand, Malaysia and Singapore, Vietnam and Cambodia.
- (2) Other countries during the Track Record Period included Dubai and Australia.

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” since 1988, 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.

SUMMARY

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 (except Okinawa), the exchange rate of Japanese Yen. 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. For the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015 and 2016, approximately 97.0%, 97.7%, 97.0% and 96.6% 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%, 2.6% and 2.4% of our total sales invoice amount for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016 respectively.

SUPPLIERS

Our suppliers mainly include airlines, land operators, tour bus operators and other local transportation operators, hotel operators, travel agents, restaurants and attraction operators. Purchases from our five largest suppliers accounted for approximately 54.4%, 54.0% and 43.5% of our total purchases for the Track Record Period respectively.

Our largest supplier in each of the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016 was an airline group based in Hong Kong from which we sourced air tickets for our business operations. Purchases from our largest supplier accounted for approximately 42.5%, 40.1% and 31.2% of our total purchases for the Track Record Period respectively. 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.

SUMMARY

FOREIGN EXCHANGE EXPOSURE

Our Group is exposed to foreign exchange risk, particularly in relation to Japanese Yen. 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 following table sets forth the breakdown of our cost of sales by currency for the Track Record Period:

	Year ended 31 March				Three months ended 30 June			
	2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000 (Unaudited)	%	HK\$'000	%
Hong Kong dollars	247,146	63.7	225,202	61.0	53,228	57.1	32,692	45.7
Japanese Yen	140,788	36.3	144,195	39.0	40,007	42.9	38,868	54.3
Total	<u>387,934</u>	<u>100.0</u>	<u>369,397</u>	<u>100.0</u>	<u>93,235</u>	<u>100.0</u>	<u>71,560</u>	<u>100.0</u>

Please refer to “Financial Information — Sensitivity and breakeven analyses” for the sensitivity and breakeven analyses of the impact of hypothetical changes in the exchange rate of Japanese Yen against Hong Kong dollars on our profit for each financial year/period during the Track Record Period.

We have developed foreign exchange risk management procedures to manage our exposure to foreign exchange risk in relation to Japanese Yen. For details, please refer to “Business — Internal control and risk management — Foreign exchange risk control”.

COMPETITION LANDSCAPE AND COMPETITIVE STRENGTHS

We operate in the travel service industry in Hong Kong. According to the CH Report, there were 1,756 licensed travel agents in Hong Kong as at the Latest Practicable Date, 560 of which engage in the wholesale and/or operation of package tours. The ten largest licensed travel agents engaging in the wholesale and/or operation of package tours in Hong Kong 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 agents in and outside Hong Kong, which offer similar products and services directly to customers or over the Internet.

According to CH, the top ten players in the package tour market in Hong Kong, including our Group, which represent a majority of the market share, offer a wide range of types of package tours covering high-end and low-end package tours to cater for the preference of different customers. The price range of our Group’s package tours bound for Japan was approximately HK\$4,000 to approximately HK\$63,000 per person and package tours bound for other destination was approximately HK\$700 to approximately HK\$42,000 per person during the Track Record Period.

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

SUMMARY

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) enhancing our brand recognition and awareness; (ii) strengthening our customer relationship management efforts 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 Share Offer, 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 Shares and the Share Offer. Some of the major risks that could materially and adversely affect our business and results of operation are as follows:

- We experienced fluctuation in gross profit and gross profit margin for our sales of package tours and overall financial results during the Track Record Period.
- 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.
- We are exposed to foreign exchange risk particularly in relation to Japanese Yen which would impact on our Group's operating performance as well as our financial position.
- We recorded foreign exchange losses from the forward exchange contracts entered into by us during the Track Record Period.

You should read the entire "Risk Factors" carefully before deciding to invest in the Offer Shares.

SUMMARY

SHAREHOLDERS' INFORMATION

Immediately following the completion of the Share Offer 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 75% 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 Listing 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		Three months ended 30 June	
	2015	2016	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(Unaudited)</i>	<i>HK\$'000</i>
Revenue	461,546	452,632	118,285	82,387
Gross profit	73,612	83,235	25,050	10,827
Profit/(loss) before income tax	19,689	28,405	13,182	(8,294)
Profit/(loss) and total comprehensive income/(loss) for the year/period	16,344	23,328	10,957	(7,871)
Profit/(loss) and total comprehensive income/(loss) for the year/period attributable to owners of the Company	16,226	23,109	10,840	(7,771)
<i>Non-HKFRSs information</i>				
Profit/(loss) and total comprehensive income/(loss) for the year/period attributable to owners of the Company (excluding Listing expenses)	16,226	24,318	10,840	(2,039)

Key balance sheet information

	As at 31 March		As at 30 June
	2015	2016	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	3,382	5,881	6,773
Current assets	88,836	89,778	94,477
Non-current liabilities	995	915	840
Current liabilities	53,310	33,463	47,000
Total equity	37,953	61,281	53,410
Equity attributable to owners of the Company	37,499	60,608	52,837

SUMMARY

Selected cash flow items

	<u>Year ended 31 March</u>		<u>Three months ended 30 June</u>	
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(Unaudited)</i>	<i>HK\$'000</i>
Operating cash flows before changes in working capital	21,312	28,531	12,487	(7,983)
Net cash generated from operating activities	1,208	23,137	13,934	7,744
Net cash used in investing activities	(1,252)	(3,040)	(757)	(55)
Net cash used in financial activities	(8,225)	(2,991)	(2,066)	(2,402)
Net (decrease)/increase in cash and cash equivalents	(8,269)	17,106	11,111	5,287

Key financial ratios

	<u>As at/Year ended 31 March</u>		<u>As at/Three months ended 30 June</u>
	<u>2015</u>	<u>2016</u>	<u>2016</u>
	Net profit/(loss) margin before interest and tax (%)	4.3	6.3
Net profit/(loss) margin (%)	3.5	5.1	(9.4)
Return on equity (%)	43.3	38.1	N/A
Return on total assets (%)	17.6	24.2	N/A
Interest coverage (times)	2,188.7	1,015.5	N/A
Current ratio and quick ratio (times)	1.7	2.7	2.0
Gearing ratio (%) ^(Note)	1.6	1.0	1.0
Debt-to-equity ratio (%)	N/A	N/A	N/A

Note: Gearing ratio is calculated based on total debt at the end of the financial year/period divided by total equity at the end of the financial year/period and multiplied by 100%. Debt of our Group refers to obligations under finance leases.

Exchange rate applied to financial statements of our Group during the Track Record Period

The following tables set forth the exchange rate applied for translating balances and transactions in Japanese Yen to Hong Kong dollars in the financial statements during the Track Record Period:

	<u>As at 31 March</u>		<u>As at 30 June</u>	
	<u>2015</u>	<u>2016</u>	<u>2016</u>	
Combined statements of financial position (HK\$:JPY)	0.0644	0.0690	0.0755	
	<u>Year ended 31 March</u>		<u>Three months ended 30 June</u>	
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
Combined statements of comprehensive income (HK\$:JPY)	0.0705	0.0642	0.0639	0.0702

LISTING 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 the Listing expenses in relation to the Share Offer, the nature of which is non-recurring. The total Listing fees in relation to the Share Offer, primarily consisting of fees paid or payable to professional parties and underwriting fees and commission, are estimated to be approximately HK\$21.6 million (based on the mid-point of

SUMMARY

the indicative Offer Price range of HK\$0.6 per Share and 100,000,000 Offer Shares). Among the estimated total Listing fees, (i) approximately HK\$6.5 million is expected to be accounted for as a deduction from equity upon Listing; and (ii) approximately HK\$15.1 million is expected to be recognised as expenses in our consolidated statements of comprehensive income, of which approximately HK\$1.2 million had been recognised for the year ended 31 March 2016, approximately HK\$5.7 million had been recognised for the three months ended 30 June 2016 and the remaining approximately HK\$8.2 million is expected to be recognised for the nine months ending 31 March 2017.

USE OF PROCEEDS

Our Directors believe that the Listing 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 net proceeds from the Share Offer (after deducting underwriting commissions and estimated expenses payable by us in connection with the Share Offer), assuming an Offer Price of HK\$0.60 per Share (being the mid-point of the indicative Offer Price range), will be approximately HK\$38.4 million. We currently intend to apply the net proceeds in the following manner:

- approximately 44.5%, or HK\$17.1 million, to be used to promote our brand recognition and awareness;
- approximately 24.9%, or HK\$9.6 million, to be used to strengthen and enhance our sales channels;
- approximately 20.6%, or HK\$7.9 million, to be used to improve our operational efficiency; and
- approximately 10.0%, or HK\$3.8 million, to be used for our general corporate and working capital purposes.

Please refer to "Future Plans and Use of Proceeds" for further details of our use of proceeds and the implementation plans of our business strategies, as well as the reasons for the Listing and the Share Offer.

OFFER STATISTICS

	<u>Based on an Offer Price of</u>	
	<u>HK\$0.4 per</u>	<u>HK\$0.8 per</u>
	<u>Offer Share</u>	<u>Offer Share</u>
Market capitalisation ^(Note)	HK\$160 million	HK\$320 million
Unaudited pro forma combined net tangible assets per Share ^(Note)	HK\$0.20	HK\$0.30

Note: Please see "Unaudited Pro Forma Financial Information" in Appendix II to this prospectus 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 factors such as our earnings, financial condition, cash requirements and availability, and any

SUMMARY

other factors our Directors may consider relevant. Currently, we do not have any dividend policy, nor do we have any predetermined dividend distribution ratio.

During the year ended 31 March 2015, 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. Save for the aforesaid, our Group did not declare and/or paid any other dividend during the Track Record Period.

RECENT DEVELOPMENTS AND MATERIAL ADVERSE CHANGE

Based on the audited results for the three months ended 30 June 2016 and the unaudited financial information for the five months ended 30 November 2016 of our Group, we expect the financial results of our Group will drop significantly for the year ending 31 March 2017 as compared to that for the year ended 31 March 2016.

Our revenue for the year ending 31 March 2017 is expected to decrease significantly due to (a) the negative impact of the 2016 Kumamoto Earthquake occurred in April 2016; (b) the decrease in demand of customers who are cost conscious for our package tours bound for Japan due to the continued appreciation of Japanese Yen against Hong Kong dollars together with the intense competition within the industry; and (c) the downward adjustment of the selling price of our package tours in view of the fierce industry competition. Apart from the estimated decrease in revenue, our gross profit margin for the year ending 31 March 2017 is expected to be adversely affected by the increase in our cost of sales mainly due to (i) the continuous strong exchange rate of Japanese Yen against Hong Kong dollars which boosts up our land costs that are settled in Japanese Yen; and (ii) the increase in the hotel room rates in Japan.

As a result of the 2016 Kumamoto Earthquake, package tours of our Group bound for Kyushu between 15 April 2016 to 27 June 2016 were completely suspended. The decrease in invoiced sales amount of Kyushu tours contributed to approximately 26.3% of the decrease in invoiced sales amount of tours bound for Japan of our Group during the three months ended 30 June 2016.

The appreciation of Japanese Yen impacts both the demand (i.e. demand from cost conscious customers will decrease) and cost (i.e. land costs denominated in Japanese Yen will increase) side of our Group's business, which will lead to the shrinking of our gross margin. While the travel industry in Hong Kong has always been competitive, its impact on our Group's financial performance is increased when the Japanese Yen is appreciating because people may defer their travel plans, choose other travel destinations beside Japan or search for more bargain offers. Hence, the industry players generally will cut prices in order to promote demand and compete for customers. Further, during the period of appreciating Japanese Yen, some of our Group's customers who are more cost conscious may choose to travel by purchasing FIT products through online agencies and booking platforms of airlines and hotels which have generally been very aggressive in pricing. These factors decrease demand for our package tours and intensify market competition. This also explains why despite online travel booking has been expanding for years and industry competition has always been increasing, their impact on our Group's financial performance is more prominent in the three months ended 30 June 2016 than in the two years ended 31 March 2016.

SUMMARY

The gross margin of package tours bound for Japan (excluding Kyushu) of our Group for the three months ended 30 June 2016 was approximately 11.1%. For illustrative purpose, assuming that the Japanese Yen exchange rate had remained at the average rate of the two years ended 31 March 2016, the gross margin of package tours bound for Japan (excluding Kyushu) of our Group for the three months ended 30 June 2016 would have improved to approximately 13.0%. Further, for illustrative purpose, assuming the exchange rate of Japanese Yen had remained at the average rate of the two years ended 31 March 2016, our Group would have recorded a net profit (excluding Listing expenses) of approximately HK\$1.1 million for the three months ended 30 June 2016. This means that even if we assume all the decrease in revenue during the three months ended 30 June 2016 (including the decrease in revenue caused by the 2016 Kumamoto Earthquake) was entirely caused by market competition, our Group would still have recorded a net profit without the impact of the appreciation of Japanese Yen. Therefore, our Directors consider the appreciation of Japanese Yen to be the most significant factor affecting the financial performance of our Group for the three months ended 30 June 2016 and the year ending 31 March 2017.

Our selling expenses are expected to increase for the year ending 31 March 2017, which is mainly due to our plan to increase spending on marketing activities to promote our brand recognition and awareness. See “Business — Strategies” and “Future Plans and Use of Proceeds” for details. Our administrative expenses are also expected to increase for the year ending 31 March 2017 as a result of the recognition of the expected Listing expenses of approximately HK\$13.9 million in our consolidation statement of comprehensive income for the year.

Based on the above factors which are expected to have material adverse effect on our financial results, we expect to record a net loss for the year ending 31 March 2017 as compared to a net profit for the year ended 31 March 2016.

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 prospectus, there had been no material adverse change in our financial or trading position or prospect since 30 June 2016, being the date to which our latest audited financial information was prepared and there had been no event since 30 June 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”, our Directors believe that our business is sustainable based on (i) our long established track record, our brand awareness and our well-maintained business relationship with suppliers; (ii) continuous growth of market size and market opportunities; (iii) our ability to respond to adversities; (iv) our strong and healthy financial position; and (v) our counteractive measures against adverse conditions.

For details of the reasons supporting our Directors’ beliefs on the sustainability of our business, please refer to “Business — Sustainability of our business”.

DEFINITIONS

In this prospectus, 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 prospectus
“Application Form(s)”	WHITE Application Form(s) and YELLOW Application Form(s) or where the context so requires, any of them that are used in connection with the Public Offer
“Application Lists”	the application lists used in the Public Offer
“Articles” or “Articles of Association”	the articles of association of our Company conditionally adopted on 16 December 2016 which will take effect from the Listing 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 16 December 2016” in Appendix IV to this prospectus
“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”	Crowe Horwath (HK) Consulting & Valuation Limited, an industry research consultant, an Independent Third Party

DEFINITIONS

“CH Report”	the industry report commissioned by us and prepared by CH in relation to the travel industry in Hong Kong
“China” or “PRC”	the People’s Republic of China and, for the purpose of this prospectus 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 縱橫遊控股有限公司, 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, Mr. CN Yuen and WWPKG Investment, which comprise a group of Controlling Shareholders
“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 16 December 2016 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 prospectus
“Deed of Non-competition”	the deed of non-competition undertakings dated 16 December 2016 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”

DEFINITIONS

“Director(s)” or “our Director(s)”	director(s) of our Company
“electronic application instruction(s)”	instruction given by a CCASS Participant electronically via CCASS to HKSCC, being one of the methods to apply for the Public Offer Shares
“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”	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of our Company
“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

DEFINITIONS

“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 Listing
“Japanese Yen” or “JPY”	Japanese Yen, the lawful currency of Japan
“JCS”	有限会社ジェイ・シイサービス (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 a 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”	21 December 2016, being the latest practicable date for ascertaining certain information in this prospectus
“Listing”	the listing of the Shares on GEM
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Date”	the date, currently expected to be on or about Thursday, 12 January 2017, on which dealings in the Shares on GEM first commence
“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 16 December 2016 which will take effect from the Listing Date, as amended from time to time

DEFINITIONS

“Mr. CN Yuen”	Mr. Yuen Chun Ning, an executive Director, the chief executive officer of our Company, a Controlling Shareholder and a 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
“Offer Price”	the final Hong Kong dollar price per Offer Share (exclusive of brokerage fee, SFC transaction levy and Stock Exchange trading fee) at which the Offer Shares are to be subscribed for pursuant to the Share Offer, as further described in “Structure and Conditions of the Share Offer — Pricing and allocation — Determining the Offer Price”
“Offer Shares”	the Public Offer Shares and the Placing Shares
“Placing”	the conditional placing by the Placing Underwriters of the Placing Shares for cash at the Offer Price (plus a brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), as further described in “Structure and Conditions of the Share Offer”
“Placing Shares”	the 90,000,000 new Shares being initially offered by our Company, for subscription under the Placing subject to re-allocation as further described in “Structure and Conditions of the Share Offer”
“Placing Underwriters”	the several underwriters for the Placing who are expected to enter into the Placing Underwriting Agreement
“Placing Underwriting Agreement”	the underwriting agreement expected to be entered into on or around the Price Determination Date by our Company, our Controlling Shareholders, our executive Directors, the Sole Sponsor, the Sole Global Coordinator and the Placing Underwriters relating to the Placing
“Price Determination Agreement”	the agreement to be entered into between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or about Friday, 6 January 2017, on which the Offer Price is fixed for the purposes of the Share Offer, and in any event no later than Monday, 9 January 2017

DEFINITIONS

“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, and an indirect subsidiary of our Company
“Public Offer”	the offer of Public Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus a brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) on the terms and subject to the conditions described in this prospectus and the Application Forms relating thereto, as further described in “Structure and Conditions of the Share Offer — The Public Offer”
“Public Offer Shares”	the 10,000,000 new Shares initially being offered by our Company for subscription pursuant to the Public Offer at the Offer Price, subject to re-allocation as described in “Structure and Conditions of the Share Offer”
“Public Offer Underwriters”	the underwriters for the Public Offer as listed out in “Underwriting — Public Offer Underwriters”
“Public Offer Underwriting Agreement”	the underwriting agreement dated 29 December 2016 relating to the Public Offer entered into among our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Sole Global Coordinator and the Public Offer Underwriters, as further described in “Underwriting — Public Offer — Public Offer Underwriting Agreement”
“Regulation S”	Regulation S under the U.S. Securities Act
“Reorganisation”	the reorganisation of our Group in preparation for the Listing, 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 our 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 our subsidiaries — 7. Repurchase of our own securities” in Appendix IV to this prospectus
“RTA”	the Registrar of Travel Agents appointed under the TAO
“SFC”	the Securities and Futures Commission of Hong Kong

DEFINITIONS

“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
“Share Offer”	the Public Offer and the Placing
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 16 December 2016, as described in “Statutory and General Information — D. Share Option Scheme” in Appendix IV to this prospectus
“Shareholder(s)”	holder(s) of the Share(s)
“Sole Global Coordinator” or “Sole Bookrunner” or “Sole Lead Manager”	Great Roc Capital Securities Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO
“Sole Sponsor”	Lego Corporate Finance Limited, a licensed corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity 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

DEFINITIONS

“Track Record Period”	the period comprising the two financial years ended 31 March 2015 and 2016 and the three months ended 30 June 2016, and the phrase “for/during the Track Record Period”, following or followed by a series of figures or percentages, refers to information relating to the financial years ended 31 March 2015 and 2016 and the three months ended 30 June 2016 respectively
“U.S. dollars” 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 Public Offer Underwriters and the Placing Underwriters
“Underwriting Agreements”	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
“United States” or “U.S.”	the United States of America
“ WHITE Application Form(s)”	the application form(s) to be completed by the public who require the Public Offer Shares to be issued in the applicants’ own name
“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, and an indirect wholly-owned subsidiary of our Company
“WWPKG Investment”	WWPKG Investment Holdings Limited (縱橫遊投資控股有限公司), 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 (縱橫遊管理有限公司), a company incorporated in the BVI with limited liability on 10 June 2016, and 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 a son of Ms. Chan and Mr. SK Yuen and the brother of Mr. CN Yuen, and a connected person of our Company

DEFINITIONS

“**YELLOW** Application Form(s)” the application form(s) to be completed by the public who require the Public Offer Shares to be deposited directly into CCASS

“%” per cent

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

Certain amounts and percentage figures comprised in this prospectus 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 prospectus in connection with our Group and its business activities. These terminologies and their given meanings may not correspond to those standard meanings and usage adopted in the industry.

“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
“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, or a combination of both
“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

GLOSSARY OF TECHNICAL TERMS

“package tour”	a tour which is organised and hosted by a travel agent, and usually comprises 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

FORWARD-LOOKING STATEMENTS

This prospectus 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 prospectus, 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”, “shall”, “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.

FORWARD-LOOKING STATEMENTS

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 prospectus 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 prospectus 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 prospectus, 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 prospectus 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 prospectus are qualified by reference to the cautionary statements set out in this section.

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

RISK FACTORS

Prospective investors should carefully consider and evaluate the following risk factors and all other information contained in this prospectus before deciding to invest in the Shares. If any of the following risk factors and uncertainties develop 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 We experienced fluctuation in gross profit and gross profit margin for our sales of package tours and overall financial results during the Track Record Period

We experienced fluctuation in gross profit and gross profit margin from the sales of package tours and overall financial results 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. However, our Group recorded gross profit of approximately HK\$8.7 million and gross profit margin of approximately 10.9% from the sales of package tours for the three months ended 30 June 2016 as compared to that of approximately HK\$23.2 million and 20.0% for the three months ended 30 June 2015, respectively. We recorded net profits of approximately HK\$16.3 million and HK\$23.3 million for the years ended 31 March 2015 and 2016, respectively. For the three months ended 30 June 2016, we recorded a net loss of approximately HK\$7.9 million as compared to an unaudited net profit of approximately HK\$11.0 million for the corresponding period in 2015, mainly due to the reasons as stipulated in "Summary — Recent developments and material adverse change".

Our gross profit, gross profit margin and net profit will continue to be affected by various factors, including the fluctuation of exchange rate of Japanese Yen, industry competition and other risks described in this prospectus. There can be no assurance that we could achieve any growth in gross profit, gross profit margin or overall financial results in the future.

1.2 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 customers' 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, among others, the occurrence of the 2016 Kumamoto Earthquake in April 2016, our revenue from package tours bound for Japan for the three months ended 30 June 2016 experienced a notable decrease of approximately 29.8% as compared with the corresponding period in 2015.

RISK FACTORS

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 the 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 dropped by approximately 49.6% for the year ended 31 March 2016 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 destination. Such political instability and issuance of outbound travel alert may significantly affect customers' demand for travelling to these destinations and adversely affect the tour operations in the affected destinations and have material impact on our business and results of operation.

1.3 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 prospect.

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 prospect.

1.4 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%, 84.4% and 86.5% 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 for the decrease in demand for Japan bound tours, our business and results of operation may be adversely affected.

RISK FACTORS

1.5 We are exposed to foreign exchange risk particularly in relation to Japanese Yen 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.

1.6 We recorded foreign exchange losses from the forward exchange contracts entered into by us during the Track Record Period

During the Track Record Period, our Group entered into forward exchange contracts as part of our Group's policy on foreign exchange risk control to manage our foreign exchange rate exposures in relation to the settlement of land costs denominated in Japanese Yen. We recorded fair value loss of approximately HK\$1.9 million for the year ended 31 March 2015 and minimal fair value gains of approximately HK\$20,000 and HK\$18,000 for the year ended 31 March 2016 and the three months ended 30 June 2016 respectively from the forward exchange contracts entered into by us. For details of the forward exchange contracts entered into by us during the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016, please refer to "Financial Information — Description and analysis of principal items in the combined statements of financial position — Derivative financial assets and liabilities". Any unfavourable fluctuations in foreign currency rate will lead to foreign exchange losses on the forward exchange contracts that we enter into from time to time, which will adversely affect our results of operation and financial position.

1.7 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 prospect.

RISK FACTORS

1.8 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 and 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 tours in Hong Kong 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.

1.9 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 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, HK\$0.2 million and HK\$65,000 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 operation.

1.10 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 288 cases of complaints either directly from customers or via TIC. These complaints were generally with regards to itinerary or

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pricing of package tours, services of tour escorts or staff, tour arrangements, quality or arrangements of ancillary travel related products or services, and other matters unrelated to our products or services. 221 cases of these complaints were resolved amicably with our letter of apology or explanation without any monetary payment, 63 cases were resolved involving monetary settlement, and four 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 an 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 prospect.

1.11 Any increase in the costs of travel elements could adversely affect our Group's business, 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%, 93.2%, 92.6% and 92.2% of our Group's cost of sales for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015 and 2016 respectively. The costs of the travel elements is the most important factor in determining the selling prices of our products and services. Increases in costs may reduce our profit if we are unable to adjust the prices of our products and services correspondingly. 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 the price competitiveness of and, hence, customer demand for, our products and services.

1.12 Over 30% 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%, 40.1% and 31.2% of our total purchases for the years ended 31 March 2015 and 2016 and the three months ended 30 June 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.

1.13 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.

RISK FACTORS

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 operation.

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 operation 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

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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 Latest Practicable Date, we were the registered owner of six trademarks in Hong Kong; and we have filed one trademark application in Hong Kong and six 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 prospectus.

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.

RISK FACTORS

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 Use of Proceeds”. The successful implementation of our future plans may be affected by various factors including changes in business environment, economic conditions, market demand 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 such as tour operating system and online sales platform were developed and maintained by third party information technology providers. If our systems become obsolete or our future system development ceases or fails to be compatible with the systems of our suppliers and service providers, our ability to offer our products and our service quality will be adversely affected. We also rely on external service provider for GDS, with which we make air tickets reservation with airlines for our FIT products. Any interruption of services by our GDS service provider could adversely affect our sales of FIT products. Furthermore, any unsatisfactory performance of our information technology providers may lead to an incompatible and outdated information technology system that are vulnerable to disruptions and attacks by computer viruses and hacking, which may seriously 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.

RISK FACTORS

1.23 Historical dividend distributions are not indicative of our future dividend payment 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 factors such as 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 payment. No assurance can be given that we will declare any dividend or at all in the future.

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 1,756 licensed travel agents in Hong Kong as at the Latest Practicable Date, 560 of which engage in the wholesale and/or operation of package tours. The ten largest licensed travel agents engaging in the wholesale and/or operation of package tours in Hong Kong 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. Moreover, with increased popularity of Internet use, apart from facing competition from other travel agents which provide online sales platforms, we also face intense competition from online agencies and booking platforms of airlines and hotels which have aggressive marketing campaigns and promotion programmes from time to time. According to the CH Report, online agencies and booking platforms provide greater convenience and flexibility for flight and hotel booking and are increasingly popular among individual travellers who pursue economic flight and accommodation offers. The increasing use of Internet for travel booking and the rapid emergence of online booking platforms pose threat to and intensify competition within the travel service industry.

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.

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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 prospect.

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 prospect.

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 prospect

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 prospect.

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3. RISKS RELATING TO THE SHARES AND THE SHARE OFFER

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 Share Offer, no public market for the Shares existed. Following the completion of the Share Offer, 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 Share Offer. In addition, we cannot assure you that the Shares will trade in the public market subsequent to the Share Offer at or above the Offer Price. The Offer Price for the Shares will be determined by agreement between the Sole Global Coordinator (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 Share Offer. If an active trading market for the Shares does not develop or is not sustained after the Share Offer, 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 Offer Shares, holders of Offer Shares are subject to the risk that the price of Offer Shares could be affected by adverse conditions and developments during the period, and fall below the Offer Price when trading of Offer Shares begins

The Offer Price of our Shares is expected to be determined on the Price Determination Date. However, our Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be a few 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 Price Determination Date and the time trading begins and fall below the Offer Price 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 Share Offer, our Controlling Shareholders will in aggregate beneficially own 75% 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

RISK FACTORS

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

Some of the facts and statistics in this prospectus 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, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, any Underwriters, any other person or party involved in the Share Offer 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.

3.6 Substantial future sales or the expectation of sales of Shares in the public market by our Controlling Shareholders could cause the price of our Shares to decline

Our Controlling Shareholders have voluntarily undertaken to the Sole Global Coordinator, the Sole Sponsor and our Company that any Shares held by them will be subject to lock-up for certain period after the Listing in addition to the requirement under the GEM Listing Rules, unless with the prior written consent of the Sole Global Coordinator (for details, please refer to "Underwriting — Underwriting arrangements and expenses — Public Offer — Public Offer Underwriting Agreement — Lock-up undertakings to the Public Offer Underwriters"). However, in the event that such voluntary lock-up undertaking is waived by the Sole Global Coordinator without recommendation of the independent committee of our Board which will comprise our independent non-executive Directors and the approval of the independent Shareholders in such regard, our Shares held by our Controlling Shareholders will be tradable in the market. Sales of substantial amount of Shares in the public market by our Controlling Shareholders or the perception that such sales could occur, could adversely affect the market price of our Shares.

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 prospectus. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders may be different in some respects from

RISK FACTORS

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 prospectus 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 prospectus

You are strongly advised to read the entire prospectus 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 prospectus.

Prior to the completion of the Share Offer, there may be press and media coverage regarding our Group and the Share Offer. 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 prospectus and the Application Forms.

WAIVER FROM STRICT COMPLIANCE WITH THE GEM LISTING RULES

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 Listing.

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

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

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the GEM Listing Rules for the purpose of giving information with regard to our Company. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

INFORMATION ON THE SHARE OFFER

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Share Offer or to make any representation not contained in this prospectus and the relevant Application Forms, and any information or representation not contained herein and therein must not be relied upon as having been authorised by our Company, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, any of their respective directors, agents, employees or advisers or any other person or party involved in the Share Offer. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Offer Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus. Details of the structure of the Share Offer, including its conditions, are set out in "Structure and Conditions of the Share Offer", and the procedures for applying for the Public Offer Shares are set out in "How to Apply for Public Offer Shares" and in the relevant Application Forms.

UNDERWRITING

This prospectus is published solely in connection with the Public Offer, which forms part of the Share Offer. For applicants under the Public Offer, this prospectus and the Application Forms set out the terms and conditions of the Public Offer.

The Listing is sponsored by the Sole Sponsor. The Public Offer is fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement and is subject to us and the Sole Global Coordinator (for itself and on behalf of the Underwriters) agreeing on the Offer Price. The Placing Underwriting Agreement relating to the Placing is expected to be entered into on or around Friday, 6 January 2017, being the expected Price Determination Date or such later time as may be agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters), subject to the Offer Price being agreed. The Placing will be fully underwritten by the Placing Underwriters under the terms of the Placing Underwriting Agreement to be entered into.

If, for any reason, our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) are unable to reach agreement on the Offer Price on or before Monday,

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

9 January 2017, the Share Offer will not proceed and will lapse. For full information about the Underwriters and the underwriting arrangements, please see “Underwriting”.

RESTRICTIONS ON OFFER OF THE OFFER SHARES

Each person acquiring the Public Offer Shares under the Public Offer will be required to, or be deemed by his acquisition of Offer Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus and the relevant Application Forms.

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

APPLICATION FOR LISTING OF THE SHARES ON THE STOCK EXCHANGE

We have applied to the Listing Division for the granting of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalisation Issue and the Share Offer and any additional Shares which may be issued upon the exercise of the options that may be granted under the Share Option Scheme.

No part of our Company’s share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in our Shares on the Stock Exchange are expected to commence on Thursday, 12 January 2017. The Shares will be traded in board lots of 5,000 Shares each and are freely transferable. The stock code of our Shares will be 8069.

ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares and we comply with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the GEM Listing Rules) is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

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

REGISTER OF MEMBERS AND STAMP DUTY

Our Company's principal register of members will be maintained by our principal registrar in Cayman Islands and our Company's Hong Kong register of members will be maintained by our Hong Kong Branch Share Registrar.

Dealings in our Shares will be subject to Hong Kong stamp duty.

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of our Shares will be paid to our Shareholders listed on the Hong Kong Branch Share Register, by ordinary post, at the Shareholder's risk, to the registered address of each Shareholder or, if joint Shareholders, to the first-named therein in accordance with the Articles of Association.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Share Offer are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposal of, and dealing in our Shares (or exercising rights attached to them). None of us, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, any of their respective directors or any other person or party involved in the Share Offer accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to, our Shares.

PROCEDURE FOR APPLICATION FOR THE PUBLIC OFFER SHARES

The procedure for application for the Public Offer Shares is set out in "How to Apply for Public Offer Shares" and on the relevant Application Forms.

STRUCTURE OF THE SHARE OFFER

Details of the structure of the Share Offer, including conditions of the Share Offer, are set out in "Structure and Conditions of the Share Offer".

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, the English version of this prospectus shall prevail. However, the English translation of the Japanese name of (i) a corporate entity established in Japan; (ii) a Japanese law, regulation or rule; or (iii) a Japan governmental, regulatory authority or other entities; and of the Chinese or Japanese name of certain award, certificate or permit has been provided for identification and reference purposes only. If there is any inconsistency between the Chinese or Japanese names of any of the aforesaid company names, laws, regulations, rules, authorities, awards, certificates or permits and their English translation, the Chinese or Japanese names shall prevail.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

ROUNDING

Certain amounts and percentages figures included in this prospectus have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies between totals and sums of amounts listed in any table are due to rounding.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

DIRECTORS

<u>Name</u>	<u>Address</u>	<u>Nationality</u>
<i>Executive Directors</i>		
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
<i>Independent non-executive Directors</i>		
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 is disclosed in “Directors and Senior Management”.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

PARTIES INVOLVED IN THE SHARE OFFER

Sole Sponsor

Lego Corporate Finance Limited

(a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO)

Room 1601, 16/F

China Building

29 Queen's Road Central

Hong Kong

Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager

Great Roc Capital Securities Limited

(a corporation licensed to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO)

Suite 3712, 37/F

West Tower, Shun Tak Center

168-200 Connaught Road Central

Hong Kong

Co-Managers

Ample Orient Capital Limited

Room 902, 9/F, Far East Consortium Building

121 Des Voeux Road Central

Hong Kong

Bonus Eventus Securities Limited

Room 1707, 17/F, Tower II

Admiralty Centre, 18 Harcourt Road

Admiralty

Hong Kong

Convoy Investment Services Limited

21/F, Tesbury Centre

28 Queen's Road East

Admiralty

Hong Kong

KGI Capital Asia Limited

41/F, Central Plaza

18 Harbour Road

Wanchai

Hong Kong

Legal advisers to our Company

As to Hong Kong law:

Fairbairn Catley Low & Kong

23/F, Shui On Centre

6-8 Harbour Road

Wanchai

Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

	<p><i>As to Japan law:</i> Soga Law Office 2F, Yotsuya Y's Building 7-6 Honshiocho Shinjuku-ku Tokyo 160-0003 Japan</p>
	<p><i>As to Cayman Islands law:</i> Appleby 2206-19 Jardine House 1 Connaught Place Central Hong Kong</p>
Legal advisers to the Sole Sponsor and the Underwriters	<p>Ma Tang & Co 3rd Floor, Chinese Club Building 21-22 Connaught Road Central Hong Kong</p>
Auditor and Reporting Accountant	<p>PricewaterhouseCoopers <i>Certified Public Accountants</i> 22/F, Prince's Building Central Hong Kong</p>
Industry consultant	<p>Crowe Horwath (HK) Consulting & Valuation Limited 9/F, Leighton Centre 77 Leighton Road Causeway Bay Hong Kong</p>
Receiving bank	<p>Standard Chartered Bank (Hong Kong) Limited 15/F, Standard Chartered Tower 388 Kwun Tong Road Kwun Tong Kowloon Hong Kong</p>

CORPORATE INFORMATION

Registered office	P.O. 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
Company secretary	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 (<i>Chairman</i>) Ho Wing Huen Yen Yuen Ho Tony
Members of the remuneration committee	Yen Yuen Ho Tony (<i>Chairman</i>) Ho Wing Huen Lam Yiu Kin Yuen Sze Keung
Members of the nomination committee	Ho Wing Huen (<i>Chairman</i>) Yen Yuen Ho Tony Lam Yiu Kin Yuen Sze Keung

CORPORATE INFORMATION

Authorised representatives	Yuen Sze Keung (袁士強) 4C, Tower 8, Parc Oasis Yau Yat Chuen Kowloon Hong Kong Yuen Chun Ning (袁振寧) 8A, Broadview Villa 20 Broadwood Road Happy Valley Hong Kong
Principal share registrar and transfer office	Estera Trust (Cayman) Limited Clifton House 75 Fort Street P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
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 prospectus.

INDUSTRY OVERVIEW

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 Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, the Underwriters or any other person or party involved in the Share Offer 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 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 Listing 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.

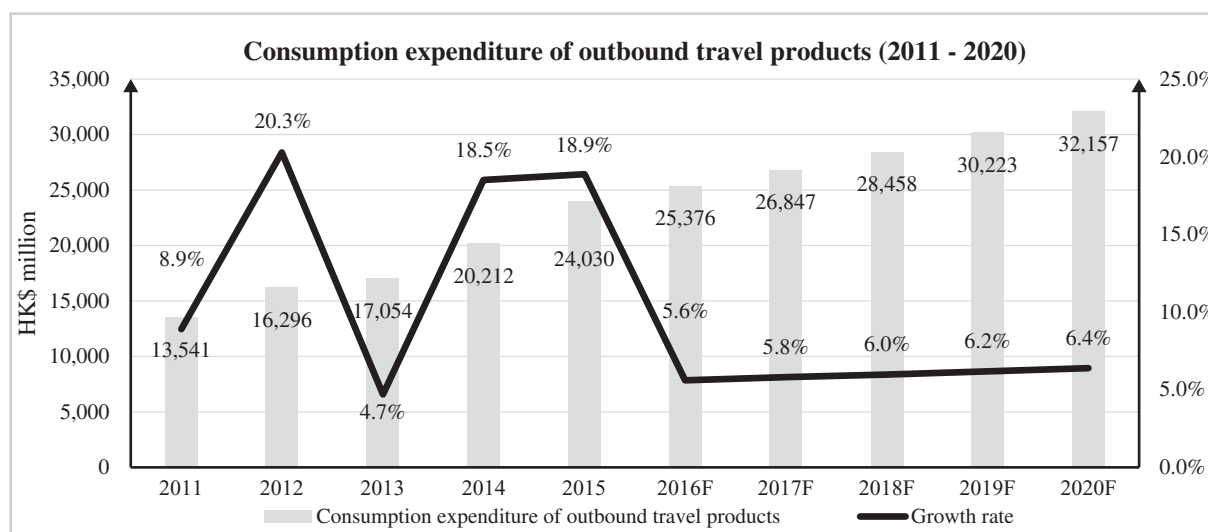
INDUSTRY OVERVIEW

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 1.0% of Hong Kong GDP from 2011 to 2015. 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\$24.0 billion in 2015, representing a CAGR of approximately 15.4%. The consumption expenditure of outbound travel products is expected to continue to grow from 2016 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 2016 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 2016 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.

INDUSTRY OVERVIEW

Hong Kong resident departures and tourism expenditure

	2012	2013	2014	2015	Six months ended June 2016
Total departures by resident (million)	85.3	84.4	84.5	89.1	45.0
International tourism expenditure (US\$ billion)	20.5	21.0	22.1	N/A	N/A

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

VALUE CHAIN ANALYSIS OF TRAVEL SERVICE INDUSTRY

Travel agents or travel intermediaries

Travel agents 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 agents 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 agents. Hotel operators provide accommodation to the travellers. The room rates for hotels with different star-ratings can vary a lot.

Travel services operators / land operators

Travel services operators and land operators act as intermediaries for travel agents. 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

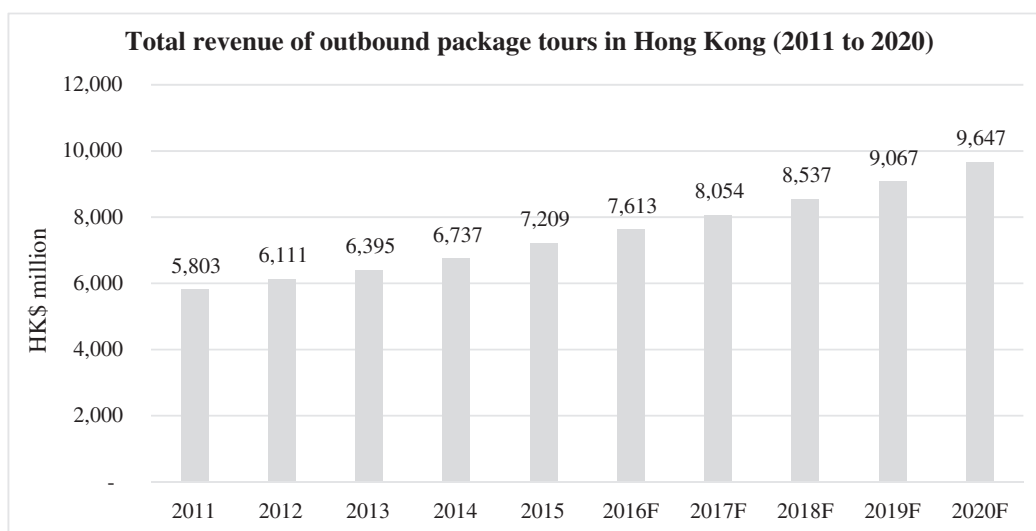
Customers have the desire of travelling around the world but they might need some help to plan their trips or implement their travel plans. They could book tour services from the travel agents as they could save their time and efforts for research and planning. Sometimes they would bypass the travel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

INDUSTRY OVERVIEW

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 2015. It is expected that the percentage remains the same after 2015. 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, which is in line with the projected GDP growth of Hong Kong during the same period. The reason for the increase in package tour revenue is that the demand on travelling from Hong Kong people is expected to 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.



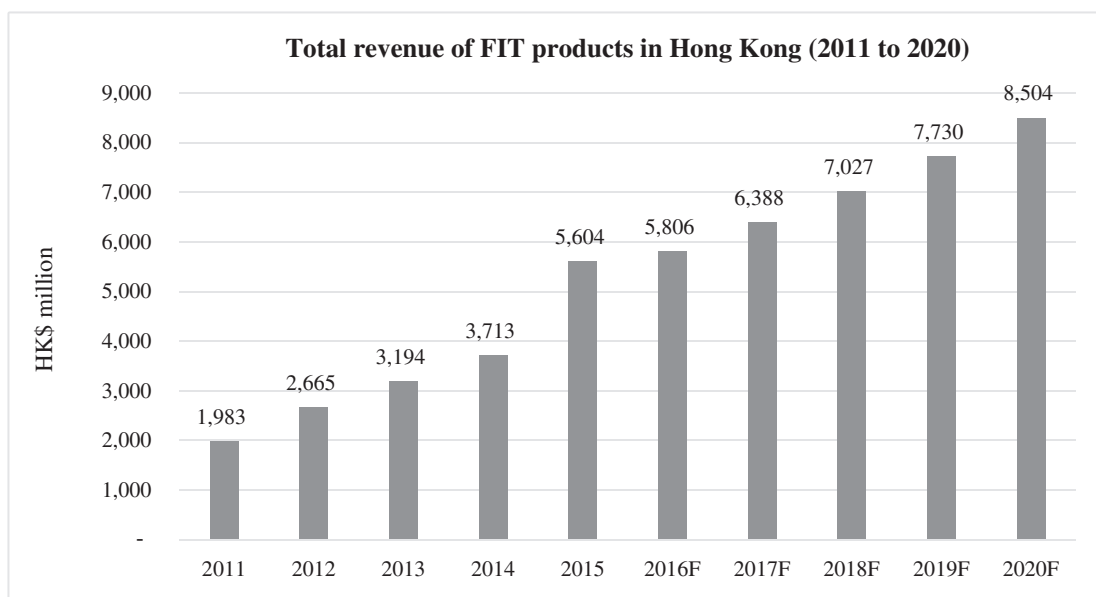
Source: Census and Statistics Department of Hong Kong; Crowe Horwath

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

INDUSTRY OVERVIEW

from FIT products is net of costs for suppliers such as hotels, airlines, travel services 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

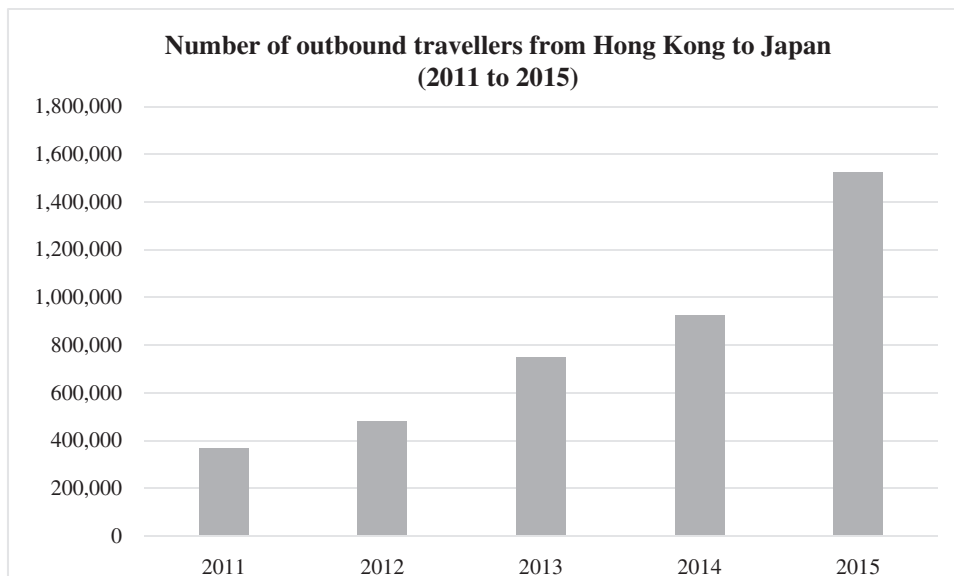
It is expected that the total revenue of FIT products in the travel service industry in Hong Kong will keep increasing because tailor-made preferable trip itinerary imposes an impact to the travel service industry. Travellers can tailor make their favourite travelling itineraries by using FIT products.

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 ten months of 2016, the number of outbound travellers from Hong Kong to Japan reached to approximately 1,500,000. 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.

INDUSTRY OVERVIEW



Source: Japan National Tourism Organisation

KEY DRIVERS OF THE OUTBOUND TRAVEL SERVICE INDUSTRY IN HONG KONG

Correlation between private income and demand for 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 destinations and flight frequency

New flight routes established within five years or to be established soon in 2016 are mainly launched by low-cost carriers, 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.

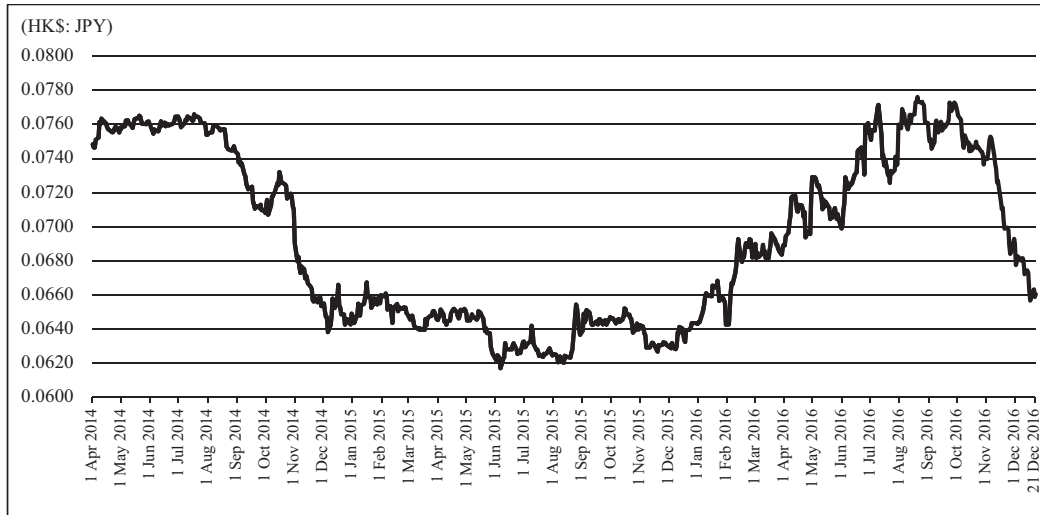
Trend of Hong Kong dollars versus JPY

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 fluctuate in short run because of the uncertainty of the global economy, the global political environment and the continuous quantitative easing from

INDUSTRY OVERVIEW

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\$0.0666:JPY1 to HK\$0.06778:JPY1 as at the Latest Practicable Date.

The chart below shows the exchange rate of Japanese Yen against Hong Kong dollar for the Track Record Period and up to the Latest Practicable Date:

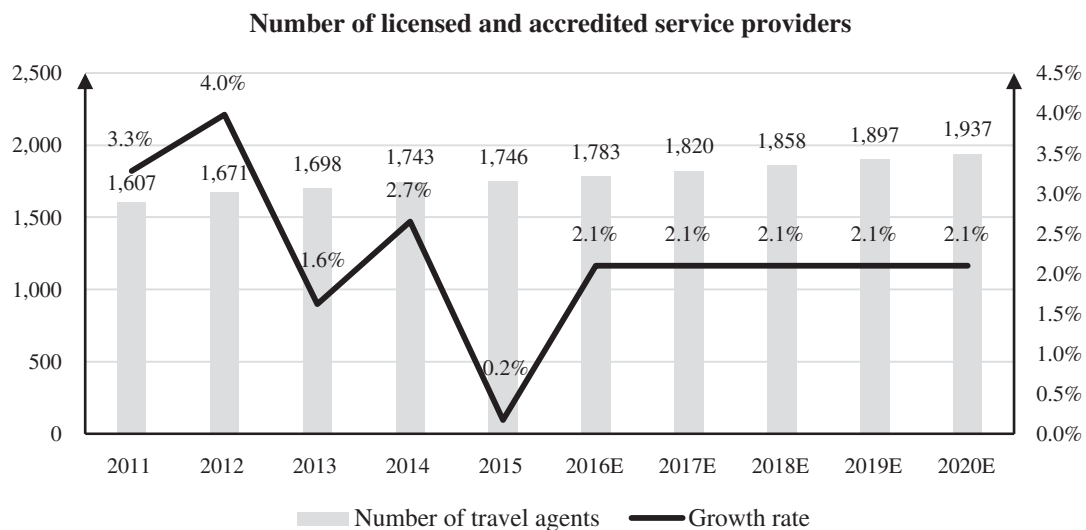


Source: Thomson Reuters Eikon

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.



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

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According to the CH Report, there were 1,756 licensed travel agents in Hong Kong as at the Latest Practicable Date, 560 of which engage in the wholesale and/or operation of package tours. The ten largest licensed travel agents engaging in the wholesale and/or operation of package tours in Hong Kong 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 agents in 2015 were as follow:

<u>Rank</u>	<u>Name</u>	<u>Market share</u> (%)
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 ^(Note)	1.5
10	Company I	<u>1.4</u>
	Total	<u>75.9</u>

Note: Company H ceased operation as at the Latest Practicable Date.

Source: Crowe Horwath

The main revenue streams of the top ten players include selling of package tours, FIT products and ancillary travel related products and services. All of the top ten market players (other than Company H) offer internet booking of, among others, hotel accommodation, flights or restaurants. According to CH, the top ten players in the package tour market in Hong Kong, including our Group, which represent a majority of the market share, offer a wide range of types of package tours covering high-end and low-end package tours to cater for the preference of different customers. The price range of our Group's package tours bound for Japan was approximately HK\$4,000 to approximately HK\$63,000 per person and package tours bound for other destination was approximately HK\$700 to approximately HK\$42,000 per person during the Track Record Period.

Entry barriers to the travel service 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 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 agent is one of the major considerations 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 agent that package tours may be cancelled due to insufficient tourists or the bankruptcy of them. Large and well-known travel agents gain a competitive advantage over the small travel agents.

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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 agents. 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.

The low-end package tours market is highly fragmented and the competition is very keen. Travellers choosing low-end package tours are generally relatively more price sensitive and have less concern on quality of travel elements, such as transportation and accommodation. While for the high-end package tours market, the competition is comparatively less given that not many market players are able to provide high quality package tours because, in doing so, the travel agents have to secure quality services at competitive prices from suppliers including airlines, hotels and land operators, which depend on the travel agents' track record, reputation in the industry, business relationship with the suppliers and booking volume. Therefore, offering high-end package tours has a higher entry barrier than that of low-end package tours, resulting in less keen competition.

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 tourists 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 a visa.

Weakness and threat

The advance of the Internet causes a great threat to the travel service industry because people, especially the young generation, can easily get travelling information from the Internet and arrange the tours themselves without the services of travel services companies. Online agencies and booking platforms of airlines and hotels make it more convenient and flexible for flight and hotel booking. Online booking platform has strong searching and filter system, which is increasingly popular among individual travellers who pursue economic flight and accommodation offers. Travellers can tailor make their own schedule and book air tickets and hotels through many online booking platforms with very low handling charge. The increasing use of Internet for travel booking and the rapid emergence of online booking platforms pose threat to, and intensify competition within, the travel service industry, especially to traditional offline travel agents.

INDUSTRY OVERVIEW

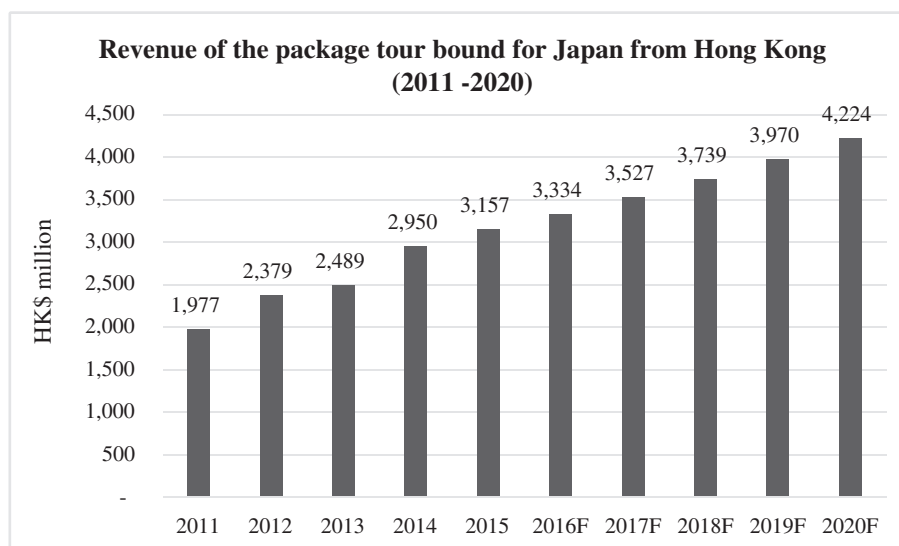
In addition, online travel booking agents and booking platforms of airlines and hotels have been very competitive in pricing and introduced aggressive marketing campaigns and promotion programmes. In recent years, they promoted through different channels including (i) print media which mainly include newspapers, journals and magazines; (ii) broadcast media which mainly include television; (iii) out-of-home media which include subway advertising, transportation body and interior panel display, outdoor video walls and billboards; and (iv) Internet which include social media and search engines. Online travel booking agents and booking platforms of airlines and hotels offer deep discounts from time to time. Online travel booking agents frequently offer booking discounts when customers apply promotion or coupon codes. They may also offer discounts to members. Moreover, online travel booking agents usually cooperate with credit card companies and banks to offer discounts on bookings through those online travel booking agents.

Security concern is essential. The terrorist attacks 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 tours 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 Organisation; Crowe Horwath

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

<u>Rank</u>	<u>Name</u>	<u>Market share</u> (%)
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 take 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 have always enjoyed high-quality local ground services, which in turn have been promoted and supported by government initiatives. Japan National Tourism Organisation 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 themes of travel.

Weakness

Package tours for Japan lag 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 guides to foreign visitors. Road signs and slogans in important facilities such as shopping malls have been changed to bilingual versions.

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Opportunity

Compared with package tours for Europe and other Western countries, Japan enjoys greater geographical proximity. The average price of package tours for Europe is more than twice of that of Japan. While comparing to other short haul markets, although average spending in package tours 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.

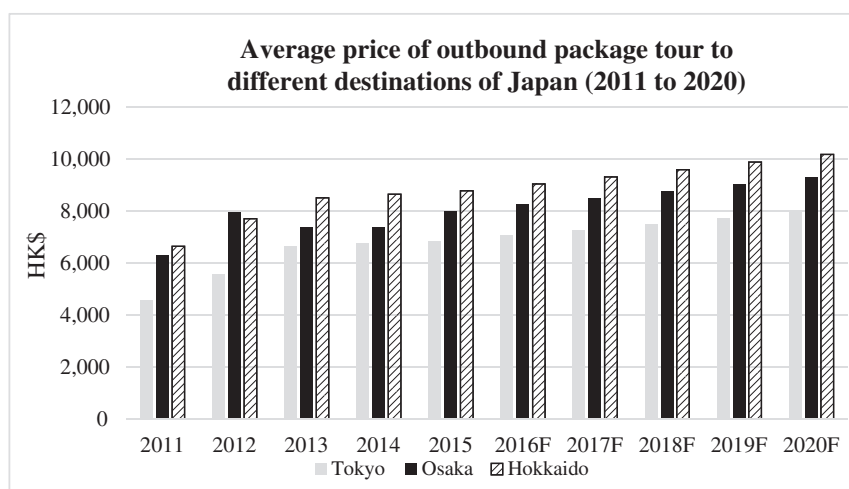
Threat

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 tickets, 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 Hokkaido, which are the most popular travel destinations in Japan, as examples, in 2015, the average price for tours to Hokkaido is approximately HK\$9,034, which is the highest among the three 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.



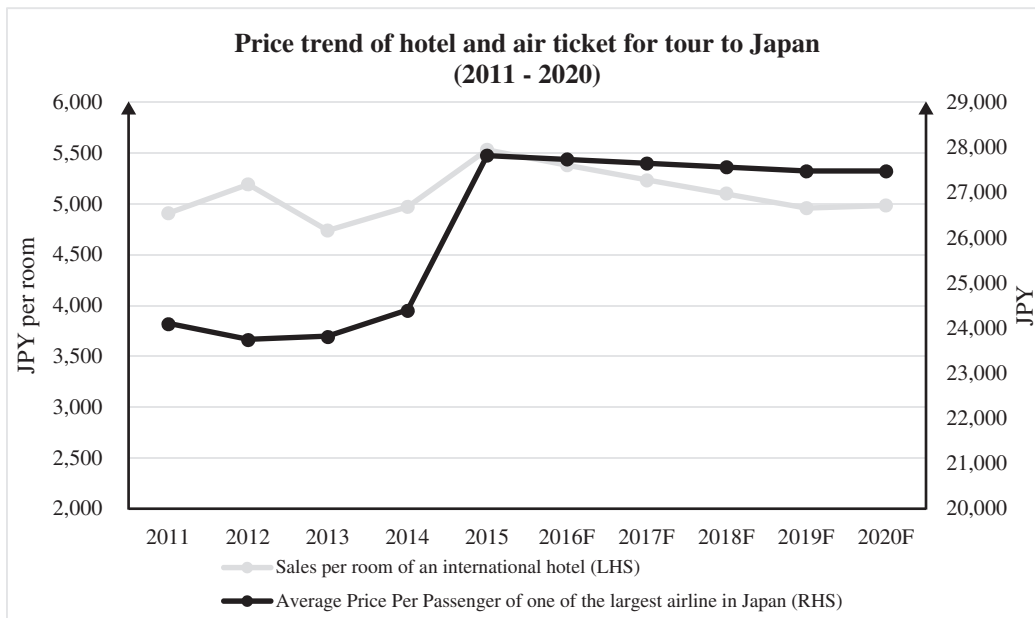
Source: Various travel agent websites

INDUSTRY OVERVIEW

Price trend of major costs (hotel price and air ticket price) 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 demand for hotel rooms 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 service 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 to 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 ticket 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 may potentially 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

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.

LAWS AND REGULATIONS

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 or 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, in the case of an applicant who is a body corporate, it is of the opinion that:

- (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, when determining whether someone would be a fit and proper person, the RTA shall have regard to 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 RTA may permit.

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

<u>Licence number</u>	<u>Date of issuance</u>	<u>Date of expiry</u>	<u>Member of our Group</u>
350217	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 licensee 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; or
- 5) the licensee is no longer a member of the TIC.

The suspension or revocation of a licence does not operate so as to avoid or affect any right, obligation or liability under any agreement, transaction or arrangement relating to the supply of a travel service entered into 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 RTA 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”.

LAWS AND REGULATIONS

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 (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.

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There are two types of memberships for travel agents:

	<u>Affiliate members</u>	<u>Ordinary members</u>
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 for our headquarters and branches with the TIC as at the Latest Practicable Date:

<u>Membership organisation (class)</u>	<u>Date of expiry</u>	<u>Member of our Group (Location)</u>
TIC (ordinary)	30 June 2017	PTHK (Tsim Sha Tsui)
TIC (ordinary)	30 June 2017	Worldwide Package (Tsim Sha Tsui)
TIC (ordinary)	30 June 2017	Worldwide Package (Causeway Bay)
TIC (ordinary)	30 June 2017	Worldwide Package (Mong Kok)
TIC (ordinary)	30 June 2017	Worldwide Package (Shatin)

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:

<u>Membership organisation (class, if any)</u>	<u>Date of expiry</u>	<u>Member of our Group</u>
International Chinese Tourist Association Limited 國際華商觀光協會有限公司	31 December 2016 ^(Note)	PTHK
Hongkong Japanese Tour Operators Association 香港日本人旅客手配業社協會 (full)	31 March 2017	PTHK
The Federation of Hong Kong Chinese Travel Agents Limited 香港華商旅遊協會有限公司 (ordinary)	31 December 2016 ^(Note)	Worldwide Package
Hong Kong Association of China Travel Organisers Limited 香港中國旅遊協會有限公司 (ordinary)	31 December 2016 ^(Note)	Worldwide Package

Note: Application has been made by PTHK and Worldwide Package to renew their respective membership. Our Directors confirmed that there is not expected to be any impediment in renewing the memberships and our Group's existing TIC memberships will not be revoked if we fail to renew in time any of the memberships of the association members of the TIC.

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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 or otherwise inconsistent with the objectives of the TIC. 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 raise 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 despatch or dissemination, or the promotions or sale of the tours therein.

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.

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TIC's directives

As at the Latest Practicable Date, the TIC has issued 77 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
229	Cancellation of outbound package tours during Chinese New Year
228	Registration of outbound package tour brochures (with effect from 1 March 2017)
224	Package tour service charge
223	Cancellation of package tours for "reasons beyond control"
217	Package tour brochures (to be superseded by directive number 228 from 1 March 2017 onwards)
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
129	Exemption of charter tours from registration
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

LAWS AND REGULATIONS

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;

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(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.

- Directive number 229 (issued on 16 December 2016) provides that if a travel agent cancels an outbound package tour which commences during 27-31 January 2017 (both days inclusive), it shall notify its agents and customers of the cancellation before the stipulated periods in advance (14 days for package tours to any destinations except those totally within Guangdong Province, five days for package tours to Guangdong Province, both excluding the departure and notification dates). Failing that, the travel agent shall make a full refund of all money received, and shall also offer to pay 15% of the price of the relevant package tour but not exceeding HK\$1,000 to its customers as compensation

LAWS AND REGULATIONS

within three working days. This directive shall be implemented together with directive number 135 above, which means if the cancelled package tour was guaranteed to depart, the travel agent shall pay the customers up to 30% of the price of the relevant tour but not exceeding HK\$2,000 as compensation.

Other TIC directives

- Directive number 129 (issued on 15 November 2004) provides that for charter tours, which means package tours organised by travel agents in accordance with the demands of individual group clients, travel agents shall frank all their receipts immediately upon receipt of the fares in order to pay the 0.15% levy.
- 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

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licensed or legally registered suppliers in order to enhance the protection for consumers and members;

- Directive number 217 (issued on 13 June 2014 and to be superseded by directive number 228 below) 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;

- Directive number 228 (issued on 11 November 2016) will supersede directive number 217 above from 1 March 2017 onwards and is applicable to package tour brochures submitted to TIC for registration on or after 1 March 2017. It maintains the present package tour brochure registration system. In this directive, “package tour brochures” is expressly defined to include, apart from physical documents, also electronic documents prepared by travel agents which explain to customers the transport, accommodation and/or itinerary arrangements of package tours and which are intended to be used by travel agents for advertising purposes, such as itineraries or leaflets of package tours.

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.

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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:

<u>Item</u>	<u>Maximum limit</u>
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 64 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.

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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, false marks and misstatements in respect of goods and services provided in the course of trade or supply of such goods and certain unfair trade practices. In relation to goods, applying a false trade description to any goods, supplying or offering to supply any goods to which a false trade description is applied, or having possession for sale (or for any purpose of trade or manufacture) any goods 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 directly or indirectly 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, data access and correction. 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.

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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:

<u>Name of insurance agent</u>	<u>Expiry date of registration</u>	<u>Responsible officer</u>	<u>Appointing insurer</u>
Worldwide Package	8 November 2018	Mr. CN Yuen	Chubb Insurance Hong Kong Limited

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Insurance Intermediaries Quality Assurance Scheme (the “Scheme”)

Under the Scheme, responsible officers and technical representatives of all insurance intermediaries, such as insurance agents are required to take the Insurance Intermediaries Qualifying Examination (“IIQE”) as one of the requirements 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”). Once qualified, insurance intermediaries still need to comply with requirements of the CPD programme thereafter 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.

HISTORY, REORGANISATION AND DEVELOPMENT

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 other travel products and services 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

<u>Date</u>	<u>Major development and achievement</u>
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

HISTORY, REORGANISATION AND DEVELOPMENT

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 Listing. 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. Its business includes 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 as 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 as to 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.

HISTORY, REORGANISATION AND DEVELOPMENT

Worldwide Package

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

Upon its incorporation, one subscriber share was allotted and issued as 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 as to approximately 16.67% by Mr. CN Yuen.

As at the date of this prospectus, 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 Listing, 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.

HISTORY, REORGANISATION AND DEVELOPMENT

(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 as 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. As set out in more detail in “Relationship with our Controlling Shareholders — Our Controlling Shareholders”, Ms. Chan, Mr. SK Yuen and Mr. CN Yuen are our Controlling Shareholders upon Listing.
- (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

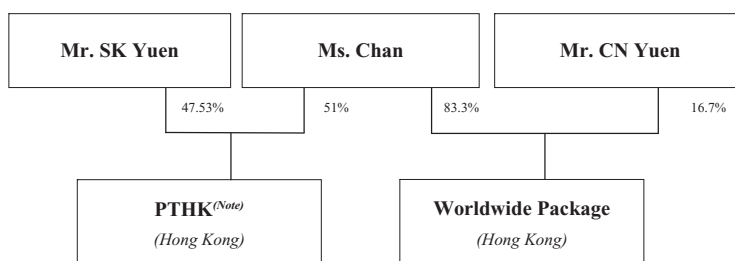
- (i) On 5 July 2016, Ms. Chan and Mr. SK Yuen (as vendors), WWPKG Management (as purchaser) and our Company entered into a sale and purchase agreement, pursuant to which WWPKG Management acquired 51,180 shares and 47,530 shares in PTHK, being 51.18% and 47.53% of its then entire issued share capital, 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 share 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 share 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.

HISTORY, REORGANISATION AND DEVELOPMENT

(D) Increase in authorised share capital of our Company

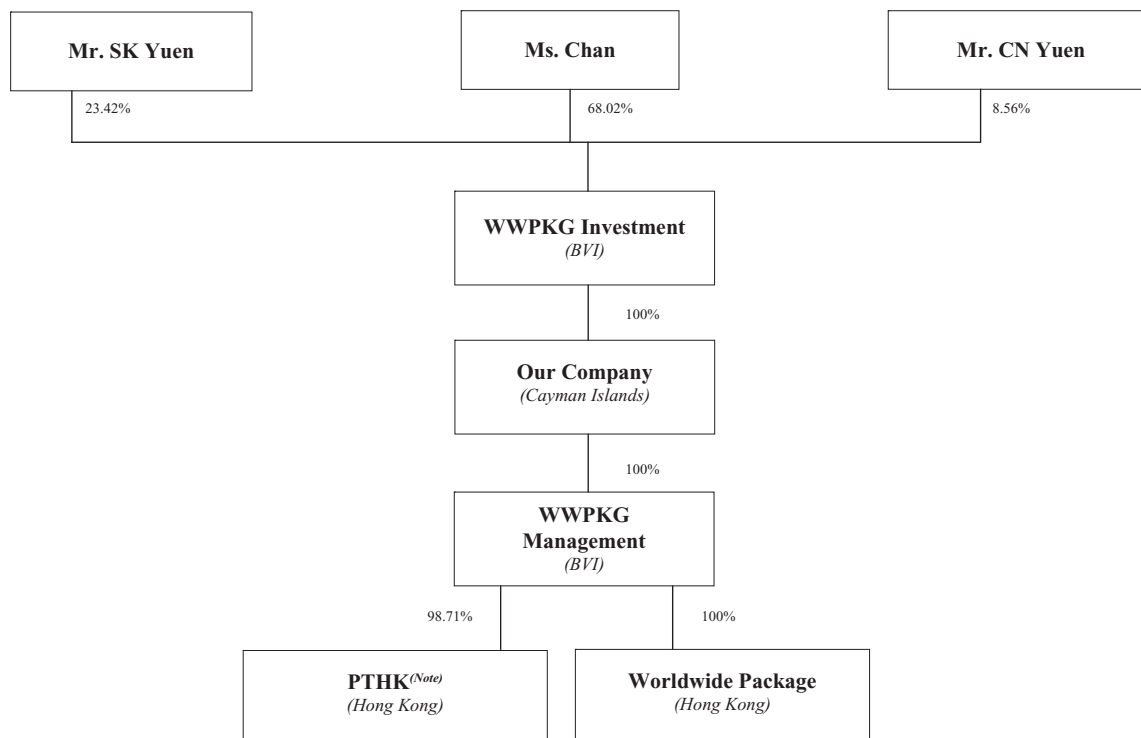
Pursuant to the written resolutions of our Shareholder passed on 16 December 2016, the authorised share capital of our Company was increased from HK\$380,000 of 38,000,000 Shares to HK\$100,000,000 of 10,000,000,000 Shares by creation of additional 9,962,000,000 Shares.

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 Joseph, Mr. Wong Chi Kin Raymond and Mr. Lin Tsu Chan, each an Independent Third Party.

The following diagram shows the shareholding and corporate structure of our Group immediately after completion of the Reorganisation but before completion of the Capitalisation Issue and the Share Offer:



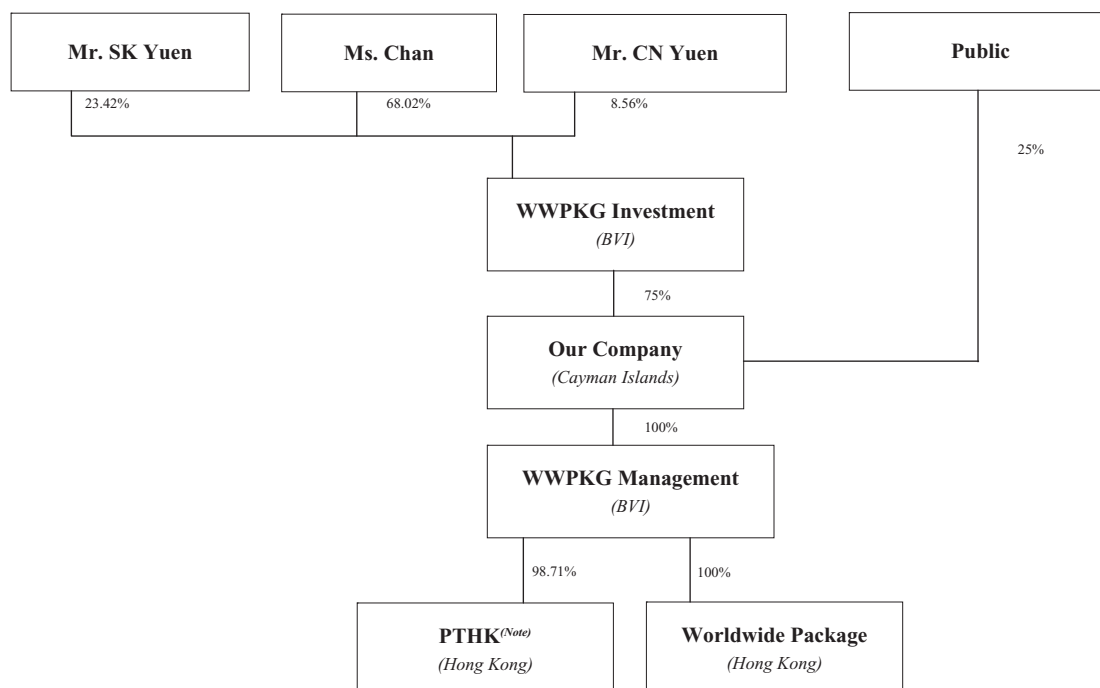
Note: The remaining 1.29% shareholding is owned by Mr. Law Bing Cheuk, Mr. Tse Kai Kit Joseph and Mr. Wong Chi Kin Raymond, each an Independent Third Party.

HISTORY, REORGANISATION AND DEVELOPMENT

CAPITALISATION ISSUE AND SHARE OFFER

Conditional upon the share premium account of our Company being credited with the proceeds from the Share Offer, HK\$2,999,900 will be capitalised and applied in paying up in full at par 299,990,000 Shares to be allotted and issued to WWPKG Investment, being the existing Shareholder, before Listing.

The following diagram illustrates the shareholding and corporate structure of our Group immediately following the completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be allotted and issued pursuant to 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 Joseph and Mr. Wong Chi Kin Raymond, each an Independent Third Party.

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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 with approximately 2.6% market share 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 other travel products and services to our customers, including FIT products and ancillary travel related products and services. FITs mean travellers who purchase FIT products for their own travel itinerary, instead of package tours. FIT products usually comprise 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, the number of outbound travellers from Hong Kong to Japan was the highest among short haul countries excluding the Mainland China 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).

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BUSINESS MODEL

We operate as a licensed travel agent in Hong Kong to provide a variety of travel products and services to our customers. Our businesses include (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 satisfy the needs of 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 include other travel agents in Hong Kong and Macau.

Our suppliers mainly include airlines, land operators, tour bus and other local transportation operators, hotel operators, restaurants 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				For the three months ended 30 June			
	2015		2016		2015		2016	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i> <i>(Unaudited)</i>	%	<i>HK\$'000</i>	%
Package tours	451,117	97.7	443,941	98.1	116,481	98.5	80,299	97.5
FIT products ^(Note)	4,383	1.0	4,009	0.9	958	0.8	752	0.9
Ancillary travel related products and services ^(Note)	<u>6,046</u>	<u>1.3</u>	<u>4,682</u>	<u>1.0</u>	<u>846</u>	<u>0.7</u>	<u>1,336</u>	<u>1.6</u>
Total	<u><u>461,546</u></u>	<u><u>100.0</u></u>	<u><u>452,632</u></u>	<u><u>100.0</u></u>	<u><u>118,285</u></u>	<u><u>100.0</u></u>	<u><u>82,387</u></u>	<u><u>100.0</u></u>

Note: Our revenues from sales of FIT products and ancillary travel related products and services are recognised on net basis as we render our services as an agent.

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 1,756 licensed travel agents in Hong Kong as at the Latest Practicable Date, 560 of which engage in the wholesale and/or operation of package tours. The ten largest licensed travel agents engaging in the wholesale and/or operation of package tours in Hong Kong 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

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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 agents 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 scope 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 with approximately 2.6% market share 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 a variety of travel products and services 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

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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 service representatives to ensure they have the necessary knowledge, skills and courtesy 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 upon our request 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.

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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:

Enhancing our 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 through 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 (including online television) 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 respectively. We have sponsored two series of television travel programme which were broadcasted in April and November 2016.

In particular, with the increasing use of Internet for travel booking and in order to correspond with the introduction of our integrated online sales platform, we will boost our digital marketing efforts. We have launched a two-year digital marketing campaign in August 2016 with an aim to digitally transforming our Group into a leader in local travel e-commerce. Through advertising on social media and search engine marketing, we aim to increase online channel presence and online traffic and drive online inquiry to our product offerings. We plan to do so by building promotions for interested groups, developing special packages and tours and building fan following from interested groups.

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We will continue to develop new itineraries and different theme tours such as excursion train tours, festival theme tours and gourmet tours. We believe such diversified tours will enhance our brand recognition for unique travel experience. For instance, we have designed a luxurious five-day hot spring and gourmet tour departing on the day following the Chinese New Year of 2017 with our spokesperson as a guest tour participant at the tour price of approximately HK\$80,000 per person, which we believe will raise the awareness of our brand and enhance the popularity of our products. As at the Latest Practicable Date, the tour has received satisfactory enrolments.

Strengthening our customer relationship management efforts to increase customer loyalty

We will enhance our customer relationship management efforts in order to improve length of customer cycle and build loyal customer base. We will analyse the data to be accumulated from the digital marketing campaign to understand our customers' behaviour in depth, including resell patterns, product preferences, and customer lifecycles. We may also consider to adopt an enhanced customer relationship management system which allows us to make quantifiable measurement, synchronise business dealings and build an optimal website experience.

In addition, we launched our existing membership system in February 2016. 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. As at the Latest Practicable Date, we had over 10,400 members. 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. In particular, we will develop a range of signature tours such as luxurious hot spring, Michelin gourmet and exotic experience tours. 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. For instance, we had been in discussion with our major airline supplier to cooperate with them to develop a regular route to a new destination in Japan. As a result of our discussion, our major airline supplier has proposed to operate scheduled charter flight to Komatsu, Japan initially for the period between mid-April and end-June 2017 with two departures per week. The new scheduled flight to Komatsu will enable us to develop new itineraries for Hokuriku area and Chubu area. 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

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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 leased another property unit to expand the space of our Shatin branch to offer a more relaxing and pleasant environment to our customers and to cope with our future operation, which commenced operation in November 2016. 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. As at the Latest Practicable Date, customers were able to (i) view real time information and the availability and pricing of our package tours, air tickets and some of our ancillary travel related products; (ii) make booking of our package tours; (iii) make purchase of air tickets with real time confirmation; (iv) make purchase of some of our ancillary travel related products; and (v) view real time information on the availability and pricing of hotel accommodation and make purchase and booking with real time confirmation.

Our online sales platform, when fully developed, is expected to further enable our customers to (i) make purchase of “ticket plus hotel” FIT packages with real time confirmation; (ii) make full payment for, and change their booking of, package tours; and (iii) chat online with our sales representatives for assistance. We will increase our offering of FIT products on our integrated online sales platform to cater for the needs of FITs so as to capture the growth of the FIT market. We will offer certain hotel bookings exclusively to increase the attractiveness of our products.

In December 2016, we have entered into a long-term affiliate agreement with one of the world’s leading travel intermediaries, under which the travel intermediary will supply hotel inventories to us and travellers could select and purchase accommodation in more than 280,000 hotels worldwide through our online sales platform. The agreement is for a term of three years where the supply of hotel inventories from the travel intermediary has been effective as at the Latest Practicable Date, subject to further enhancements. Under the agreement, there is no minimum purchase requirement of the hotel inventories supplied by the travel intermediary. We will receive marketing fees for purchases of the hotel accommodation supplied by the travel intermediary made through our online sales platform.

Given our online sales platform can offer such wide range of products (i.e. package tours, FIT products and ancillary travel related products and services), it can satisfy most of the travel needs of our customers as a one-stop shop. This will distinguish us from most of the online agencies and booking platforms of airlines and hotels which generally only offer air ticket and/or hotel booking.

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.

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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 so that we could respond to market changes expeditiously in view of the intensifying market competition.

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 functions. 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 Listing. Further, we require additional staff for our information technology function to maintain our new website and online sales platform and to support our customer relationship management analysis.

Certain of the above strategies will be funded by the net proceeds from the Share Offer. For details of our intended use of the proceeds from the Share Offer, please refer to “Future Plans and Use of Proceeds”. 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%, 98.1%, 98.5% and 97.5% of our total revenue for the years ended 31 March 2015 and 2016 and the three months ended 30 June 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 and the three months ended 30 June 2016, we had over 2,100, 2,000 and 400 outbound package tours departed, serving over 53,000, 52,000 and 9,200 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%, 84.4%, 84.9% and 86.5% of our revenue from package tours for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015 and 2016 respectively.

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The following table sets out our revenue from package tours by destination for the Track Record Period:

	Year ended 31 March				Three months ended in 30 June			
	2015		2016		2015		2016	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i> <i>(Unaudited)</i>	%	<i>HK\$'000</i>	%
Japan	352,488	78.1	374,674	84.4	98,948	84.9	69,473	86.5
Other destinations:								
South Korea	68,214	15.1	34,424	7.8	8,067	6.9	5,503	6.9
Taiwan	12,247	2.7	12,891	2.9	2,955	2.5	1,036	1.3
China	8,907	2.0	11,752	2.6	4,269	3.7	2,802	3.5
Southeast Asian countries ^(Note 1)	9,152	2.1	6,063	1.4	2,242	2.0	790	1.0
Other countries ^(Note 2)	109	0.0	4,137	0.9	—	—	695	0.8
Total	451,117	100.0	443,941	100.0	116,481	100.0	80,299	100.0

Notes:

- (1) Southeast Asian countries during the Track Record Period included Thailand, Malaysia and Singapore, Vietnam and Cambodia.
- (2) Other countries during the Track Record Period included 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.

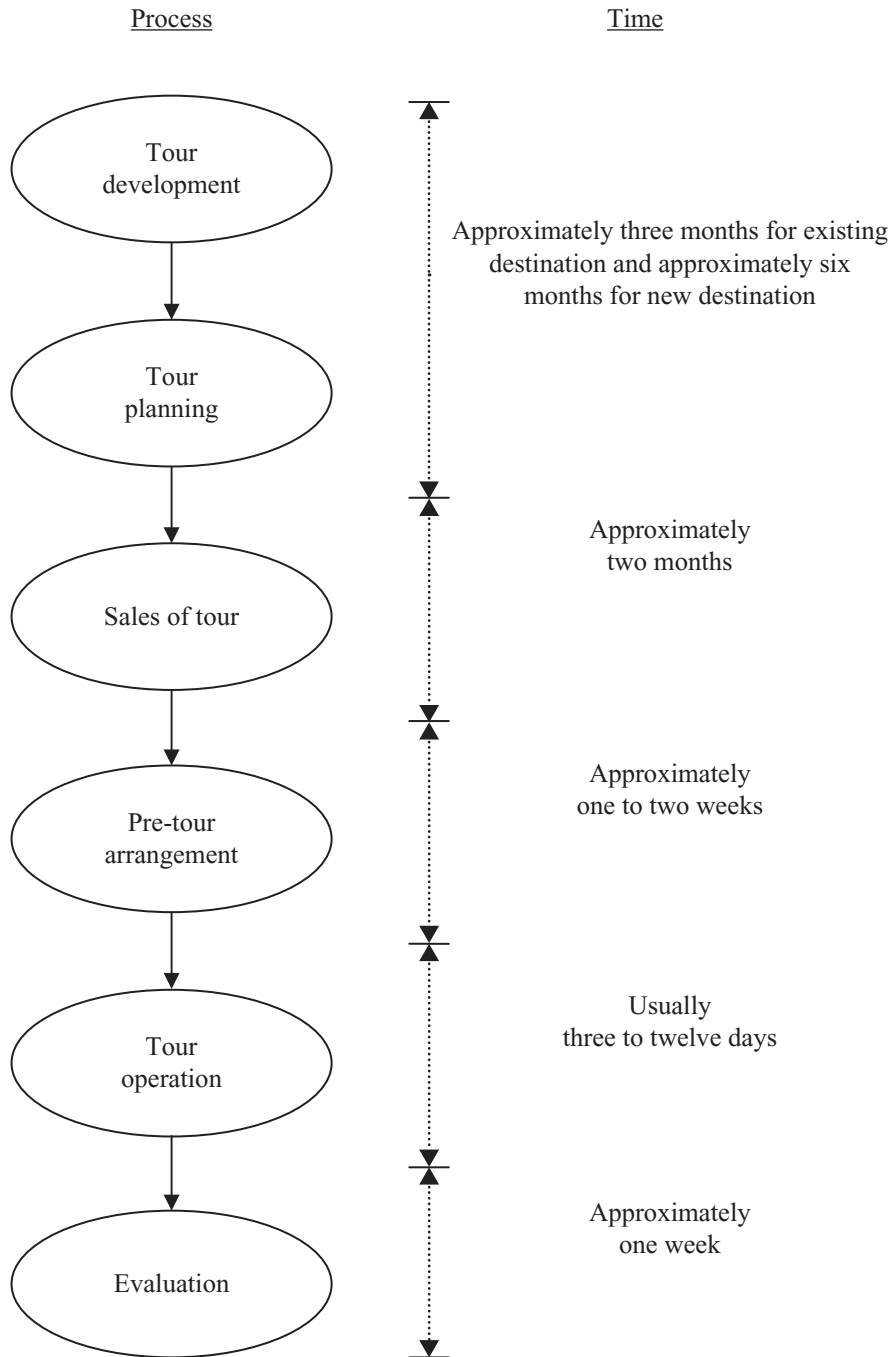
During the Track Record Period, most of our FIT products are bound for Japan, which accounted for approximately 82.0%, 86.2%, 81.3% and 80.6% of our revenue from FIT products for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015 and 2016 respectively.

Ancillary travel related products and services

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

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

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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 destination(s) 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 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 tailor-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.

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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 pursuant to our terms of sales, regardless of whether the package tours have been confirmed. 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.

Customers are not allowed to withdraw or cancel orders for tours enrolled without incurring a cancellation charge, unless in circumstances described below. Our package tours are usually confirmed around eight to 14 days before the date of departure. We may cancel our tours due to insufficient tour participants. We will inform our customers of the cancellation generally 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 cancel their booking and request for a full refund of all money paid for the tour (except individual visa application fees paid by customers).

In the events of occurrence of incidents or any "reasons beyond control" situations as defined in TIC directive number 177, such as hostilities, political unrest, terror attacks, natural disasters, etc. prior to the departure which we consider may pose threats to the safety of our customers, we may cancel the tours and notify the enrolled tour participants as quickly as possible in accordance with the relevant TIC directives. Similar to the cancellation of tours due to insufficient tour participants, the enrolled participants of tours cancelled by us due to threats to the safety can either join another tour offered by us or cancel their booking and we will make refunds to our customers in accordance with the relevant TIC directives.

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.

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As at the Latest Practicable Date, we have 64 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 operations department immediately and our tour operations 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. For purchase of air tickets through our online sales platform, we require customers to make full payment. 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 satisfy the needs of 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

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required to make full payment upon the purchase of our ancillary travel related products or services.

EMERGENCY HANDLING POLICY

We have in place internal control policy for handling emergencies occurring at the tour destinations to minimise the risk of personal injury to our customers and damage to their personal property. Upon the occurrence of any emergency events such as natural disasters, terrorist attacks, outbreak of infectious diseases, catastrophic events, issuance of any outbound travel alert or similar events posing potential threats to the safety of our customers, a crisis management command centre will be set up immediately comprising representatives from various departments, as led by the chairman of our Board and our chief executive officer to evaluate the situation and take all prompt and effective actions to cope with such emergency situation with the aim to protecting the life and property of our customers. Depending on the severity of the emergency situation, we will take such appropriate actions such as (i) cancellation of tours and make refunds to our customers in accordance with the relevant TIC directives; (ii) assisting our customers of FIT products to reschedule their itineraries subject to the cancellation policies of airlines and hotels; (iii) keeping contact with our tour escorts and land operators to ensure our customers are safe and that our customers will be afforded such assistance as may be required; (iv) keeping contact with our customers' emergency contact persons to keep them informed; (v) adjusting itinerary of the tours to avoid going to the affected areas; (vi) contacting the insurance company to provide assistance and, if necessary, arranging for the return of our customers to Hong Kong for medical treatment; (vii) arranging with airlines for early return of our customers to Hong Kong; and (viii) informing the TIC, the TAR, the Security Bureau and Immigration Department of the Hong Kong Government and the PRC Embassy in the affected destination to coordinate and render all necessary assistance to our customers.

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				Three months ended 30 June			
	2015		2016		2015		2016	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Branches	424,216	94.0	420,532	94.7	109,657	94.1	69,892	87.0
Online sales platforms ^(Note)	2,115	0.5	3,035	0.7	1,021	1.0	5,991	7.5
MICE tour department	11,248	2.5	10,110	2.3	2,260	1.9	1,669	2.1
Other travel agents	<u>13,538</u>	<u>3.0</u>	<u>10,264</u>	<u>2.3</u>	<u>3,542</u>	<u>3.0</u>	<u>2,747</u>	<u>3.4</u>
Total	<u>451,117</u>	<u>100.0</u>	<u>443,941</u>	<u>100.0</u>	<u>116,480</u>	<u>100.0</u>	<u>80,299</u>	<u>100.0</u>

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Note: During the Track Record Period, we offered promotional sales of our travel products through online group buying intermediaries, and during the three months ended 30 June 2016, we also offered package tours through the online sales platform at our website for booking by our customers, which generated revenue of approximately HK\$5.9 million.

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 leased another property unit to expand the space of our existing Shatin branch to offer a more relaxing and pleasant environment to our customers and to cope with our future operation, which commenced operation in November 2016.

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

In April 2016, we launched an online sales platform at our website. Our existing online sales platform allows our customers to (i) check the availability and pricing of our package tours, air tickets and some of our ancillary travel related products; (ii) make booking of our package tours; (iii) make purchase of air tickets with real time confirmation; (iv) make purchase of certain ancillary travel related products; and (v) view real time information on the availability and pricing of hotel accommodation and make purchase and booking with real time confirmation 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. Our online sales platform, when fully completed, is expected to further enable our customers to (i) make purchase of “ticket plus hotel” FIT packages with real time confirmation; (ii) make full payment for, and change their booking of, package tours; and (iii) chat online with our sales representatives for assistance. Our full servicing online sales platform will be completed in the first half of 2017.

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

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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 payment 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. For purchase of air tickets through our online sales platform, we require customers to make full payment.

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 (except Okinawa), 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. 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 Japanese Yen. When determining the prices of our Japan package tours (except Okinawa), we generally will add a margin to the estimated land costs denominated in Japanese Yen when translating them to Hong Kong dollars, in order to cushion any appreciation in exchange rate before the next price review. We review the price of our package tours on a regular basis, generally twice every week.

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

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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 and the three months ended 30 June 2016, price per person of our Japan bound package tours generally ranged from approximately HK\$4,000 to approximately HK\$63,000, approximately HK\$4,300 to approximately HK\$50,000 and approximately HK\$4,500 to approximately HK\$46,000 respectively, with an average of approximately HK\$10,000, HK\$10,000 and HK\$8,900 respectively. For the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016, price per person of our non-Japan bound package tours generally ranged from approximately HK\$900 to approximately HK\$22,000, approximately HK\$700 to approximately HK\$42,000 and approximately HK\$1,000 to approximately HK\$37,000 respectively, with an average of approximately HK\$5,000, HK\$4,200 and HK\$4,700 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, HK\$8.0 million, HK\$1.6 million and HK\$2.1 million for the years ended 31 March 2015 and 2016 and the three months ended 30 June 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 sponsored two series of television travel programme that broadcasted in April and November 2016 respectively which have received positive review and which we believe have enhanced our brand awareness. We have also appointed the host of the television programmes as our spokesperson as part of our marketing schemes.

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.

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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 launched our existing membership system in February 2016. 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. A portion of the revenue from the sales of package tours is allocated to the points based on the fair value of the points (which represents the monetary value of our services/products that can be redeemed with the points based on the rules of our membership system and estimated redemption rate). Revenue allocated to the points is deferred until the points are redeemed or expired. As at each balance sheet date, the fair value of remaining points are recorded as deferred revenue. As the amount of such deferred revenue is immaterial during the Track Record Period, no separate disclosure has been made in the Accountant's Report. Members will receive our newsletters from time to time to keep abreast of our latest promotion, and products and services. As at the Latest Practicable Date, we had over 10,400 members.

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 bus and other local transportation operators, hotel operators, travel agents, restaurants and attraction operators.

Purchases from our single largest supplier accounted for approximately 42.5%, 40.1% and 31.2% of our total purchases for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016 respectively, whilst purchases from our five largest suppliers accounted for approximately 54.4%, 54.0% and 43.5% of our total purchases for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016 respectively.

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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 bus 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
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

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	Suppliers		
	Airlines	Land operators	Tour bus operators
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 bus services 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 21 December 2016. 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

<u>Name of supplier</u>	<u>Purchase amount</u> <i>(HK\$'000)</i>	<u>% of total purchases</u>	<u>Background</u>	<u>Approximate years of business relationship</u>
Supplier Group A ^(Note 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 ^(Note 2)	12,314	2.8	Bus operator in Japan	Over 4
Supplier C	12,306	2.8	Low-cost carrier based in Hong Kong	Over 2
Supplier D	<u>7,474</u>	<u>1.7</u>	Bus operator in Japan	Over 3
	<u>236,880</u>	<u>54.4</u>		

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For the year ended 31 March 2016

<u>Name of supplier</u>	<u>Purchase amount</u> <i>(HK\$'000)</i>	<u>% of total purchases</u>	<u>Background</u>	<u>Approximate years of business relationship</u>
Supplier Group A ^(Note 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	Over 2
JCS ^(Note 2)	13,622	3.2	Bus operator in Japan	Over 4
Supplier B	12,150	2.9	Land operator in South Korea	Over 10
Supplier E	10,278	2.4	Airline based in Japan	Over 15
	<u>226,596</u>	<u>54.0</u>		

For the three months ended 30 June 2016

<u>Name of supplier</u>	<u>Purchase amount</u> <i>(HK\$'000)</i>	<u>% of total purchases</u>	<u>Background</u>	<u>Approximate years of business relationship</u>
Supplier Group A ^(Note 1)	25,601	31.2	Airline group based in Hong Kong	Over 20
JCS ^(Note 2)	3,765	4.6	Bus operator in Japan	Over 4
Supplier B	2,249	2.7	Land operator in South Korea	Over 10
The Agent	2,222	2.7	Travel agent located in Hong Kong	Over 13
Supplier C	1,943	2.3	Low-cost carrier based in Hong Kong	Over 2
	<u>35,780</u>	<u>43.5</u>		

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.

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(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 and the three months ended 30 June 2016. Purchases from Supplier Group A accounted for approximately 42.5%, 40.1% and 31.2% of our total purchases for the years ended 31 March 2015 and 2016 and the three months ended 30 June 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 had been 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 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

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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 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. 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				Three months ended 30 June			
	2015		2016		2015		2016	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i> <i>(Unaudited)</i>	%	<i>HK\$'000</i>	%
Retail customers	437,579	97.0	433,677	97.7	112,939	97.0	77,552	96.6
Other travel agents	13,538	3.0	10,264	2.3	3,542	3.0	2,747	3.4
	451,117	100.0	443,941	100.0	116,481	100.0	80,299	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%, 2.6% and 2.4% of our total sales invoice amount for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016 respectively. All our five largest customers during the Track Record Period are Independent Third Parties.

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During the Track Record Period, we procured certain FIT products from one of our five largest customers for the years ended 31 March 2015 and 2016, 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 basis, or at better prices, and likewise for other travel agents (the “**Arrangement**”). None of our five largest customers for the three months ended 30 June 2016 was our supplier for the same period.

Sales invoice amount of our package tours and FIT products with the Agent amounted to approximately HK\$0.3 million, HK\$6.8 million and HK\$0.1 million for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016 respectively, representing approximately 0.1%, 1.3% and 0.1% of our total sales invoice amount for the corresponding year/period. The gross margin of such sales to the Agent was approximately 12.0%, 23.6% and 2.1% for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016 respectively.

Our purchase of the FIT products from the Agent for the Track Record Period amounted to approximately HK\$6.7 million, HK\$7.4 million and HK\$2.2 million respectively, representing approximately 1.6%, 1.8% and 2.7% of our total purchase for the corresponding year/period.

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 the creditworthiness and payment history of the travel agent. We did not record any impairment of trade receivables during the Track Record Period.

CASH AND TREASURY MANAGEMENT

Cash management of payments received from customers

We require our sales representatives to hand over all cash and cheques received from customers to their respective branch supervisor or assistant branch supervisor, who will login to the tour operating system using his/her designated unique staff code and generate the receipt form with his/her staff code printed on it, and keep the cash and cheques in a safe or locked drawer. At the end of each day, the branch supervisor or assistant branch supervisor of each branch will

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ensure that all the payment received from customers (including cash and cheques) tally with the sales records maintained in our booking and sales system and the official receipts issued to customers. The cash and cheques must be deposited into our Group's bank account on the next banking day; and a copy of the bank-in slip must be provided to our accounts department on the same day. The original bank-in slip together with other documents such as official receipts and electronic payment slips will be delivered to our accounts department on a daily basis on working days; and our accounting staff will be responsible for checking the amounts of payment received agree with that recorded in the official receipts, our bank accounts and booking and sales system.

Cash management of advances to tour escorts for tour operations

For our package tours bound for Japan (except Okinawa), we may need to settle the costs of some of the travel elements such as hotel accommodation, meals, admission tickets and local transportation by way of cash during the tour. As such, we make cash advances to our tour escorts to enable them to settle such tour operation expenses.

Within three working days prior to the departure of each tour, our accounts department will estimate the tour operation expenses based on the itinerary of each tour and will make a cash advance in Japanese Yen ("**Expense Cash**") generally equal to 80% of the estimated tour operation expenses to our tour escort responsible for the tour, who will sign on a receipt form. When our tour escort uses the Expense Cash to settle the tour operation expenses, he/she is required to obtain original receipts for the payment. Within three working days after the tour, the tour escort is required to submit tour expenses summary sheets to our accounts department containing details of all the actual expenses he/she has settled during the tour together with all original receipts and any balance of the Expense Cash. The tour expenses summary sheets will be independently checked by two of our accounting staff and then submitted to our chief accountant for approval. If the actual tour operation expenses exceed the Expense Cash, our accounts department will reimburse the tour escort the excess amount after approval by our chief accountant. Details of all Expense Cash and balance received or excess reimbursed will be recorded in a monthly statement of cash movement log for review by our finance manager.

During the Track Record Period and up to the Latest Practicable Date, we did not make cash advance to our employees other than the aforesaid Expense Cash arrangement and we did not experience any case of misappropriation or unauthorised usage of funds by our tour escorts or employees.

Cash management of gratuity receivable by our Group and collected by tour escorts

Our tour escorts are required to return to our Group the portion of the gratuity paid by tour participants and which is receivable by us normally within three days after each tour. In the event that any tour participant has decided not to pay the recommended gratuity, our tour escort is required to request the tour participant to sign an acknowledgement that the tour participant is not willing to pay the recommended gratuity. We will record the actual amount of gratuity returned by the tour escort in gratuity log book that is counter signed by the tour escort and keep the acknowledgement signed by the tour participants. The amounts of gratuity received by the tour escort can then be ascertained and will be recorded in a separate log sheet for the individual tour

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escort. At the end of each quarter, our accounts department will refer to the log sheet for the total amount of gratuity received by the tour escort during the quarter for the purpose of determining whether any shortfall is payable to the tour escort in order to meet the minimum wage level. During the Track Record Period and up to the Latest Practicable Date, none of our tour escorts had reported to us on any incident of our tour participants declining to pay the recommended gratuity, and we had received all gratuity receivable by us from our tour escorts.

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 on our tour escorts. Our newly recruited tour escorts are required to undergo comprehensive training on skills, knowledge of our products and services, customer care

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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, such as customer evaluation form and phone interviews.

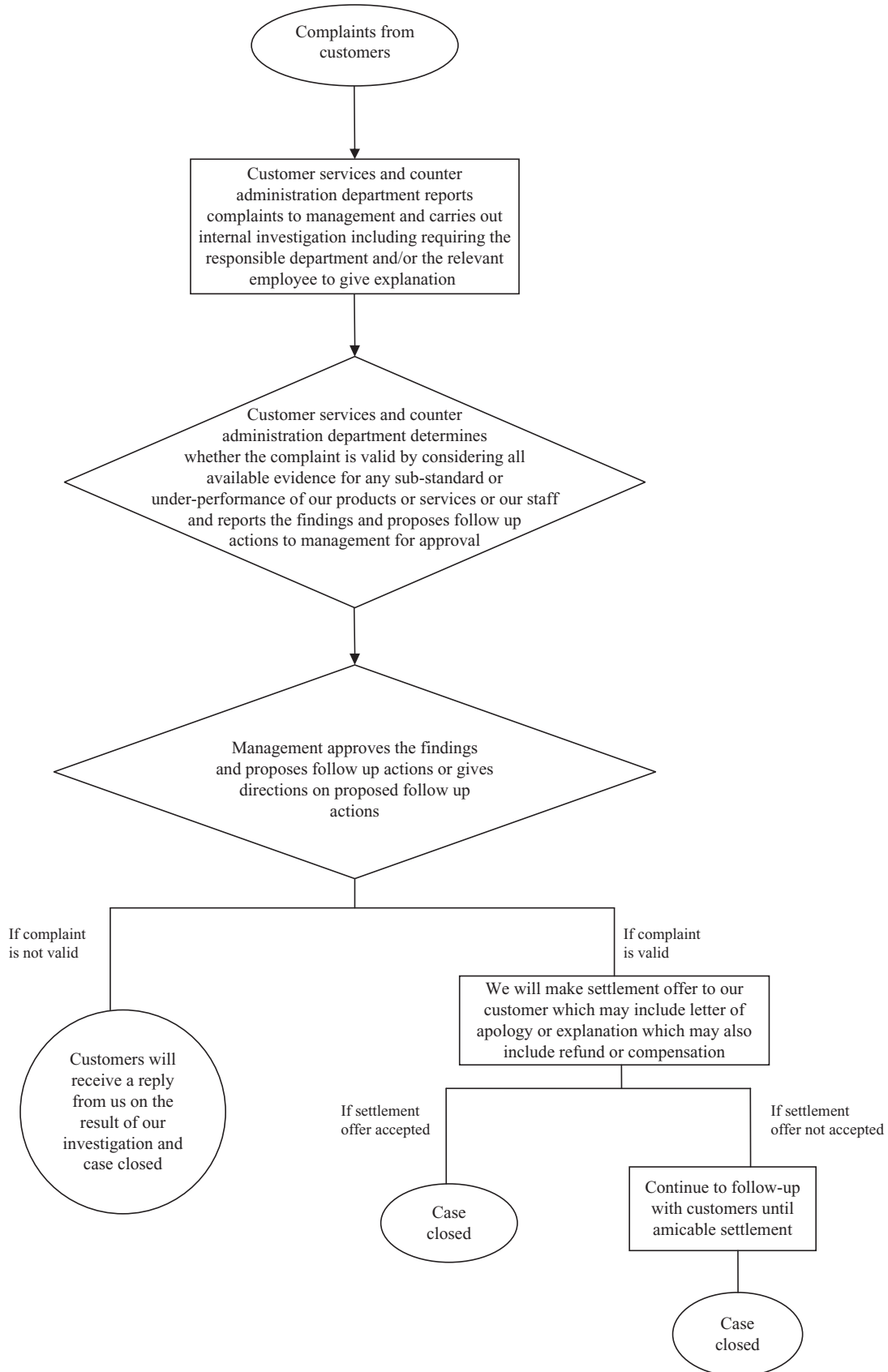
In addition, we maintain customer service hotlines for our customers to make enquiries and our customer services representatives will answer their enquiries in professional manner. We have also make available message boards at our website and social media for our customers to leave their comments.

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.

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The following flow chart illustrates our complaint handling procedures:



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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, 139 and 31 cases of complaints in the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016 respectively from customers directly and TIC. These complaints were generally with regards to itinerary or pricing of package tours, services of tour escorts or staff, tour arrangements, quality or arrangements of ancillary travel related products or services, and other matters unrelated to our products or services. We did not receive any complaints via Consumer Council during the Track Record Period.

	Year ended 31 March		Three months ended	Total
	2015	2016	30 June 2016	
Complaints received by us directly	78	114	29	221
Complaints received from TIC	40	25	2	67
Total	118	139	31	288

Amongst these 288 cases of complaints, 116 cases were related to itinerary or pricing of package tours, 49 cases were related to services of tour escorts or staff, 60 cases were related to tour arrangements, 26 cases were related to quality or arrangements of ancillary travel related products and services, 26 cases were complaints unrelated to our products or services such as complaints in relation to the souvenirs bought by customers in tour destinations, and 11 cases were related to more than one of the abovementioned categories.

Amongst the 221 cases of complaints received by us directly during the Track Record Period, (i) 178 cases were resolved after our letter of apology or explanation and did not involve any monetary payment; and (ii) 43 cases were resolved involving aggregate monetary settlement of approximately HK\$40,000.

Amongst the 67 cases of complaints received from TIC during the Track Record Period, (i) 43 cases were resolved after our letter of apology or explanation and did not involve any monetary payment; (ii) 20 cases were resolved involving aggregate monetary settlement of approximately HK\$49,000; and (iii) four cases were still outstanding as at the Latest Practicable Date.

Our Directors are of the view that none of the complaints (including the four outstanding cases received from TIC) would have any material adverse effect on our business, results of operation 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 to monitor and evaluate our business operations in a systematic and accurate manner. We have firewalls, virus protection and intrusion protection for our computerised information system.

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Our systems such as our operating system and online sales platform were developed and maintained by third party information technology providers. 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 GDS service provider makes available the necessary equipment and software to enable us to access GDS for air tickets information and booking. Our information technology department serves as the contact point with those information technology providers for ensuring all our systems and applications are running optimally and securely.

Any interruption or termination in the services or deterioration in the performance of our GDS service provider or information technology providers may seriously disrupt our business operation, our service quality and our ability to offer our products and services to our customers. For the risks associated with our reliance on third party providers on information technology systems and services, please refer to “Risk Factors — 1. Risks relating to our Group’s business — 1.22 We rely on third party service providers on information technology systems and services”.

For the Track Record Period, the aggregate service and maintenance fees paid to our third party information technology providers were approximately HK\$163,000, HK\$163,000 and HK\$47,000 respectively. The aggregate annual service and maintenance fees after Listing is expected to be approximately HK\$373,000, of which the increment of approximately HK\$210,000 represents the annual support and maintenance fees for our fully developed online sales platform after the expiry of the first year maintenance period.

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. Our online sales platform, when fully developed, is expected to further enable our customers to (i) make purchase of “ticket plus hotel” FIT packages with real time confirmation; (ii) make full payment for, and change their booking of, package tours; and (iii) chat online with our sales representatives for assistance.

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:

<u>Insurance</u>	<u>Coverage</u>	<u>Maximum liability</u>
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 for 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

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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 enables 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. For further information on TICF, please refer to “Laws and Regulations — Laws and regulations in Hong Kong — The TIC — Travel Industry Compensation Fund”.

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 Latest Practicable Date, we were the registered owner of six trademarks in Hong Kong. We have also filed one and six trademark applications in Hong Kong and the PRC respectively.

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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 prospectus.

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 163 employees based in Hong Kong. Set out below is a breakdown of our employees by function:

<u>Function</u>	<u>Number of employees</u>
Directors	3
Product development and marketing	17
Counter sales and customer services	28
FIT operations	17
Tour operations	15
Tour escorts	64
Accounts	11
Human resources, information technology and general administration	8
Total	<u>163</u>

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.

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

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 may 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, if any, is less than the minimum wage level.

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For the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015 and 2016, our total staff costs (including Directors' remuneration) amounted to approximately HK\$26.0 million, HK\$28.3 million, HK\$6.2 million and HK\$7.2 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.

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 seven properties in Hong Kong for use as our offices and branches.

For the Track Record Period, the total amount of rentals in connection with our leased properties were approximately HK\$6.1 million, HK\$6.9 million, and HK\$2.0 million respectively.

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

<u>Branch</u>	<u>Address</u>	<u>Approximate gross floor area (sq. ft.)</u>	<u>Expiry date of current lease</u>
Shatin ^(Note 1)	Room 725, Citylink Plaza, No. 1 Sha Tin Circuit, Sha Tin, New Territories	1,325	31 August 2019
Mongkok	Room 409, 4/F, Wing Lung Bank Centre, 636 Nathan Road, Kowloon	1,282	31 October 2017
Causeway Bay ^(Note 2)	Suites 712-13, Hang Lung Centre, 2-20 Paterson Street, Hong Kong	950	31 January 2018
Tsim Sha Tsui	Units 1603-5, 16/F, 102 Austin Road, Kowloon	1,521	31 December 2017

Notes:

- (1) We leased Room 725, Citylink Plaza, No. 1 Sha Tin Circuit, Sha Tin, New Territories to expand the space to offer a more relaxing and pleasant environment to our customers and to cope with our future operation, which commenced operation in November 2016. The Shatin branch was previously located at Room 606 (with gross floor area of approximately 846 sq.ft.) in the same building, which is currently used as the back office of our Shatin branch, and the lease term of which will expire on 15 January 2018.
- (2) 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:-

<u>Address</u>	<u>Approximate gross floor area (sq. ft.)</u>	<u>Expiry date of current lease</u>
Room 706-8, 7/F, Lippo Sun Plaza, 28 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong	1,792	31 March 2019
Room 703 and 705, 7/F, Lippo Sun Plaza, 28 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong	3,671	31 March 2019

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

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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 2016	Toyama 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

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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 memberships with TIC and association members of TIC. For further information on our membership with TIC and association members of TIC, please refer to “Laws and Regulations — Laws and regulations in Hong Kong — The TIC — Membership of the TIC”.

As at the Latest Practicable Date, our Group was registered with IARB as an insurance agent in respect of travel insurance. For further information on our registration with IARB, please refer to “Laws and Regulations — Laws and regulations in Hong Kong — Travel insurance — Administration of insurance agents”.

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 (i) maintaining requisite registration and licences to trade and offer travel agency services in its local jurisdiction; (ii) employing competent and qualified staff able to sell international air transportation and correctly issue electronic travel documents; (iii) meeting the financial requirements set by IATA; (iv) maintaining a place of business in accordance with the laws of its local jurisdiction; and (v) 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.

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REGULATORY COMPLIANCE AND LEGAL PROCEEDINGS

On 11 December 2014, the Office of the Privacy Commissioner for Personal Data of Hong Kong (“PCPD”) served an enforcement notice (the “**Enforcement Notice**”) on Worldwide Package and PTHK. According to the Enforcement Notice, PTHK and Worldwide Package contravened Principle 1 under the Personal Data (Privacy) Ordinance (“PDPO”) (the “**Incident**”) as follows:-

<u>Contravention of the relevant Data Protection Principle and Description</u>	<u>PTHK</u>	<u>Worldwide Package</u>
<u>Principle 1(1)</u> Excessive collection of date of birth and identity card number for the purposes of verification of members’ identity during programme application process and through reward points enquiry under the mobile application	N/A	✓
<u>Principle 1(3)</u> Failed to inform the users of the mobile application (i) the purposes of use of personal data; (ii) the classes of transferees of the data; (iii) the user’s right to request access to and correction of the data; and (iv) the name or job title, and address, of the individual who is to handle any such request	✓	✓

Reasons for the Incident

Our Directors confirmed that it was the first time for our Group to launch programme to collect personal data and thus the management was not familiar with the compliance with the PDPO, and the design of the mobile application was outsourced to a third party which may not possess knowledge of the PDPO.

Potential maximum penalty for breach of the Enforcement Notice

Pursuant to section 50(1) of the PDPO, following the completion of an investigation, the PCPD may serve an enforcement notice in writing, directing the remedy and if appropriate, prevent any recurrence of the contravention. Under section 50(A) of the PDPO, it is an offence to contravene an enforcement notice and an offender is liable to a conviction to a fine of HK\$50,000 and to imprisonment of two years and, in the case of a continuing offence, to a daily penalty of HK\$1,000.

Remedial measures taken by our Group

Upon receiving the Enforcement Notice, we took remedial measures. In a letter dated 24 December 2014, we informed PCPD that, in compliance with the Enforcement Notice, we had (among others) (i) suspended the enrolment of a membership programme; (ii) removed the mobile application; and (iii) deleted and destroyed all information relating to the date of birth and identity card numbers previously collected in a membership programme. The mobile application was used merely to provide membership information to the members and the tour and travel information.

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On 18 February 2015, PCPD issued a letter (the “**Compliance Letter**”) to Worldwide Package and PTHK to confirm that the directives of the Enforcement Notice have been complied with.

Impact on our Group’s business operations and financial position

By virtue of the Compliance Letter, the Enforcement Notice had been duly complied with, and Worldwide Package and PTHK did not commit an offence under section 50 of the PDPO. Neither fine nor imprisonment was imposed on any member of our Group or any of our Directors.

Pursuant to section 66 of the PDPO, an individual who suffers damage, including injured feelings, by reason of a contravention of the PDPO in relation to his or her personal data may seek compensation from the data users concerned. Nevertheless, our Directors have confirmed that (i) the contravention has been fully rectified; and (ii) there has been no further breach of the requirement of the PDPO. Given our Directors’ above confirmations and based on the followings:

- the Incident did not relate to unauthorised use or access of personal data;
- our Directors confirmed that the relevant data had been removed and destroyed from our possession along with our Group’s other remedial measures which were carried out immediately upon receiving the Enforcement Notice; and
- in view of the lapse of time,

our Company’s legal counsel as to Hong Kong law advise that the possibility of successful claims from the data subjects relevant to the Incident for substantial amount of compensation is remote.

Save as disclosed above, 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

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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 Listing; and
- (b) we will appoint an independent adviser after Listing to assist us in reviewing our internal control system on a regular basis after Listing.

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 (except Okinawa). 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 are able to obtain sufficient amount of Japanese Yen at acceptable exchange rate for meeting our payment obligations aroused from business operations and at the same time do not purchase unnecessary amounts of Japanese Yen more than we require. Our customers generally enrol for package tours four weeks (or up to eight weeks for peak seasons) prior to departure. Hence, we estimate land costs based on the estimated sales amount for a period of four weeks (or eight weeks during peak seasons) taking into account the actual enrolment data to ensure that such estimation is fairly accurate. We then purchase Japanese Yen

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according to such estimation. This policy enables us to determine the appropriate amount of Japanese Yen to procure in order to sufficiently cover our payment obligation while preventing us from carrying excessive cash balance of Japanese Yen, which may lead to foreign exchange loss. Our foreign exchange risk management procedures do not intend to exercise any judgement over or speculate on the future direction of foreign exchange fluctuation. Since the Japanese Yen is volatile, any speculation on the future direction of the exchange rate would subject our Group to great financial risks. Therefore, our Directors consider the appropriate foreign exchange risk control measure is to accurately estimate the land costs and limit purchases of Japanese Yen to sufficiently cover payment obligation while minimising excessive balances. Our Directors consider our foreign exchange risk control measures are in line with market practice.

We generally price our package tours on a cost-plus basis, taking into account the cost of travel elements, including the exchange rate of Japanese Yen. We review the prices of our package tours on a regular basis, generally twice every week. This allows us to timely adjust the prices of our package tours in response to any unfavourable fluctuation in the exchange rate of Japanese Yen. Further, when determining the prices of our Japan package tours (except Okinawa), we generally will add a margin to the estimated land costs denominated in Japanese Yen when translating them to Hong Kong dollars, in order to cushion any appreciation in exchange rate before the next price review. Our Directors consider that our pricing policy together with our foreign exchange risk management procedures enable us to, in the long run, effectively manage the impact of potential increase in land costs denominated in Japanese Yen caused by unfavourable fluctuation in exchange rate.

Our foreign exchange risk management procedures involve the following steps:

1. Our tour operations department will provide to our accounts department:
 - (i) enrolment number of our Japan bound tours in the coming week; and
 - (ii) estimated enrolment number of our Japan bound tours for the next four weeks (or eight weeks during peak seasons).
2. Our accounts department will then estimate costs of the travel elements payable in Japanese Yen for the Japan bound tours for the coming four weeks (or eight weeks during peak seasons), of which such cost per headcount was estimated based on the historical spending and the effect of general inflation.
3. Upon receiving and analysing the above information and the balance of Japanese Yen on hand, our accounts department will submit a purchase request for Japanese Yen on a weekly basis to our chief financial officer, who will then review the accuracy and reasonableness of the information and determine the purchase amount and ceiling exchange rate for approval by Mr. SK Yuen. In general, the purchase amount was determined taken into account of the ceiling exchange rate, which was in turn determined based on the latest trend of Japanese Yen, and will range from approximately 50% to 100% of the estimated usage of Japanese Yen for the coming four weeks.

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4. Upon the final purchase amount is determined and approved by Mr. SK Yuen, 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. The forward exchange contracts entered into by our Group are not specifically designated for hedging our exposures against any specified extent of foreign exchange gains or losses of underlying assets or liabilities denominated in foreign currency. Accordingly, the forward exchange contracts entered into by our Group are not designated as hedging instruments and do not meet the criteria for hedge accounting.
5. Prior approval from Mr. SK Yuen is required for any deviation from the approved purchase amount or ceiling exchange rate.
6. Our chief financial officer regularly (i) reviews the accuracy of the estimated enrolment data and corresponding costs of travel elements provided by tour operations department; (ii) reviews the reasons giving rise to the foreign exchange gain/loss recorded; and (iii) closely monitors the movement of the exchange rate and our Japanese Yen balances.

Mr. SK Yuen possessed extensive experience in the tourism industry and expertise in Japan-bound travel products and has been responsible for our Group's major decision making and overall strategic planning, including foreign exchange risk management for years. Our chief financial officer, Ms. Hon, is a qualified professional accountant with extensive accounting and auditing experience and also has gained knowledge on treasury and foreign exchange management policy of listed company during her course in past employment. 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.

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 "Summary — Recent developments and material adverse change", 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 over 36 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

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customers by designing comprehensive tour itineraries. 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 stand 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 with 2.6% market share in terms of number of travellers for outbound package tours amongst the travel agents in Hong Kong that provided outbound package tours in 2015.

We intend to apply part of the net proceeds from the Share Offer for, among others, advertisements in various media channels including television, travel and life style magazines, Internet and public transportation, and 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 the 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. Our online sales platform, when fully developed, is expected to further enable our customers to (i) make purchase of “ticket plus hotel” FIT packages with real time confirmation; (ii) make full payment for, and change their booking of, package tours; and (iii) chat online with our sales representatives for assistance. We believe the development and enhancement of our online web portal will create greater flexibility and extent of convenience to customers and in turn enhance our competitiveness.

For details of our business strategies and future plans, please refer to “— Strategies” above and “Future Plans and Use of Proceeds”.

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 agents. 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 at a CAGR of approximately 6.1% from 2016 to 2020. Our revenue generated from package tours bound for Japan accounted for approximately 78.1%, 84.4%, 84.9% and 86.5% of our total revenue of package tours for the years ended 31 March 2015 and 2016 and

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the three months ended 30 June 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 grow steadily 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 launched 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 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 dollars would affect 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 events and 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

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Earthquake occurred in 2011 and the appreciation of Japanese Yen against Hong Kong dollar which reached its 10-year peak in 2011. Nevertheless, our Group had been profit-making in each year during the past ten years, save for the years ended 31 March 2010, 2011 and 2012.

Our Directors advised that the net losses for the three years ended 31 March 2012 were largely due to the appreciating Japanese Yen against Hong Kong dollars which took on an upward trend from June 2007 to February 2012. The financial performance of our Group for the year ended 31 March 2012 was further affected by the Great East Japan Earthquake which occurred in March 2011. The degree and extent of damage caused by the earthquake and resulting tsunami were enormous. Red outbound travel alert was issued for the entire Japan in March 2011. Our suppliers, including airlines and hotel operators in Japan, had lowered the air fares and hotel room rates swiftly in response to the dramatic drop in number of foreign visitors to Japan month-on-month in March 2011 by approximately 48.1% and in April 2011 by approximately 16.1%. As a result, our Group was able to achieve a higher gross profit margin for the year ended 31 March 2012 as compared to that for the year ended 31 March 2011, despite the impact of the earthquake and the Japanese Yen exchange rate reaching its ten years peak around August 2011 to February 2012. In fact, the net loss for the year ended 31 March 2012 was significantly less than that for the year ended 31 March 2011, despite a material drop in revenue.

Attributable to the gradually decreasing exchange rate of Japanese Yen against Hong Kong dollars since February 2012, our Group achieved further improvement in the gross profit margin and successfully turned around to record a net profit for the year ended 31 March 2013.

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 on 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 and 30 June 2016, our total assets reached approximately HK\$92.2 million, HK\$95.7 million and HK\$101.3 million respectively and net assets amounted to approximately HK\$38.0 million, HK\$61.3 million and HK\$53.4 million respectively. Our liquidity remained healthy with net current assets of approximately HK\$35.5 million, HK\$56.3 million and HK\$47.5 million as at 31 March 2015 and 2016 and 30 June 2016, which represented current ratio of approximately 1.7 times, 2.7 times and 2.0 times respectively. Our Group maintained minimal gearing throughout the Track Record Period. We had cash and cash equivalents of approximately HK\$76.9 million as at 30 June 2016. Our Directors believe that the strong and healthy financial position will sustain our business operation and our growth.

Counteractive measures against adverse conditions

In order to compensate for the detrimental financial results for the three months ended 30 June 2016 and with a view to improving our profitability, we have taken or will take the following counteractive measures to alleviate the adverse impacts brought about by the continuous

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appreciation of Japanese Yen against Hong Kong dollars and the intense competition within the industry:

- One of the main reasons for the significant decline in our revenue for the three months ended 30 June 2016 was the 2016 Kumamoto Earthquake that occurred in April 2016. Kumamoto Prefecture is located in Kyushu, being one of the most popular tour destinations of our Group in Japan in terms of number of customers during the Track Record Period. After the 2016 Kumamoto Earthquake, the Kyushu Tourism Promotion Organisation has co-ordinated a campaign for the purpose of restoring Kyushu tourism industry by offering government funded rebate on accommodation in Kyushu of up to 70% from July to September 2016 and up to 50% from October to December 2016. We have correspondingly designed and promoted our Kyushu tours with new itineraries and new hotel accommodation with the view to recouping the decrease in demand for Kyushu tours, and have achieved satisfactory results. Since July 2016, the number of customers joining our Kyushu tours has gradually picked up, and the aggregate number of customers enrolled for our Kyushu tours departed in September and October 2016 increased by approximately 137.1% as compared to that for September and October 2015. We have received hotel accommodation rebate from the prefecture governments of Kyushu in the amount of approximately HK\$1.6 million for July to November 2016 and are expected to receive further rebate of approximately HK\$294,000 for December 2016 based on the enrolment data up to the Latest Practicable Date. With the rebate, the gross profit margin of our Kyushu tours between July and December 2016 is expected to be higher than that for June 2016 after tours resumed. Based on the unaudited financial information of our Group, the average gross margin of our Kyushu tours for July to October 2016 is higher than that for June 2016 by approximately 2.1 percentage points. Furthermore, we were invited and have participated as the only participating travel agent, in the “Touch the Kyushu” Fair instigated by the Ministry of Economy, Trade and Industry of Japan, as part of their recovery campaigns, held between late September and early October 2016 in Hong Kong to promote our Kyushu tours, which we believe have positive effect on our brand reputation and increased the sales of our Kyushu tours.
- We will focus on further developing new itineraries for existing tour destinations which are different or less commonly available from our competitors to differentiate our products from them instead of engaging in price competition with the view to improving our profitability. We have developed and launched several package tours to Japan and South Korea with new itineraries for the Autumn and Winter seasons, and more are being planned including a new excursion train tour in Osaka. Moreover, as part of our plan to develop new destinations, we had been in discussion with our major airline supplier to develop a regular route to a new destination in Japan. As a result of our discussion, our major airlines supplier has proposed to operate scheduled charter flight to Komatsu, Japan initially for the period between mid-April and end-June 2017 departing twice a week with routing (i) departing for and returning from Komatsu, (ii) departing for Komatsu and returning from Nagoya and (iii) departing for Nagoya and returning from Komatsu. The routing combination will enable us to develop new itineraries for Hokuriku area and Chubu area. Based on the number of flight seats we are requesting

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and the historical prices of our Nagoya tours, we expect to generate total sales of over HK\$10 million from package tours taking on this new route for the initial period.

- In addition, we will increase our marketing efforts to promote the sales of MICE tours and signature tours which generally have higher gross profit margins. We will contact and prepare customised travel plans and itineraries based on customers' specific preferences to our previous MICE tour customers with a view to encouraging recurring purchases from them and establishing a loyal customer base. As a result of such efforts, the invoiced sales amount of MICE tours for April to November 2016 has increased by approximately 68.8% as compared to the same period in 2015, with the number of tours also increased by approximately 47.8%. We will also develop a range of signature tours such as luxurious hot spring, Michelin gourmet and exotic experience tours and formulate promotion targeting our previous and potential customers with higher spending power or willingness to spend on travel products with the view to increase the sales of signature tours thereby increasing our revenue and profitability. For instance, we have designed a luxurious five-days hot spring and gourmet tour departing on the day following the Chinese New Year of 2017 with our spokesperson as a guest tour participant at the tour price of approximately HK\$80,000 per person. As at the Latest Practicable Date, the tour has received satisfactory enrolments. Our Directors believe that such tour would raise the awareness and popularity of our signature tour products. Our Directors further believe that such focus will also aid in building a loyal customer base as well as enhancing our brand reputation.
- The television travel programme sponsored by us and broadcasted in April 2016 received positive review and enhanced our brand awareness. Following the success of the television travel programme, we have sponsored the second series of the television travel programme which was broadcasted in November 2016, which also received positive review. We have appointed the host of the television programmes as our spokesperson, which we believe will further increase our brand awareness and help to generate consumer preference and to foster brand loyalty.
- We have launched a two-year digital marketing campaign in August 2016 to promote our brand and travel products through various online social medium and search engines to reach out to a wider spectrum of potential customers with links to our website where customers can conveniently view our travel products information and make booking of our package tours. The digital marketing campaign will also enable us to analyse data on customers' behaviour and interests, customer cycle and other useful information such that we will be able to target our marketing efforts to specific interests groups and develop package tours accordingly.
- We will negotiate with our major suppliers including airlines and hotel operators with a view to reducing their price so as to lower our cost of sales and increase our gross profit margin. In September 2016 and December 2016, our largest supplier agreed to a reduction in their price for air tickets to several destinations in Japan effective from 13 September 2016 until 25 January 2017 and from 3 February 2017 until 30 March

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2017 (excluding blackout dates). The following table summarised the price reduction rate of air fares provided by our major airline supplier:

<u>Period</u>	Price reduction rate as compared to the original price (approximately)	Destination
September 2016	8% to 41%	Sapporo, Fukuoka, Hiroshima and Kansai
October 2016	4% to 55%	Tokyo, Sapporo, Fukuoka, Hiroshima, Nagoya, Kansai
November 2016	18% to 39%	Tokyo, Sapporo, Nagoya, Kansai and Fukuoka
December 2016	18% to 47%	Tokyo, Sapporo, Nagoya, Kansai and Fukuoka
January 2017	18% to 51%	Tokyo, Sapporo, Nagoya, Kansai and Fukuoka
February 2017	13% to 30%	Tokyo, Sapporo, Nagoya, Kansai, Fukuoka and Okinawa
March 2017	13% to 30%	Tokyo, Sapporo, Nagoya, Kansai, Fukuoka and Okinawa

It is estimated that our monthly air fare savings for these destinations between September 2016 to March 2017 would range between 18.3% and 34.9%.

- Our online sales platform is being developed and will be launched in stages. Since April 2016, our customers are able to make booking of package tours through our online sales platform. For the three months ended 30 June 2016, revenue from the sales of package tours through our online booking system accounted for approximately 7.3% of our total revenue from sales of package tours for the same period. Supplemented by the launching of our digital marketing campaign which will direct online inquiry to our website, our Directors believe that we will be able to increase our market share for online travel purchases thereby increasing our revenue. The air tickets module of our online sales platform was launched in August 2016 and the hotel module was launched in December 2016 and will be further enhanced, after which we will be able to offer convenient and real time buying experience for our FIT products comparable to that being offered by other online agencies and booking platforms of airlines and hotels, which will increase our competitiveness in the FIT products market and enable us to capture the rapid growth of the FIT products market. In December 2016, we have entered into a long-term affiliate agreement with one of the world's leading travel intermediaries, under which the travel intermediary will supply hotel inventories to us and our customers could select and purchase accommodation in more than 280,000 hotels worldwide through our online sales platform. Given our online sales platform will be able to offer such wide range of products (i.e. package tours, FIT products and ancillary travel related products and services), it will satisfy most of the travel needs of our customers as a one-stop shop. This will distinguish us from most of the online agencies and booking platforms of airlines and hotels which generally only offer air ticket and/or hotel booking.

Our Directors are of the view, and the Sole Sponsor concurs, that the above counteractive measures will effectively alleviate the adverse effects brought about by the continuous appreciation of Japanese Yen and keen market competition, and to improve the profitability of our Group amid such adverse conditions. As a result of the recent downward trend of the exchange rate of Japanese Yen and the counteractive measures, we have seen improvements in our business performance recently.

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Our Directors believe that the Listing 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 is one of the major considerations for Hong Kong travellers. The Listing 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.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Share Offer 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 75% 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. Ms. Chan and Mr. SK Yuen, as spouses, have in the past been managing and operating our business collectively and reaching consensus before making major decisions in respect of our Group's business. Ms. Chan and Mr. SK Yuen confirm that they will continue to act jointly upon Listing so far the voting rights of our Company are concerned. In addition, as Mr. CN Yuen indirectly holds his interests in our Company together with Ms. Chan and Mr. SK Yuen through the common investment vehicle (i.e. WWPKG Investment), he is presumed to be a Controlling Shareholder. As such, each of Ms. Chan, Mr. SK Yuen, Mr. CN Yuen and WWPKG Investment will be regarded as a Controlling Shareholder and they will comprise a group of Controlling Shareholders upon Listing.

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 interest in our Company upon completion of the Share Offer, 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 (i) acts for the benefit of and in the best interests of our Shareholders and our Company as a whole; and (ii) 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 or 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 transaction 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 our Controlling Shareholders.

RELATIONSHIP WITH OUR 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/or their close 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 close associates of our Controlling Shareholders after Listing, these transactions are entered into in the ordinary and usual 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 that there is any material reliance by our Group on the Controlling Shareholders or their close associates.

Financial independence

We have our own accounting and finance department and independent financial system, and we make financial decisions according to our business needs. In view of our Group’s internal resources and the estimated net proceeds from the Share Offer, our Directors believe that our Group will have sufficient capital for our financial needs without dependence on our Controlling Shareholders or their close associates.

As at 30 November 2016, our Group had an overdraft facility of HK\$10.0 million and a revolving loan facility of HK\$6.0 million, which were secured by, among others, personal guarantees by Mr. SK Yuen and Ms. Chan, our executive Directors and Controlling Shareholders. Given our amount of cash and cash equivalents on hand, such banking facilities were obtained mainly for emergency purposes and we had never drawn down any bank borrowings during the Track Record Period. These personal guarantees, together with all other guarantees provided by our Controlling Shareholders and their close associates for our Group’s banking facilities, will be fully released upon Listing and will be replaced by a corporate guarantee given by our Company. Accordingly, our Directors further believe that, upon Listing, our Group is capable of obtaining financing from external sources independently without the support of our Controlling Shareholders.

In view of the abovementioned, our Directors consider that our Group will be financially independent from our Controlling Shareholders and/or any of their respective close associates.

DEED OF NON-COMPETITION

On 16 December 2016, our Controlling Shareholders (each a “**Covenantor**” and collectively, the “**Covenantors**”) entered into the Deed of Non-competition in favour of our Company (for

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

itself and as trustee of the other members of our Group), under which each of the Covenantors has irrevocably and unconditionally, jointly and severally, undertakes to and covenants with our Company (for itself and as trustee of the other members of our Group) that, among others:

- (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 or otherwise and whether for profit, reward, interest or otherwise) any Restricted Business (as defined below);
- (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 Group 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 or any Directors who has an actual or potential material interest in the New Business Opportunity (if any) shall abstain from attending and voting at, and shall not count towards the quorum for, any meeting or part of a meeting convened to consider such New Business Opportunity. The remaining non-interested independent non-executive Director(s) shall be responsible for assessing the New Business Opportunity and making the decision as to whether or not to take up any particular New Business Opportunity;
- (d) he/she/it shall provide our Company and our Directors (including our independent non-executive Directors) with all information necessary, including but not limited to monthly turnover records and any other relevant documents considered necessary by our independent non-executive Directors from time to time, for the annual review by our independent non-executive Directors with regard to compliance and enforcement of the non-competition undertakings; and
- (e) (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;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (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;
- (iii) he/she/it will not, in the course of carrying on any trade or business, claim, represent or otherwise indicate he/she/it is a member, director or employee of our Group for the purpose of obtaining or retaining any business and to the detriment of our Group;
- (iv) he/she/it will not use or divulge to any person, or publish or disclose or permit to be published or disclosed, any information (whether or not being secret or confidential information) relating to our Group which he/she/it has received or obtained (whether or not in the case of documents, they are marked as confidential);
- (v) he/she/it will not, otherwise than as required by our Company, retain, duplicate or remove from the premises of our Group information relating to our Group in whatever form (whether written, or recorded in some other form, or oral) which is supplied by our Group;
- (vi) he/she/it will not engage in any trade or business or be associated with any person or firm or company that engages in any trade or business using any of our Group's trademark (whether registered or not) or any trade or business name owned by our Group or used by our Group from time to time in connection with its business, or incorporating all or any material part of any of them or any colourable imitation thereof;
- (vii) he/she/it will not serve as senior management, consultant, chief executive or director of or otherwise operate or enter into any negotiation, agreement or arrangement with any person to operate any Restricted Business; and
- (viii) he/she/it will abstain from attending and voting at any general meeting if there is any actual or potential conflict of interests in relation to the Restricted Business and any New Business Opportunity.

For the purpose of the Deed of Non-Competition, “**Restricted Business**” means our Group's business of (i) design, development and sales of outbound package tours; (ii) sales of free independent traveller products; and (iii) provision of ancillary travel related products and services in Hong Kong as described in this prospectus and any other business in Hong Kong and such other places from time to time conducted, carried on or contemplated to be carried on by any member of our Group or in which any member of our Group is engaged or has invested in or which any member of our Group has otherwise publicly announced its intention to enter into, engage in or invest in (whether as principal or agent and whether undertaken directly or through any body corporate, partnership, joint venture, or other contractual or other arrangement).

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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 (within the meaning of the GEM Listing Rules) of our Company 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 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 undertakings 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 undertakings;
- (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 undertakings 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 undertakings 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 close associates to be involved 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.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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 material 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.

CONNECTED TRANSACTIONS

OVERVIEW

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

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		Three months ended 30 June
				2015 (HK\$'000)	2016 (HK\$'000)	2016 (HK\$'000)
1.	Services framework agreement	HCNY Consultancy Limited (“ HCNY ”)	Provision of event organising services	373	343	66
2.	Services framework agreement	JCS	Provision of tour bus services	12,314	13,622	3,765
3.	Services framework agreement	Y’s	Provision of reservation services	2,610	2,398	647
4.	Tenancy agreements	Sky Right Investment Limited (“ Sky Right ”)	Property leasing	2,712	2,712	678

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 Listing:

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.

CONNECTED TRANSACTIONS

Mr. CN Yuen

Mr. CN Yuen is a Controlling Shareholder, 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 the business of which includes trading and provision of event organising services. It is owned as to 99.75% by Ms. Chan and as to 0.25% by Mr. CN Yuen, each a Controlling Shareholder. Therefore, HCNY is a connected person of our Company under the GEM Listing Rules.

JCS

JCS is a limited liability company incorporated in Japan the business of which includes the provision of tour bus services in Japan. It is wholly and beneficially owned by Mr. Yuen Chun Yu Adrian, who is a 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 business includes 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 the business of which includes 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 Listing, 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, had entered into a property lease agreement with Sky Right, as landlord, for renting office premises located at Unit 706-708, 7/F, Lippo Sun Plaza, 28 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong (the “**PTHK Premises**”)

CONNECTED TRANSACTIONS

as its corporate headquarters. The relevant historical rents paid by our Group to Sky Right under the lease for the Track Record Period were approximately HK\$1.8 million, HK\$1.8 million and HK\$0.5 million respectively.

On 1 August 2016, PTHK, as tenant, entered into a property lease agreement with Sky Right, as landlord (the “**PTHK Tenancy Agreement**”), which superseded the then subsisting lease 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 term of 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 under the PTHK Tenancy Agreement.

(ii) Worldwide Package

Background and principal terms

During the Track Record Period, Worldwide Package, as tenant, had entered into a property lease agreement with Sky Right, as landlord, for renting office premises located at Rooms 703 and 705, 7/F, Lippo Sun Plaza, 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 under the lease for the Track Record Period were approximately HK\$0.9 million, HK\$0.9 million and HK\$0.2 million respectively.

On 1 August 2016, Worldwide Package, as tenant, entered into a property lease agreement with Sky Right, as landlord (the “**Worldwide Package Tenancy Agreement**”, which superseded the then subsisting lease agreement and 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 term of 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 under the Worldwide Package Tenancy Agreement.

CONNECTED TRANSACTIONS

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 offices. 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 our Shareholders as a whole to continue using the Premises as offices 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 (except for Okinawa). We use the Reservation Services provided by Y’s for our Group’s package tours and booking hotel accommodation for FIT customers from time to time. The relevant historical transaction amounts payable by our Group to Y’s for the provision of the Reservation Services for the Track Record Period were approximately HK\$2.6 million, HK\$2.4 million and HK\$647,000 respectively, representing approximately 0.6%, 0.6% and 0.8% 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 fluctuation in the transaction amounts was solely due to the fluctuation in the exchange rate between JPY and HKD.

On 21 December 2016, 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.

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. 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 Listing Date and expire on 31 March 2019 (both dates inclusive).

CONNECTED TRANSACTIONS

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

Y's has 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 required to identify and select another reservation agent; (iii) that 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. In determining the annual caps, our 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, HCN Y 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 HCN Y for the provision of the Organising Services for the Track Record Period were approximately HK\$0.4 million, HK\$0.3 million and HK\$66,000 respectively, representing approximately 0.1%, 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 21 December 2016, HCN Y entered into a services framework agreement (the "**HCN Y Services Framework Agreement**") with PTHK, pursuant to which HCN Y 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 HCN Y 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 HCN Y with reference to the cost of provision of the Organising Services by HCN Y, including the costs of refreshments. Our Group shall pay the charges upon receipt of the invoice. Our Directors confirmed that the transactions with HCN Y 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.

CONNECTED TRANSACTIONS

The terms of the HCN Y Services Framework Agreement will commence on the Listing Date and expire on 31 March 2019 (both dates inclusive).

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

HCN Y has been providing the Organising Services for the tour tea gatherings and travel seminars organised by our Group since November 2000. Taking into account (i) that there is limited supply of similar service providers in the market; (ii) that our Group can save manpower and resources for arranging tour tea gatherings and travel seminars; and (iii) the stable business relationship between HCN Y and our Group, our Directors consider that the entering into of the HCN Y 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 HCN Y 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. In determining the annual caps, our Directors have considered (i) the historical fees paid to HCN Y 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 transactions contemplated under the Tenancy Agreements in aggregate, and each of the Y's Services Framework Agreement and HCN Y 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 HCN Y 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 HCN Y Services Framework Agreement and the annual caps as mentioned above are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

NON-EXEMPT CONTINUING CONNECTED TRANSACTION

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

CONNECTED TRANSACTIONS

(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 Track Record Period were approximately HK\$12.3 million, HK\$13.6 million and HK\$3.8 million respectively, representing approximately 2.8%, 3.2% and 4.6% 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 21 December 2016, JCS entered into a services framework agreement (the “**JCS Services Framework Agreement**”) with PTHK to supersede the framework agreement entered into between our 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 and that in any event shall be no less favourable to our Group than that offered by Independent Third Parties and not less than the applicable minimum rate as calculated with reference to the formula for charter bus fees as specified by the relevant government authority in Japan. Our Group shall pay the fees 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 Listing Date and expire on 31 March 2019 (both dates inclusive).

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

JCS has been providing the Tour Bus Services to our Group since January 2012 for our Group’s Japan bound tours (except Okinawa). Taking into account (i) the costs, time and resources required to identify and select new tour bus service provider; (ii) that 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 of 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\$15.3 million, HK\$16.0 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.

CONNECTED TRANSACTIONS

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 and will be 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, and the terms of the JCS Services Framework Agreement and the annual caps as mentioned above are fair and reasonable and in the interests of our Company and our 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 and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

WAIVER APPLICATION FOR THE NON-EXEMPT CONTINUING CONNECTED TRANSACTION

As the continuing connected transaction under the JCS Services Framework Agreement described above are expected to continue on a recurring basis following completion of the Share Offer, which have been entered into prior to the date of Listing and fully disclosed in this prospectus and have been and will be 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 our Company and our Shareholders as a whole and are fair and reasonable, the Directors consider that strict compliance with the announcement 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 transaction arises.

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 and shareholders' approval requirements in respect of the continuing connected transaction described above for the three years ending 31 March 2019, provided that the annual transaction amounts in respect of such continuing connected transaction 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 AND SENIOR MANAGEMENT

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:

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Date of appointment</u>	<u>Date of joining our Group</u>	<u>Roles and responsibilities</u>	<u>Relationship with other Director(s) and/or senior management</u>
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)	62	Independent non-executive Director	16 December 2016	16 December 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)	69	Independent non-executive Director	16 December 2016	16 December 2016	Overseeing the management independently and providing independent judgement on the issues of strategy, performance, resources and standard of conduct of our Company	Nil

DIRECTORS AND SENIOR MANAGEMENT

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Date of appointment</u>	<u>Date of joining our Group</u>	<u>Roles and responsibilities</u>	<u>Relationship with other Director(s) and/or senior management</u>
Mr. Ho Wing Huen (何永熿)	71	Independent non-executive Director	16 December 2016	16 December 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 has gained over 36 years of experience in the tourism industry. Since he became a director of PTHK on 6 November 1984, he has been extensively involved in the development of our Group's business. 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. Throughout the whole period of his directorship in our Group, Mr. SK Yuen has been heavily involved in and played a critical role in the development of our Group's business. He has been 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 graduated in March 1976 from 日本經濟短期大學 (Japan Economic Junior College*), a junior college^(Note) in Japan, with major in 經營科 (business management). 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 prospectus, 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 markets in Hong Kong or overseas in the past three years immediately preceding the date of this prospectus.

Ms. Chan Suk Mei (陳淑薇), aged 63, is an executive Director. Ms. Chan has gained over 36 years of experience in the tourism industry through managing our Group's operation since she joined our Group in June 1979 as a director of PTHK. Ms. Chan was appointed as director of Worldwide Package in September 1989. She was also appointed as a director of WWPKG

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.

DIRECTORS AND SENIOR MANAGEMENT

Management on 10 June 2016. Throughout the whole period of her directorship in our Group, Ms. Chan has been devoted to the management of the operation of our Group. She has been responsible for overseeing the Japan outbound tour services and administrative matters of our Group.

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 prospectus, Ms. Chan is not connected with any other Directors, members of the senior management, substantial shareholders or controlling shareholders of our Company.

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

Mr. Yuen Chun Ning (袁振寧), aged 38, is an executive Director and the chief executive officer of our Company. Mr. CN Yuen has gained over 10 years of experience in the tourism industry through managing our Group's operation since he joined our Group in April 2005 as business development manager. He 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. He has been 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.

Before joining our Group, Mr. CN Yuen worked as a consultant with MVA Asia Limited, a market research consultancy specialising in traffic engineering, transport planning and operations, from October 2002 to March 2005. He was responsible for conducting research and analysis on various business marketing and transportation planning projects.

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 is/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 a son of Mr. SK Yuen and Ms. Chan, both of whom are our executive Directors. Other than disclosed in this prospectus, 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 markets in Hong Kong or overseas in the past three years immediately preceding the date of this prospectus.

Independent non-executive Directors

Mr. Ho Wing Huen (何永煊), aged 71, was appointed as an independent non-executive Director on 16 December 2016 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.

DIRECTORS AND SENIOR MANAGEMENT

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 by the United Kingdom Government in June 1993 and awarded the Silver Bauhinia Star by the Hong Kong Government in 2006. Mr. Ho was named a Fellow of the World Academy of Productivity Science.

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 markets in Hong Kong or overseas in the past three years immediately preceding the date of this prospectus.

Mr. Lam Yiu Kin (林耀堅), aged 62, was appointed as an independent non-executive Director on 16 December 2016 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. He worked in PricewaterhouseCoopers, Hong Kong from February 1989 to June 2013, with his last position held there being partner and was mainly responsible for assurance and business advisory services. 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 the Institute of Chartered Secretaries and Administrators in December 1979. Mr. Lam was also admitted as an associate member of The Institute of Chartered Accountants in August 1986 and was granted the degree of fellow member in June 1999.

DIRECTORS AND SENIOR MANAGEMENT

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 from September 2014 to August 2016. Mr. Lam was a member of the finance management committee of the Hong Kong Management Association with his term ended on 7 July 2016.

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)	Research and development and commercialisation of innovative drugs	From October 2013 until present
Kate China Holdings Limited (8125)	Provision of design and fitting- out services and design and procurement of furnishings and decorative materials services	From June 2014 to September 2015
Vital Mobile Holdings Limited (6133)	Development, design, production management and sale of mobile telecommunication devices and their related components and accessories, and provision of technical knowhow and other mobile add-on services	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)	Creation, production and distribution of digital contents	From July 2015 until present
Shougang Concord Century Holdings Limited (103)	Manufacturing of steel cords, and processing and trading of copper and brass products	From August 2015 until present
Mason Financial Holdings Limited (273)	Dealing in securities, commodities broking, provision of securities margin financing, bullion trading services investment and corporate finance advisory services, investment in securities trading, money lending and investment holding	From August 2015 until present

DIRECTORS AND SENIOR MANAGEMENT

<u>Name of the company (Stock code)</u>	<u>Principal business activities</u>	<u>Period of service</u>
COSCO Shipping Ports Limited (formerly known as COSCO Pacific Limited) (1199)	Management and operation of terminals, container leasing, management and sale, and related businesses	From August 2015 until present
Nine Dragons Paper (Holdings) Limited (2689)	Manufacturing of linerboard, high-performance corrugating medium, certain types of coated duplex board, printing and writing paper, specialty paper, wood and bamboo pulp and production of unbleached kraft pulp	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 prospectus.

Mr. Yen Yuen Ho Tony (嚴元浩), aged 69, was appointed as an independent non-executive Director on 16 December 2016 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 (the “**DOJ**”) when he was first appointed to the Commission. He was responsible for heading the Law Drafting Division of the DOJ which involves drafting legislation for policies initiated by the Hong Kong Government.

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) (principally operates mines and trade mineral and metal products) and also has since April 2011 been an independent non-executive director of

DIRECTORS AND SENIOR MANAGEMENT

United Photovoltaics Group Limited (Stock Code: 686) (principally develops, invests, operates and manages solar power plants), the shares of the two companies are listed on the Main Board of the Stock Exchange. During June 2014 to October 2014, Mr. Yen was an independent non-executive director of Link Holdings Limited (Stock Code: 8237) (operates hotel in Singapore), the shares of which are listed on GEM. 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 that mainly invests in properties. Since August 2016, Mr. Yen has been an independent non-executive director of Alltronics Holdings Limited (Stock Code: 833) (principally manufactures and trades electronic products, components for electronic products, biodiesel products; and provides energy saving business solutions), the shares of which are listed on the Main Board of the Stock Exchange.

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 markets in Hong Kong or overseas in the past three years immediately preceding the date of this prospectus.

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 the 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 our 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:

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Date of first joining our Group</u>	<u>Roles and responsibilities</u>	<u>Relationship with Director(s)/ or other senior management</u>
Ms. Hon Piu Kwun Queenie (韓佩君)	39	Chief financial officer	2 March 2015	Supervising and managing of financial activities	Nil
Mr. Lai Ka Fai (黎嘉輝)	38	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

DIRECTORS AND SENIOR MANAGEMENT

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Date of first joining our Group</u>	<u>Roles and responsibilities</u>	<u>Relationship with Director(s)/ or other senior management</u>
Ms. Pak Ka Lo (白嘉露)	41	Ticketing manager	19 January 2015	Development and operation of the FIT business, managing and supervising day-to-day operations in the ticketing department	Nil

Ms. Hon Piu Kwun Queenie (韓佩君), aged 39, was appointed as the chief financial officer of our Group in March 2015. She is mainly responsible for the supervision and management of financial activities.

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.

Ms. Hon possesses over 15 years of experience in accounting and finance industry. Ms. Hon worked in Arthur Andersen (which has been combined with PricewaterhouseCoopers) between September 2001 and February 2015 with her last position as senior manager of assurance department in PricewaterhouseCoopers, where she was responsible for the auditing, advising on the financial reporting and conducting advisory work for various listed companies in Hong Kong. She has also gained knowledge in respect of corporate governance, internal control and taxation and is familiar with the GEM Listing Rules and other relevant laws and regulations including the SFO, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code.

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

Mr. Lai Ka Fai (黎嘉輝), aged 38, is our information technology 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 is responsible for supervising the development of our Group's enhanced online sales platform with an integrated booking system.

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.

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

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 gained over 24 years of experience in the tourism industry through servicing in our Group since he joined us as an operation clerk in November 1991. He was promoted to MICE team salesperson in November 1994 and subsequently to 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 markets in Hong Kong or overseas in the past three years immediately preceding the date of this prospectus.

Ms. Pak Ka Lo (白嘉露), aged 41, 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.

Ms. Pak has over 22 years of experience in the tourism industry, mainly focusing on passenger sales. Prior to joining our Group, Ms. Pak worked in the Hong Kong regional office of Japan Airlines Co., Ltd. (a Japan-based airline operator) from August 1994 to January 2015. During her service with Japan Airlines Co., Ltd., Ms. Pak was mainly responsible for passenger sales and corporate sales promotion. Ms. Pak was first employed as an officer at passenger reservations department in August 1994. In December 1996, she was transferred to passenger sales department. In April 2001, after several promotions, she became the senior officer of passenger sales department. In September 2004, she was transferred to the corporate sales promotion department. In April 2006, she was transferred back to the passenger sales department. Her last position there was senior sales executive of passenger sales since her promotion in April 2010.

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

COMPANY SECRETARY

Ms. Ng Ka Man (吳嘉雯), was appointed as the 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.

DIRECTORS AND SENIOR MANAGEMENT

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

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 our 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 16 December 2016 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 of 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 16 December 2016 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 our Board, assess independence of independent non-executive Directors and to make recommendations to our 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 our Board passed on 16 December 2016 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.

DIRECTORS AND SENIOR MANAGEMENT

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, and the three months ended 30 June 2016, the total remuneration received by our Directors for services to our Group amounted to approximately HK\$6.8 million, HK\$4.3 million and HK\$1.1 million respectively.

For the years ended 31 March 2015 and 2016 and the three months ended 30 June 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, HK\$1.9 million and HK\$0.4 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 its 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 Share Offer in a manner different from that detailed in this prospectus or where the business activities, developments or results deviate from any forecast, estimate or other information of this prospectus; and

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- (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 Listing 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 Listing Date, and such appointment may be subject to extension by mutual agreement.

FINANCIAL INFORMATION

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 prospectus (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 prospectus 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 and the three months ended 30 June 2015 and 2016, our Group recorded revenue of approximately HK\$461.5 million, HK\$452.6 million, HK\$118.3 million and HK\$82.4 million respectively, and net profit of approximately HK\$16.3 million, HK\$23.3 million, HK\$11.0 million and net loss of approximately HK\$7.9 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.

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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 1,756 licensed travel agents in Hong Kong as at the Latest Practicable Date, 560 of which engage in the wholesale and/or operation of package tours. The ten largest licensed travel agents engaging in the wholesale and/or operation of package tours in Hong Kong 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 agents 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%, 84.8%, 83.3% and 81.9% of our cost of sales for the years

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ended 31 March 2015 and 2016 and the three months ended 30 June 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 and approximately 48.1% and 40.0% of our cost of sales for the three months ended 30 June 2015 and 2016 respectively. 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 analyses” for the sensitivity analysis of the impact of hypothetical changes in our major operating costs on our profit or loss for each financial year/period 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. Any appreciation of Japanese Yen impacts both the demand (i.e. demand from cost-conscious customers will decrease) and cost (i.e. land costs denominated in Japanese Yen will increase) side of our Group’s business, which will lead to the shrinking of our gross profit margin.

For details regarding the historical exchange rate of Japanese Yen against Hong Kong dollars, please refer to “Industry Overview — Trend of Hong Kong dollars versus JPY”.

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”.

In general, without taking into account of seasonality effects, when the exchange rate of Japanese Yen against Hong Kong dollars increases, sales volume and the average selling prices of package tours bound for Japan of our Group would decrease. The table below sets forth the correlation of the change of average exchange rate of Japanese Yen against Hong Kong dollars and the average selling price and average sales volume of package tours bound for Japan of our Group

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from the year ended 31 March 2015 to 2016 and from the year ended 31 March 2016 to the three months ended 30 June 2016.

	Year ended 31 March 2015 ("FY15")	Year ended 31 March 2016 ("FY16")	Three months ended 30 June 2016 ("3M17")	Change from FY15 to FY16	Change from FY16 to 3M17
Exchange rate of Japanese Yen against Hong Kong dollars (HK\$:JPY)	0.07087	0.06465	0.07189	(8.8)%	11.2%
Average selling price of package tour bound for Japan of our Group (HK\$)	9,790	10,094	8,871	3.1%	(12.1)%
Sales volume of package tour bound for Japan of our Group (headcount)	2,804	2,908	2,458	3.7%	(15.5)%

Please also refer to "Financial Information — Sensitivity and breakeven analyses" for the sensitivity and breakeven analyses of the impact of hypothetical changes in the exchange rate of Japanese Yen against Hong Kong dollars on our profit or loss for each financial year/period during the Track Record Period.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Critical accounting policies and estimates refer to those accounting policies and estimates that entail significant uncertainty and judgement, 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 judgements, 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 prospectus. 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 judgements about the effect of matters that are inherently uncertain. We also have other policies, judgements, 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

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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 expense comprises current income tax and deferred income tax. For the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015, we recognised income tax expense of approximately HK\$3.3 million, HK\$5.1 million and HK\$2.2 million respectively. For the three months ended 30 June 2016, we recognised income tax credit of approximately HK\$423,000. As at 31 March 2015, 31 March 2016 and 30 June 2016, our Group had (i) deferred income tax assets of approximately HK\$244,000, HK\$102,000 and HK\$525,000 respectively; and (ii) deferred income tax liabilities of nil, approximately HK\$49,000 and 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.

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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 prospectus.

	<u>Year ended 31 March</u>		<u>Three months ended 30 June</u>	
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(Unaudited)</i>	<i>HK\$'000</i>
Revenue	461,546	452,632	118,285	82,387
Cost of sales	<u>(387,934)</u>	<u>(369,397)</u>	<u>(93,235)</u>	<u>(71,560)</u>
Gross profit	73,612	83,235	25,050	10,827
Other income	162	1,197	477	26
Other (losses)/gains, net	(3,579)	1,229	224	660
Selling expenses	(14,788)	(18,417)	(4,270)	(4,675)
Administrative expenses	<u>(35,710)</u>	<u>(38,813)</u>	<u>(8,295)</u>	<u>(15,126)</u>
Operating profit/(loss)	19,697	28,431	13,186	(8,288)
Finance costs, net	<u>(8)</u>	<u>(26)</u>	<u>(4)</u>	<u>(6)</u>
Profit/(loss) before income tax	19,689	28,405	13,182	(8,294)
Income tax (expense)/credit	<u>(3,345)</u>	<u>(5,077)</u>	<u>(2,225)</u>	<u>423</u>
Profit/(loss) and total comprehensive income/(loss) for the year/period	<u>16,344</u>	<u>23,328</u>	<u>10,957</u>	<u>(7,871)</u>
Profit/(loss) and total comprehensive income/(loss) attributable to:				
— Owners of our Company	16,226	23,109	10,840	(7,771)
— Non-controlling interests	<u>118</u>	<u>219</u>	<u>117</u>	<u>(100)</u>
	<u>16,344</u>	<u>23,328</u>	<u>10,957</u>	<u>(7,871)</u>

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 and the three months ended 30 June 2015 and 2016.

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Revenue

Our business includes (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 and the three months ended 30 June 2015 and 2016 amounted to approximately HK\$461.5 million, HK\$452.6 million, HK\$118.3 million and HK\$82.4 million respectively. The following table sets out our revenue by major category of services/products for the Track Record Period:

	Year ended 31 March				Three months ended 30 June			
	2015		2016		2015		2016	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i> <i>(Unaudited)</i>	%	<i>HK\$'000</i>	%
Package tours	451,117	97.7	443,941	98.1	116,481	98.5	80,299	97.5
FIT products	4,383	1.0	4,009	0.9	958	0.8	752	0.9
Ancillary travel related products and services	6,046	1.3	4,682	1.0	846	0.7	1,336	1.6
Total	<u>461,546</u>	<u>100.0</u>	<u>452,632</u>	<u>100.0</u>	<u>118,285</u>	<u>100.0</u>	<u>82,387</u>	<u>100.0</u>

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, HK\$443.9 million, HK\$116.5 million and HK\$80.3 million for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015 and 2016 respectively, and accounted for approximately 97.7%, 98.1%, 98.5% and 97.5% of our total revenue for the corresponding year/period.

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%, 84.4%, 84.9% and 86.5% of our revenue from sales of package tours for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015 and 2016 respectively.

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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				Three months ended 30 June			
	2015		2016		2015		2016	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Japan	352,488	78.1	374,674	84.4	98,948	84.9	69,473	86.5
Other destinations:								
South Korea	68,214	15.1	34,424	7.8	8,067	6.9	5,503	6.9
Taiwan	12,247	2.7	12,891	2.9	2,955	2.5	1,036	1.3
China	8,907	2.0	11,752	2.6	4,269	3.7	2,802	3.5
Southeast Asian countries ^(Note 1)	9,152	2.1	6,063	1.4	2,242	2.0	790	1.0
Other countries ^(Note 2)	109	0.0	4,137	0.9	—	—	695	0.8
Total	<u>451,117</u>	<u>100.0</u>	<u>443,941</u>	<u>100.0</u>	<u>116,481</u>	<u>100.0</u>	<u>80,299</u>	<u>100.0</u>

Notes:

(1) Southeast Asian countries during the Track Record Period included Thailand, Malaysia and Singapore, Vietnam and Cambodia.

(2) Other countries during the Track Record Period included 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

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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.

Our revenue from sales of package tours decreased from approximately HK\$116.5 million for the three months ended 30 June 2015 to approximately HK\$80.3 million for the three months ended 30 June 2016, representing a decrease of approximately 31.1%. The decrease was mainly due to (i) the decline of revenue from sales of package tours bound for Japan by approximately HK\$29.4 million; and (ii) the decrease in revenue from sales of package tours bound for other destinations by approximately HK\$6.7 million.

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.

The decline of revenue from sales of package tours bound for Japan for the three months ended 30 June 2016 was mainly due to (i) the negative impact of the 2016 Kumamoto Earthquake occurred in April 2016; (ii) the fact that the continued appreciation of Japanese Yen against Hong Kong dollars coupled with the intense competition within the industry, particularly from online agencies and booking platforms of airlines and hotels which are introducing aggressive marketing campaigns and promotion programmes, have reduced the demand of customers who are cost conscious for our package tours bound for Japan; and (iii) that in view of the decreased in demand and the fierce industry competition, we adjusted downward the selling prices of our package tours bound for Japan in order to attract customers, which has also exerted pressure on our revenue from sales of package tours.

Our Group's revenue from sales of package tours bound for non-Japan destinations decreased by approximately 38.3% from approximately HK\$17.5 million for the three months ended 30 June 2015 to approximately HK\$10.8 million for the three months ended 30 June 2016. The decrease was mainly attributable to the significant decrease in revenue from the sales of package tours

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bound for South Korea, China and Taiwan by approximately HK\$6.0 million from approximately HK\$15.3 million for the three months ended 30 June 2015 to approximately HK\$9.3 million for the three months ended 30 June 2016. Our Directors believe that the decrease in revenue was mainly due to (i) the earlier timing of the Easter holidays in late March in 2016 as compared to the Easter holidays in April in 2015; and (ii) the downward price adjustment of our package tours bound for destinations other than Japan in view of the intense competition within the industry.

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 and the three months ended 30 June 2015 and 2016, our revenue from the sales of FIT products amounted to approximately HK\$4.4 million, HK\$4.0 million, HK\$1.0 million and HK\$0.8 million respectively, representing approximately 1.0%, 0.9%, 0.8% and 0.9% of our total revenue for the corresponding year/period. During the Track Record Period, most of our FIT products were bound for Japan which accounted for approximately 82.0%, 86.2%, 81.3% and 80.6% of our revenue from FIT products for the years ended 31 March 2015 and 2016 and the three months ended 30 June 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				Three months ended 30 June			
	2015		2016		2015		2016	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
	<i>(Unaudited)</i>							
Japan	3,596	82.0	3,456	86.2	779	81.3	606	80.6
Other destinations ^(Note)	787	18.0	553	13.8	179	18.7	146	19.4
Total	<u>4,383</u>	<u>100.0</u>	<u>4,009</u>	<u>100.0</u>	<u>958</u>	<u>100.0</u>	<u>752</u>	<u>100.0</u>

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.

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Our revenue from sales of FIT products bound for Japan decreased from approximately HK\$0.8 million for the three months ended 30 June 2015 to approximately HK\$0.6 million for the three months ended 30 June 2016, representing a decrease of approximately 25.0%, which was mainly due to (i) the continuous appreciation of Japanese Yen against Hong Kong dollars; and (ii) the aggressive marketing campaigns and promotion programmes launched by the online agencies and booking platforms of airlines and hotels which reduced the demand of our customers for our FIT products bound for Japan.

Ancillary travel related products and services

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 margin 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.

Our revenue from the sales and provision of ancillary travel related products and services increased from approximately HK\$0.8 million for the three months ended 30 June 2015 to approximately HK\$1.3 million for the three months ended 30 June 2016, representing an increase of approximately 62.5%. The increase was mainly attributable to increase in the income for the sales of travel insurance from approximately HK\$0.8 million for the three months ended 30 June 2015 to approximately HK\$1.1 million for the three months ended 30 June 2016 primarily due to (i) the increment in selling prices of the travel insurance; and (ii) the increase in sales volume of the travel insurance due to enhancement in the coverage of the insurance policy.

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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				Three months ended 30 June			
	2015		2016		2015		2016	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Airfare costs	205,916	53.1	196,101	53.1	44,877	48.1	28,619	40.0
Hotel tariffs	78,801	20.3	84,412	22.9	23,680	25.4	22,513	31.5
Land operator costs	43,779	11.3	32,793	8.9	9,081	9.8	7,476	10.4
Transportation costs	33,246	8.6	31,000	8.4	8,715	9.3	7,358	10.3
Meal expenses	14,085	3.6	13,824	3.7	3,823	4.1	2,950	4.1
Admission ticket costs	11,306	2.9	10,485	2.8	2,872	3.1	2,502	3.5
Others	801	0.2	782	0.2	187	0.2	142	0.2
Total	<u>387,934</u>	<u>100.0</u>	<u>369,397</u>	<u>100.0</u>	<u>93,235</u>	<u>100.0</u>	<u>71,560</u>	<u>100.0</u>

For the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015 and 2016, our cost of sales was approximately HK\$387.9 million, HK\$369.4 million, HK\$93.2 million and HK\$71.6 million respectively, representing approximately 84.1%, 81.6%, 78.8% and 86.9% of our revenue for the corresponding year/period. 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, HK\$196.1 million, HK\$44.9 million and HK\$28.6 million for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015 and 2016 respectively, and represented approximately 45.6%, 44.2%, 38.5% and 35.6% of our revenue from the sales of package tours for the corresponding year/period respectively.

The decrease in our airfare costs from the year ended 31 March 2015 to the year ended 31 March 2016 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.

The decrease in our airfare costs from the three months ended 30 June 2015 to the three months ended 30 June 2016 was mainly attributable to (i) the comparatively lower airfare

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charged by the airlines due to their promotion programmes during the three months ended 30 June 2016 as compared to the three months ended 30 June 2015; (ii) the comparatively wider use of low-cost carrier for our package tours bound for Japan during the three months ended 30 June 2016 as compared to the corresponding period in 2015; and (iii) the overall decrease in the sales of package tours for the three months ended 30 June 2016 compared to the corresponding period in 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, HK\$84.4 million, HK\$23.7 million and HK\$22.5 million for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015 and 2016 respectively. Hotel tariffs represented approximately 22.4%, 22.5%, 23.9% and 32.4% of our revenue from the sales of package tours bound for Japan for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015 and 2016 respectively. The increase in our hotel tariffs from the year ended 31 March 2015 to the year ended 31 March 2016 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.

The increase in our hotel tariffs as a percentage to our revenue from sales of package tours bound for Japan from the three months ended 30 June 2015 to the three months ended 30 June 2016 was mainly attributable to (i) the stronger exchange rate of Japanese Yen against Hong Kong dollars during the three months ended 30 June 2016 as compared to the corresponding period in 2015; and (ii) the continued increase in hotel room rates in Japan.

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.

Our land operator costs decreased from approximately HK\$9.1 million for the three months ended 30 June 2015 to approximately HK\$7.5 million for the three months ended 30 June 2016

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mainly due to the decrease in the sales of package tours bound for non-Japan destinations. However, the land operator costs for the three months ended 30 June 2016 as a percentage of the revenue from sales of non-Japan package tours for the period was higher than that for the corresponding period in 2015, which was mainly due to relatively higher price charged by land operators in the three months ended 30 June 2016 as compared to the three months ended 30 June 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.

Our transportation costs, meal expenses and admission ticket costs were maintained at relatively stable proportions to our total cost of sales at approximately (i) 9.3% and 10.3%; (ii) 4.1% and 4.1%; and (iii) 3.1% and 3.5% for the three months ended 30 June 2015 and 2016 respectively notwithstanding the decrease in the sales of package tours bound for Japan for the three months ended 30 June 2016 as compared to the corresponding period in 2015, mainly due to the stronger exchange rate of Japanese Yen against Hong Kong dollars during the three months ended 30 June 2016 as compared to the corresponding period in 2015.

Cost structure by currency

During the Track Record Period, our cost of sales was mainly denominated in Hong Kong dollars and Japanese Yen. The following table sets forth the breakdown of our cost of sales by currency for the Track Record Period:

	Year ended 31 March				Three months ended 30 June			
	2015		2016		2015		2016	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Hong Kong dollars	247,146	63.7	225,202	61.0	53,228	57.1	32,692	45.7
Japanese Yen	140,788	36.3	144,195	39.0	40,007	42.9	38,868	54.3
Total	<u>387,934</u>	<u>100.0</u>	<u>369,397</u>	<u>100.0</u>	<u>93,235</u>	<u>100.0</u>	<u>71,560</u>	<u>100.0</u>

Our cost of sales which required settlement in Japanese Yen mainly represented hotel tariffs, transportation costs, meal expenses and admission ticket costs, whereas our airfare costs and land operator costs were mainly settled in Hong Kong dollars.

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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".

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				Three months ended 30 June			
	2015		2016		2015		2016	
	Gross profit	margin	Gross profit	margin	Gross profit	margin	Gross profit	margin
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
	<i>(Unaudited)</i>							
Package tours ^(Note)	63,183	14.0	74,544	16.8	23,246	20.0	8,739	10.9
FIT products	4,383	N/A	4,009	N/A	958	N/A	752	N/A
Ancillary travel related products and services	<u>6,046</u>	N/A	<u>4,682</u>	N/A	<u>846</u>	N/A	<u>1,336</u>	N/A
Total	<u><u>73,612</u></u>	15.9	<u><u>83,235</u></u>	18.4	<u><u>25,050</u></u>	21.2	<u><u>10,827</u></u>	13.1

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 three months ended 30 June 2015 and 2016, the gross profit margin (excluding unallocated costs of approximately HK\$187,000 and HK\$142,000 respectively) of (i) package tours bound for Japan was approximately 20.7% and 11.0% respectively; and (ii) package tours bound for other destinations was approximately 16.6% and 11.2% respectively.

For the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015 and 2016, we recorded gross profit of approximately HK\$73.6 million, HK\$83.2 million, HK\$25.1 million and HK\$10.8 million respectively, representing an overall gross profit margin of approximately 15.9%, 18.4%, 21.2% and 13.1% for the corresponding year/period. The growth of our overall gross profit and gross profit margin from the year ended 31 March 2015 to the year ended 31 March 2016 were mainly driven by the increased gross profit and gross profit margin of sales of our package tours.

The decline of the overall gross profit and gross profit margin from the three months ended 30 June 2015 to the three months ended 30 June 2016 were mainly driven by the decrease in gross profit and gross profit margin of the sales of package tours due to the reasons as discussed in paragraphs headed "Revenue" and "Cost of sales" in "— Description and analysis of principal items in the combined statements of comprehensive income".

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

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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.

Our gross profit from the sales of package tours decreased from approximately HK\$23.2 million for the three months ended 30 June 2015 to approximately HK\$8.7 million for the three months ended 30 June 2016, resulting in a decrease in gross profit margin from approximately 20.0% to 10.9% for the corresponding periods. Such decrease was primarily due to (i) the stronger exchange rate of Japanese Yen against Hong Kong dollars during the three months ended 30 June 2016 as compared to the corresponding period, resulting in the increase in hotel tariffs, transportation costs, meal expenses and admission ticket costs for Japan bound package tours; and (ii) the downward adjustments on the selling prices of package tours bound for Japan and non-Japan destinations in view of the fierce industry competition.

Other income and other gains/(losses), net

For the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015 and 2016, our Group recorded (i) other income of approximately HK\$0.2 million, HK\$1.2 million, HK\$0.5 million and HK\$26,000 respectively, which mainly consisted of referral income and subsidy income; and (ii) other net gains/(losses) of approximately HK\$(3.6) million, HK\$1.2 million, HK\$0.2 million and HK\$0.7 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		Three months ended 30 June	
	2015	2016	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(Unaudited)</i>	<i>HK\$'000</i>
Other income				
Referral income	162	539	477	26
Subsidy income	—	658	—	—
Total	162	1,197	477	26
Other gains/(losses), net				
Exchange (losses)/gain, net	(1,607)	1,083	170	642
(Loss)/Gain on disposal of property, plant and equipment	(58)	126	130	—
Fair value (losses)/gain on derivative financial instruments	(1,914)	20	(76)	18
Total	(3,579)	1,229	224	660

Referral income mainly refers to incentive rebate and commission from online flight and hotel booking platforms and theme parks and attractions when our Group's purchases from them meet a predetermined target. Our Group received approximately HK\$0.2 million and HK\$0.5

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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 (our GDS service provider) as an incentive for our Group to increase utilisation of their online booking system. We are not subject to any minimum purchase commitment under the respective agreement with our online flight and hotel booking platforms service providers or operators (including our GDS service provider) and will not be required to pay any penalty for failing to make any purchase.

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.

We recorded (i) net exchange losses of approximately HK\$1.6 million for the year ended 31 March 2015 and net exchange gains of approximately HK\$1.1 million, HK\$0.2 million and HK\$0.6 million for the year ended 31 March 2016 and the three months ended 30 June 2015 and 2016 respectively mainly in respect of our Group's assets and liabilities denominated in Japanese Yen; and (ii) fair value losses of approximately HK\$1.9 million and HK\$76,000 for the year ended 31 March 2015 and for the three months ended 30 June 2015 respectively and fair value gains of approximately HK\$20,000 and HK\$18,000 for the year ended 31 March 2016 and the three months ended 30 June 2016 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 and the three months ended 30 June 2015. Net exchange gains and fair value gains on forward exchange contracts were recorded for the year ended 31 March 2016 and the three months ended 30 June 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 and 30 June 2016 as compared to the beginning of the financial year/period.

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Selling expenses

For the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015 and 2016, our Group recorded selling expenses of approximately HK\$14.8 million, HK\$18.4 million, HK\$4.3 million and HK\$4.7 million respectively. The following table sets out the breakdown of our Group's selling expenses for the Track Record Period:

	Year ended 31 March				Three months ended 30 June			
	2015		2016		2015		2016	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i> <i>(Unaudited)</i>	%	<i>HK\$'000</i>	%
Advertising and promotion	5,473	37.0	7,966	43.3	1,586	37.1	2,110	45.1
Credit card and debit card charges	4,168	28.2	4,222	22.9	1,108	25.9	924	19.8
Rental and related expenses	3,176	21.5	3,978	21.6	957	22.4	1,072	22.9
Staff costs	364	2.4	723	3.9	157	3.7	214	4.6
Depreciation	445	3.0	608	3.3	151	3.5	184	3.9
TIC levy	632	4.3	550	3.0	183	4.3	116	2.5
Agent commission	454	3.1	263	1.4	59	1.5	30	0.6
Visa fee	76	0.5	107	0.6	69	1.6	25	0.6
Total	14,788	100.0	18,417	100.0	4,270	100.0	4,675	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 and from approximately HK\$4.3 million for the three months ended 30 June 2015 to approximately HK\$4.7 million for the three months ended 30 June 2016 primarily due to the increase in our advertising and promotion expenses.

Below is the description and analysis of the major components in our selling expenses for the Track Record Period.

Advertising 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 and the three months ended 30 June 2015 and 2016, our advertising and promotion expenses amounted to approximately HK\$5.5 million, HK\$8.0 million, HK\$1.6 million and HK\$2.1 million respectively. The increase in our advertising and promotion expenses from the year ended 31 March 2015 to the year ended 31 March 2016 was mainly due to our strengthened marketing efforts by increasing advertisement on public transportation and television. The increase in the expenses from the three months ended 30 June 2015 to the three months ended 30 June 2016 was mainly due to our sponsorship of a travel programme on a major television channel broadcasted during the three months ended 30 June 2016 while there was no such sponsorship and thus no expenses incurred in the three months ended 30 June 2015.

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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 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.

Our credit card and debit card charges slightly decreased from approximately HK\$1.1 million for the three months ended 30 June 2015 to approximately HK\$0.9 million for the three months ended 30 June 2016, mainly attributable to the decrease in revenue from sales of our products.

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 larger unit in the same building in February 2015 to cope with our operations, which resulted in higher rentals for the branch. Our Group's rental and related expenses increased from approximately HK\$1.0 million for the three months ended 30 June 2015 to approximately HK\$1.1 million for the three months ended 30 June 2016 mainly due to the progressive rental increment pursuant to certain tenancy agreements of branches.

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. Our staff costs in selling expenses increased from approximately HK\$157,000 for the three months ended 30 June 2015 to approximately HK\$214,000 for the three months ended 30 June 2016, mainly due to the decreases in package tours departed and so as the gratuity received by our tour escorts during the three months ended 30 June 2016, which increased the shortfall we need to paid to our tour escorts in order to satisfy the minimum wage requirement in Hong Kong.

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Administrative expenses

Our Group's administrative expenses amounted to approximately HK\$35.7 million, HK\$38.8 million, HK\$8.3 million and HK\$15.1 million for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015 and 30 June 2016 respectively. The following table sets out the breakdown of our Group's administrative expenses for the Track Record Period:

	Year ended 31 March				Three months ended 30 June			
	2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000 <i>(Unaudited)</i>	%	HK\$'000	%
Staff costs	25,649	71.8	27,588	71.1	6,047	72.9	7,013	46.4
Rental and related expenses	3,962	11.1	4,028	10.4	1,016	12.2	1,083	7.2
Office, telecommunication and utility expenses	1,882	5.3	2,080	5.4	414	5.0	313	2.1
Listing expenses	—	—	1,209	3.1	—	—	5,732	37.9
Legal and professional fees	668	1.9	715	1.9	—	—	201	1.3
Auditor's remuneration	641	1.8	664	1.7	150	1.8	150	1.0
Entertainment expenses	679	1.9	541	1.4	154	1.9	144	1.0
Repair and maintenance	717	2.0	479	1.2	195	2.4	95	0.6
Depreciation	226	0.6	397	1.0	51	0.6	113	0.7
Overseas and local travelling	477	1.3	395	1.0	107	1.3	59	0.4
Compensation	318	0.9	221	0.6	73	0.9	65	0.4
Bank charges	200	0.6	209	0.5	33	0.4	42	0.3
Insurance	103	0.3	202	0.5	29	0.3	19	0.1
Written-off of other receivables	115	0.3	—	—	—	—	—	—
Others	73	0.2	85	0.2	26	0.3	97	0.6
Total	35,710	100.0	38,813	100.0	8,295	100.0	15,126	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. Our staff costs in administrative expenses increased from approximately HK\$6.0 million for the three months ended 30 June 2015 to approximately HK\$7.0 million for the three months ended 30 June 2016 mainly

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due to the continuous effect of the increase in headcount of our administrative and general staff at managerial level and the salary increment in the year ended 31 March 2016 as mentioned above.

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. Our rental and related expenses in administrative expenses remained relatively stable for the three months ended 30 June 2015 and 2016 respectively.

Office, telecommunication and utility expenses

For the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015 and 2016, our Group recorded office, telecommunication and utility expenses of approximately HK\$1.9 million, HK\$2.1 million, HK\$0.4 million and HK\$0.3 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. Our legal and professional fees increased from nil for the three months ended 30 June 2015 to approximately HK\$0.2 million for the three months ended 30 June 2016 mainly due to the general legal advisory fee for review of contracts and content of online sales platform on our website.

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Finance costs, net

For the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015 and 2016, our Group recorded net finance costs of approximately HK\$8,000, HK\$26,000, HK\$4,000 and HK\$6,000 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:

	<u>Year ended 31 March</u>		<u>Three months ended 30 June</u>	
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(Unaudited)</i>	<i>HK\$'000</i>
Finance income				
Bank interest income	(1)	(2)	—	—
Finance costs				
Interest expenses on obligations under finance leases	8	25	4	5
Interest expenses on bank overdraft	1	3	—	1
	<u>9</u>	<u>28</u>	<u>4</u>	<u>6</u>
Finance costs, net	<u>8</u>	<u>26</u>	<u>4</u>	<u>6</u>

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 and the finance costs remained stable for the three months ended 30 June 2015 and 2016 respectively.

Income tax expense/(credit)

The following table sets forth a breakdown of our income tax expense/(credit) for the Track Record Period:

	<u>Year ended 31 March</u>		<u>Three months ended 30 June</u>	
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(Unaudited)</i>	<i>HK\$'000</i>
Current income tax	3,318	4,886	2,175	—
Deferred income tax	27	191	50	(423)
Total	<u>3,345</u>	<u>5,077</u>	<u>2,225</u>	<u>(423)</u>

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 expense 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. Such slight increase in our Group's effective tax rate was mainly due to the non-deductible Listing expenses recognised for the year ended 31 March 2016. Our income tax expense turned around from income tax expense of

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approximately HK\$2.2 million for the three months ended 30 June 2015 to income tax credit of approximately HK\$0.4 million for the three months ended 30 June 2016 mainly attributable to the operating loss of approximately HK\$2.6 million (excluding the Listing expenses of approximately HK\$5.7 million) recognised by our Group for the three months ended 30 June 2016, representing an effective tax rate of approximately 16.5%.

Deferred income tax expense of approximately HK\$27,000, HK\$191,000 and HK\$50,000 were recognised by our Group in respect of the temporary differences arising from depreciation of property, plant and equipment for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015 respectively. Deferred income tax credit of approximately HK\$423,000 was recognised by our Group for the three months ended 30 June 2016, which was mainly aroused from the recognition of the tax loss (excluding Listing expenses) of approximately HK\$2.6 million for the same period. As at 31 March 2015, 31 March 2016 and 30 June 2016, our Group had (i) deferred income tax assets of approximately HK\$244,000, HK\$102,000 and HK\$525,000 respectively; and (ii) deferred income tax liabilities of nil, approximately HK\$49,000 and 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.

LISTING 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 the Listing expenses in relation to the Share Offer, the nature of which is non-recurring. The total Listing fees in relation to the Share Offer, primarily consisting of fees paid or payable to professional parties and underwriting fees and commission, are estimated to be approximately HK\$21.6 million (based on the mid-point of the indicative Offer Price range of HK\$0.6 per Share and 100,000,000 Offer Shares). Among the estimated total Listing fees, (i) approximately HK\$6.5 million is expected to be accounted for as a deduction from equity upon Listing; and (ii) approximately HK\$15.1 million is expected to be recognised as expenses in our consolidated statements of comprehensive income, of which approximately HK\$1.2 million and HK\$5.7 million had been recognised for the year ended 31 March 2016 and the three months ended 30 June 2016, respectively and the remaining of approximately HK\$8.2 million is expected to be recognised for the nine months ending 31 March 2017.

Our Directors would like to emphasise that the amount of the Listing 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 Listing expenses mentioned above, and may or may not be comparable to the financial performance of our Group in the past.

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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 Share Offer 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 30 June 2016, we had cash and cash equivalents of approximately HK\$76.9 million, of which approximately HK\$73.4 million, HK\$3.3 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		Three months ended 30 June	
	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> <i>(Unaudited)</i>	2016 <i>HK\$'000</i>
Net cash generated from operating activities	1,208	23,137	13,934	7,744
Net cash used in investing activities	(1,252)	(3,040)	(757)	(55)
Net cash used in financing activities	(8,225)	(2,991)	(2,066)	(2,402)
Net (decrease)/increase in cash and cash equivalents	(8,269)	17,106	11,111	5,287
Cash and cash equivalents at beginning of the year/period	62,785	54,516	54,516	71,622
Cash and cash equivalents at end of the year/period	54,516	71,622	65,627	76,909

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.

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Our Group recorded net cash inflows from operating activities of approximately HK\$13.9 million and HK\$7.7 million for the three months ended 30 June 2015 and 2016 respectively. The lower amount of our net cash inflows from operating activities for the three months ended 30 June 2016 as compared to the three months ended 30 June 2015 was principally attributable to (i) the operating loss for the three months ended 30 June 2016 as compared to the operating profit for the three months ended 30 June 2015; (ii) the increase in accrued Listing expenses; and (iii) the increase of advanced receipts from customers at the end of the three months ended 30 June 2016 by approximately HK\$8.2 million as compared to that of the three months ended 30 June 2015, mainly as a result of the earlier timing of the Easter holidays in late March in 2016 as compared to the Easter holidays in April in 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.

Our Group had net cash outflows in investing activities of approximately HK\$0.8 million and HK\$55,000 for the three months ended 30 June 2015 and 2016 respectively, which mainly represented payments for additions of leasehold improvement, furniture, fixture and equipment and motor vehicles. During the three months ended 30 June 2015, we received proceeds from disposal of property, plant and equipment of approximately HK\$0.1 million.

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 Listing expenses of nil and approximately HK\$0.7 million, for the corresponding years.

For the three months ended 30 June 2015, we recorded cash outflows in financing activities of approximately HK\$2.1 million, which mainly represented (i) repayment of obligations under finance leases of approximately HK\$66,000; and (ii) payment of dividends of approximately HK\$2.0 million. Our cash outflows in financing activities of approximately HK\$2.4 million for the three months ended 30 June 2016 included (i) repayment of obligations under finance leases of approximately HK\$87,000; and (ii) payment for Listing expenses of approximately HK\$2.3 million.

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;

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- our cash and cash equivalents on hand of approximately HK\$71.6 million, HK\$76.9 million and HK\$51.6 million as at 31 March 2016, 30 June 2016 and 30 November 2016 respectively;
- the unutilised overdraft and revolving loan facilities of HK\$16.0 million as at 30 November 2016, being the indebtedness date; and
- the estimated net proceeds from the Share Offer of approximately HK\$38.4 million (based on the mid-point of the indicative Offer Price range of HK\$0.6 per Offer Share and 100,000,000 Offer Shares) 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 prospectus.

NET CURRENT ASSETS

As at 31 March 2015, 31 March 2016, 30 June 2016 and 30 November 2016, our Group had net current assets of approximately HK\$35.5 million, HK\$56.3 million, HK\$47.5 million and HK\$38.5 million respectively. Details of the components are set out as follows:

	As at 31 March		As at 30 June	As at 30 November
	2015	2016	2016	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(Unaudited)</i>
Current assets				
Inventories	—	431	1,000	1,185
Trade receivables	2,630	226	79	6
Prepayments, deposits and other receivables	30,893	17,478	16,201	50,722
Derivative financial assets	—	8	—	44
Amount due from a related company	92	13	288	154
Current income tax recoverable	705	—	—	—
Cash and cash equivalents	54,516	71,622	76,909	51,572
	<u>88,836</u>	<u>89,778</u>	<u>94,477</u>	<u>103,683</u>
Current liabilities				
Trade payables	5,186	5,027	6,990	7,593
Accruals and other payables	43,062	24,798	36,898	53,766
Obligations under finance leases	269	353	356	243
Amount due to a Director	16	—	—	—
Dividend payable	2,000	—	—	—
Derivative financial liabilities	771	—	—	—
Amounts due to related companies	919	1,393	864	1,311
Current income tax liabilities	1,087	1,892	1,892	2,279
	<u>53,310</u>	<u>33,463</u>	<u>47,000</u>	<u>65,192</u>
Net current assets	<u>35,526</u>	<u>56,315</u>	<u>47,477</u>	<u>38,491</u>

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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 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.

Our net current assets decreased from approximately HK\$56.3 million as at 31 March 2016 to approximately HK\$47.5 million as at 30 June 2016 mainly due to (i) the increase in advanced receipts from customers in our accruals and other payables by approximately HK\$8.2 million; (ii) the increase in accrued Listing expenses in our accruals and other payables by approximately HK\$4.0 million; and (iii) the increase in trade payables of approximately HK\$2.0 million, which in turn resulted in the increase in our current liabilities from approximately HK\$33.5 million as at 31 March 2016 to approximately HK\$47.0 million as at 30 June 2016. Such effect was mitigated by the increase in our current assets by approximately HK\$4.7 million from approximately HK\$89.8 million as at 31 March 2016 to approximately HK\$94.5 million as at 30 June 2016 mainly due to the increase in cash and cash equivalents by approximately HK\$5.3 million.

Based on our unaudited combined management accounts, our net current assets decreased from approximately HK\$47.5 million as at 30 June 2016 to approximately HK\$38.5 million as at 30 November 2016 mainly due to (i) the decrease in our cash and cash equivalents by approximately HK\$25.3 million; and (ii) the increase in our accruals and other payables by approximately HK\$16.9 million, which was mitigated by the increase in prepayments, deposits and other receivables by approximately HK\$34.5 million.

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, 31 March 2016 and 30 June 2016.

Property, plant and equipment

As at the Latest Practicable Date, we had seven leased properties in Hong Kong for use as our offices and branches. Our Group’s property, plant and equipment as at 31 March 2015 and 2016 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 of Causeway Bay branch during the Track Record Period, computer and telecommunication equipment for new staff and motor vehicles. Our motor vehicles as 31 March

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2015 and 31 March 2016 were purchased under finance lease arrangements. Please refer to “— Indebtedness” for details.

Apart from the leasehold improvements, furniture, fixtures and equipment, and computer software for our leased properties, and also our motor vehicles of approximately HK\$2.8 million, property, plant and equipment of approximately HK\$4.8 million as at 30 June 2016 also included website revamp costs under construction of approximately HK\$2.0 million.

During the three months ended 30 June 2016, we recognised the cost of developing online sales platform at our website, of approximately HK\$2.0 million, which was transferred from prepayment. We engaged independent software developers 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 full servicing online sales platform is expected to be completed by stages in the first half of 2017.

For details of the website revamp costs under construction, please refer to notes 2.5 and 14 to the Accountant’s Report.

Inventories

Our inventory balance as at 31 March 2015, 31 March 2016 and 30 June 2016 was nil, approximately HK\$0.4 million and HK\$1.0 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. We adopted such arrangement so as to save administrative resources. Since the year ended 31 March 2016, we have started to purchase admission tickets to attractions and local transportation passes directly from suppliers because the related company ceased to conduct such business. 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. Our inventory balances further increased to approximately HK\$1.0 million as at 30 June 2016, which was mainly due to our purchase of admission tickets of theme park to cater for demand in summer holiday. Our inventory balances increased to approximately HK\$1.2 million as at 30 November 2016 mainly due to our purchase of admission tickets of a theme park in August 2016 to cater for demand up to February 2017.

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.

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As at the Latest Practicable Date, approximately 96.0% of our inventories as at 30 June 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, 31 March 2016 and 30 June 2016, we had trade receivables of approximately HK\$2.6 million, HK\$0.2 million and HK\$79,000 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. Our trade receivables further decreased to approximately HK\$79,000 as at 30 June 2016, which was mainly because lower sales was generated from online group buying intermediaries during the three months ended 30 June 2016 as compared to that for the three months ended 31 March 2016.

The following table sets out the trade receivable turnover days of our Group for the Track Record Period:

	<u>Year ended 31 March</u>		<u>Three months ended 30 June</u>
	<u>2015</u>	<u>2016</u>	<u>2016</u>
	<i>Days</i>	<i>Days</i>	<i>Days</i>
Trade receivable turnover days ^(Note)	<u>1.2</u>	<u>1.2</u>	<u>0.2</u>

Note: Trade receivable turnover days are calculated by dividing the average trade receivable balance by revenue for the relevant financial year/period multiplied by the number of days during the financial year/period (i.e. 365 days for the years ended 31 March 2015 and 2016 and 91 days for the three months ended 30 June 2016). Average trade receivable balance is the average of the beginning and ending trade receivable balances for the relevant financial year/period.

We maintained short trade receivable turnover days during the Track Record Period at approximately 1.2 days for each of the years ended 31 March 2015 and 2016 and approximately 0.2 days for the three months ended 30 June 2016 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.

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The following table sets out an ageing analysis of our Group's trade receivables based on invoice date as at the dates indicated:

	<u>As at 31 March</u>		<u>As at 30 June</u>
	<u>2015</u>	<u>2016</u>	<u>2016</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
1 to 30 days	2,570	226	18
31 to 60 days	—	—	60
61 to 90 days	—	—	1
91 to 120 days	60	—	—
Total	<u>2,630</u>	<u>226</u>	<u>79</u>

As at 31 March 2015, 31 March 2016 and 30 June 2016, trade receivables of approximately HK\$89,000, nil and nil were considered past due but not impaired. The past due balances 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:

	<u>As at 31 March</u>		<u>As at 30 June</u>
	<u>2015</u>	<u>2016</u>	<u>2016</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
1 to 30 days	29	—	—
31 to 60 days	60	—	—
Total	<u>89</u>	<u>—</u>	<u>—</u>

As at the Latest Practicable Date, all of our Group's trade receivables as at 30 June 2016 were subsequently settled.

Prepayments, deposits and other receivables

As at 31 March 2015, 31 March 2016 and 30 June 2016, our Group had prepayments, deposits and other receivables of (i) approximately HK\$1.2 million, HK\$2.7 million and HK\$1.4 million respectively, which were non-current; and (ii) approximately HK\$30.9 million, HK\$17.5 million and HK\$16.2 million respectively, which were current.

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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		As at 30 June
	2015	2016	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current portion			
Rental deposits	716	874	1,424
Prepayments for property, plant and equipment	434	—	—
Prepayments for website development costs	—	1,832	—
Total	1,150	2,706	1,424
Current portion			
Trade deposits	25,524	12,456	10,951
Rental, utilities and related deposits	1,362	980	739
Prepayment for Listing expenses	—	1,453	2,315
Amounts due from employees	2,633	927	723
Other prepayments	785	909	1,173
Other deposits	589	753	300
Total	30,893	17,478	16,201

Non-current portion

Our Group had non-current prepayments, deposits and other receivables of approximately HK\$1.2 million, HK\$2.7 million and HK\$1.4 million as at 31 March 2015, 31 March 2016 and 30 June 2016 respectively, which mainly represented rental deposits, prepayments for property, plant and equipment and prepayments for website development costs. The increase in the balance from 31 March 2015 to 31 March 2016 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. The decrease in the balance from 31 March 2016 to 30 June 2016 was mainly due to the recognition of prepayments for the development costs of online sales portal at our website of approximately HK\$1.8 million as property, plant and equipment, which was mitigated by the increase in the non-current portion of rental deposit of approximately HK\$0.6 million due to the reclassification of approximately HK\$0.2 million of rental deposit from current to non-current portion as a result of the renewal of tenancy agreement for our existing branch in Shatin and the addition of approximately HK\$0.4 million which was attributable to the deposit paid for a new tenancy agreement for our expansion of branch in Shatin, which commenced in September 2016.

Current portion

Our Group's current prepayments, deposits and other receivables amounted to approximately HK\$30.9 million, HK\$17.5 million and HK\$16.2 million as at 31 March 2015, 31 March 2016 and 30 June 2016 respectively, which mainly represented trade deposits, rental, utilities and other deposits, prepayment for Listing expenses and amounts due from employees. The decrease in the balance from 31 March 2015 to 31 March 2016 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

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employees. The slight decrease in the balance from 31 March 2016 to 30 June 2016 was mainly due to the decreases in (i) non-current portion of the rental deposits; (ii) trade deposits; and (iii) amounts due from employees, which were partially offset by the increase in (i) prepayment for Listing expenses; and (ii) other prepayments and other deposits.

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, 31 March 2016 and 30 June 2016, our trade deposits amounted to approximately HK\$25.5 million, HK\$12.5 million and HK\$11.0 million respectively, out of which approximately HK\$18.7 million, HK\$6.8 million and HK\$8.4 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. The slight decrease in the balance from 31 March 2016 to 30 June 2016 was in line with the decrease in sales of July 2016 as compared to that of April 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. The decrease in the balance of approximately HK\$0.2 million from 31 March 2016 to 30 June 2016 was mainly due to the reclassification of rental deposit from current to non-current portion as a result of the renewal of tenancy agreement for our existing branch in Shatin.

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 31 March 2016, such bank account was closed and a corporate business account was maintained by our Group in Macau for the same purpose.

We used the bank account of our accounting staff since 2007 because we were rejected by the bank to open a corporate business account based on their approval procedures including considering their business interests and administrative reasons on a case by case basis. As part of our initiative to improve our internal control system prior to the Listing, we applied to open a corporate business account with the bank in Macau again in 2015. The corporate business account in Macau was then approved by the bank in late March 2016 based on reasons including

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satisfactory know-your-client check by the bank, our well-established brand name in the travel industry in Hong Kong and our long-established relationship with the bank in Hong Kong.

As at 31 March 2016 and 30 June 2016, we had prepayments for Listing expenses of approximately HK\$1.5 million and HK\$2.3 million respectively mainly for deduction from equity upon Listing.

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 balance increased by approximately HK\$2.0 million from approximately HK\$5.0 million as at 31 March 2016 to approximately HK\$7.0 million as at 30 June 2016 mainly due to the increase in balances relating to a major tour buses operator and a land operator who issued the invoices to us closer to the end of the three months ended 30 June 2016.

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, and increased to approximately 7.5 days for the three months ended 30 June 2016 mainly due to the higher proportion of hotel tariffs and land operator costs and lower proportion of airfare costs as a percentage of total cost of sales for the three months ended 30 June 2016 as compared to that for the years ended 31 March 2015 and 2016, which we generally settle after the month-end statements for hotel tariffs and land operator costs while we generally pay deposits and full payments before departure for air flight charges. The following table sets out the trade payable turnover days of our Group for the Track Record Period:

	<u>Year ended 31 March</u>		<u>Three months ended</u>
	<u>2015</u>	<u>2016</u>	<u>30 June 2016</u>
	<i>Days</i>	<i>Days</i>	<i>Days</i>
Trade payable turnover days ^(Note)	<u>5.1</u>	<u>5.0</u>	<u>7.5</u>

Note: Trade payable turnover days are calculated by dividing the average trade payable balance by cost of sales for the relevant financial year/period multiplied by the number of days during the financial year/period (i.e. 365 days for each of the financial years ended 31 March 2015 and 2016 and 91 days for the three months ended 30 June 2016). Average trade payable balance is the average of the beginning and ending trade payable balances for the relevant financial year/period.

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The following table sets out an ageing analysis of our Group's trade payables as at the dates indicated:

	As at 31 March		As at 30 June
	2015	2016	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
1 to 30 days	3,756	4,418	6,033
31 to 60 days	644	258	238
61 to 90 days	294	60	300
91 to 120 days	410	276	155
Over 120 days	82	15	264
Total	5,186	5,027	6,990

As at the Latest Practicable Date, all of our Group's trade payables as at 30 June 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 and other payables

As at 31 March 2015, 31 March 2016 and 30 June 2016, our Group had accruals and other payables of approximately HK\$43.1 million, HK\$24.8 million and HK\$36.9 million respectively. The following table sets out a breakdown of accruals and other payables of our Group as at the dates indicated:

	As at 31 March		As at 30 June
	2015	2016	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Advanced receipts from customers	39,234	19,639	27,834
Accrued staff costs	1,321	1,732	1,530
Accrued Listing expenses	—	762	4,751
Other payables	2,507	2,665	2,783
Total	43,062	24,798	36,898

Our Group's accruals 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 decreases in advanced receipts from customers. Our accruals and other payables increased from approximately HK\$24.8 million as at 31 March 2016 to approximately HK\$36.9 million as at 30 June 2016 mainly due to the increases in advanced receipts from customers and accrued Listing expenses.

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 a non-peak

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or peak season. Accordingly, we had balance of advanced receipts from customers amounted to approximately HK\$39.2 million, HK\$19.6 million and HK\$27.8 million as at 31 March 2015, 31 March 2016 and 30 June 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. The increase in advanced receipts from customers from approximately HK\$19.6 million as at 31 March 2016 to approximately HK\$27.8 million as at 30 June 2016 was in line with the increase in sales of July and August of 2016 as compared to that of April and May of 2016.

Other payables of approximately HK\$2.5 million, HK\$2.7 million and HK\$2.8 million remained relatively stable as at 31 March 2015, 31 March 2016 and 30 June 2016 respectively, which mainly represented the accruals and payables for audit fee, insurance expenses, advertising and promotion expenses, legal and professional fees and other corporate expenses.

The accrued Listing expenses increased from approximately HK\$0.8 million as at 31 March 2016 to approximately HK\$4.8 million as at 30 June 2016.

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 Track Record Period, 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, 31 March 2016 and 30 June 2016 were approximately HK\$6.0 million, HK\$1.4 million and nil 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		As at 30 June
	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000
Derivative financial assets	—	8	—
Derivative financial liabilities	(771)	—	—

Our Group recorded derivative financial liabilities of approximately HK\$0.8 million as at 31 March 2015 and derivative financial assets of approximately HK\$8,000 as at 31 March 2016 in respect of our Group's forward exchange contracts. The financial liability position as at 31 March

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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. As at 30 June 2016, our Group had no outstanding forward exchange contract.

For the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016, we had seven, seven and eight forward exchange contracts to purchase Japanese Yen, which had an aggregate notional value of approximately HK\$21.0 million, HK\$10.7 million and HK\$7.0 million respectively. 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".

The following table sets out the details of our Group's forward exchange contracts during the Track Record Period:

Determination date	Settlement date	Amount HK\$	Exercise rate HK\$/JPY	Exchange rate on determination date	Year ended 31 March 2015		Year ended 31 March 2016		Three months ended 30 June 2016	
					Realised gain / (loss) HK\$'000	Unrealised gain / (loss) HK\$'000	Realised gain / (loss) HK\$'000	Unrealised gain / (loss) HK\$'000	Realised gain / (loss) HK\$'000	Unrealised gain / (loss) HK\$'000
25 September 2014	29 September 2014	3,000,000	0.0739	0.07390	—	—	—	—	—	—
27 October 2014	29 October 2014	3,000,000	0.0739	0.07390	—	—	—	—	—	—
25 November 2014	28 November 2014	3,000,000	0.0739	0.07000	(158)	—	—	—	—	—
29 December 2014	5 January 2015	3,000,000	0.0739	0.06800	(246)	—	—	—	—	—
26 January 2015	28 January 2015	3,000,000	0.0739	0.06800	(246)	—	—	—	—	—
25 February 2015	27 February 2015	3,000,000	0.0739	0.06800	(246)	—	—	—	—	—
25 March 2015	27 March 2015	3,000,000	0.0739	0.06800	(246)	—	—	—	—	—
27 April 2015	30 April 2015	3,000,000	0.0739	0.06470	—	(386)	13	—	—	—
26 May 2015	28 May 2015	3,000,000	0.0739	0.06240	—	(386)	(98)	—	—	—
18 September 2015	16 October 2015	651,800	0.0652	0.06480	—	—	(4)	—	—	—
19 January 2016	17 February 2016	663,500	0.0664	0.06820	—	—	17	—	—	—
22 January 2016	22 February 2016	661,500	0.0662	0.06870	—	—	24	—	—	—
25 January 2016	25 February 2016	1,316,000	0.0658	0.06900	—	—	60	—	—	—
29 March 2016	29 April 2016	1,371,600	0.0686	0.07260	—	—	—	8	69	—
14 April 2016	14 May 2016	711,200	0.0711	0.07140	—	—	—	—	3	—
15 April 2016	15 May 2016	709,300	0.0709	0.07140	—	—	—	—	5	—
10 May 2016	10 June 2016	716,600	0.0717	0.06980	—	—	—	—	(19)	—
10 May 2016	12 June 2016	716,500	0.0717	0.06980	—	—	—	—	(19)	—
19 May 2016	19 June 2016	706,500	0.0707	0.06980	—	—	—	—	(9)	—
19 May 2016	20 June 2016	706,500	0.0707	0.06980	—	—	—	—	(9)	—
25 May 2016	26 May 2016	701,000	0.0701	0.07080	—	—	—	—	7	—
25 May 2016	25 June 2016	708,000	0.0708	0.06980	—	—	—	—	(10)	—
					(1,142)	(772)	12	8	18	—
Total for the year/period					(1,914)		20		18	

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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		As at 30 June
	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000
Amount due from a related company	92	13	288
Amount due to a Director	16	—	—
Amounts due to related companies	919	1,393	864
Total	935	1,393	864

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 Listing, any outstanding balances with related parties will be fully settled prior to Listing.

INDEBTEDNESS

As at 31 March 2015, 31 March 2016, 30 June 2016 and 30 November 2016, our Group had outstanding indebtedness of approximately HK\$0.6 million, HK\$0.6 million, HK\$0.5 million and HK\$0.4 million respectively, which represented obligations under finance leases.

Obligations under finance leases

As at 31 March 2015, 31 March 2016, 30 June 2016 and 30 November 2016, our Group had outstanding obligations under finance leases of approximately HK\$616,000, HK\$611,000, HK\$524,000 and HK\$377,000 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%, 5.52% and 5.52% per annum as at 31 March 2015, 31 March 2016, 30 June 2016 and 30 November 2016 respectively. Our obligations under finance leases as at 31 March 2015, 31 March 2016, 30 June 2016 and 30 November 2016 were denominated in Hong Kong dollars.

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The following table sets forth a detailed breakdown of our obligations under finance leases as at 31 March 2015, 31 March 2016, 30 June 2016 and 30 November 2016:

	<u>As at 31 March</u>		<u>As at 30 June</u>	<u>As at 30 November</u>
	<u>2015</u>	<u>2016</u>	<u>2016</u>	<u>2016</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(Unaudited)</i>
Gross finance lease liabilities — minimum lease payments				
No later than one year	283	370	370	253
Later than one year and no later than two years	283	159	88	88
Later than two years and no later than five years	70	110	88	51
	<u>636</u>	<u>639</u>	<u>546</u>	<u>392</u>
Future finance charges on finance leases	(20)	(28)	(22)	(15)
Present values of finance lease liabilities	<u>616</u>	<u>611</u>	<u>524</u>	<u>377</u>
Present values of finance lease liabilities				
No later than one year	269	353	356	243
Later than one year and no later than two years	277	151	82	84
Later than two years and no later than five years	70	107	86	50
Total obligations under finance leases	<u>616</u>	<u>611</u>	<u>524</u>	<u>377</u>

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 and the decrease from 31 March 2016 to 30 June 2016 and 30 November 2016 was mainly due to the repayment during the period.

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 30 November 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\$2.6 million were issued to our suppliers which are mainly airlines; and (ii) notional limit of treasury products facility was utilised as to HK\$2.8 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

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company; and (iv) personal guarantees provided by our Directors and Controlling Shareholders in respect of our Group's banking facilities will be released upon Listing.

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 Listing.

Contingent liabilities

As at 31 March 2015, 31 March 2016, 30 June 2016 and 30 November 2016, our Group did not have any significant contingent liabilities.

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 30 November 2016, being the latest practicable date for the preparation of the indebtedness statement in this prospectus.

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 30 November 2016, being the latest practicable date for the preparation of the indebtedness statement in this prospectus.

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 Listing.

OPERATING LEASE COMMITMENTS

As at 31 March 2015, 31 March 2016 and 30 June 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		As at 30 June
	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000
No later than one year	4,550	5,513	4,517
Later than one year and no later than five years	4,102	2,967	2,949
Total	8,652	8,480	7,466

CAPITAL COMMITMENTS

Our capital expenditure contracted for but not yet provided for in our Combined Financial Information as at 31 March 2015, 31 March 2016 and 30 June 2016 amounted to nil, approximately HK\$1.9 million and HK\$1.7 million respectively. The commitments as at 31 March 2016 and 30 June 2016 represented the development costs for our online sales platform.

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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, HK\$2.1 million and HK\$55,000 for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016 respectively; and (ii) additions of development of online sales platform of approximately HK\$2.0 million during the three months ended 30 June 2016 which included expenditure paid of approximately HK\$1.8 million during the year ended 31 March 2016 and payable of approximately HK\$0.2 million during the three months ended 30 June 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 Use of Proceeds” 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 seven properties in Hong Kong for use and to be used 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 Listing, 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.

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ANALYSIS OF KEY FINANCIAL RATIOS

		Year ended 31 March		Three months ended
		2015	2016	30 June 2016
Net profit/(loss) margin before interest and tax (%)	<i>(Note 1)</i>	4.3	6.3	(10.1)
Net profit/(loss) margin (%)	<i>(Note 2)</i>	3.5	5.1	(9.4)
Return on equity (%)	<i>(Notes 3 and 10)</i>	43.3	38.1	N/A
Return on total assets (%)	<i>(Notes 4 and 10)</i>	17.6	24.2	N/A
Interest coverage (times)	<i>(Note 5)</i>	2,188.7	1,015.5	N/A
		As at 31 March		As at 30 June
		2015	2016	2016
Current ratio (times)	<i>(Note 6)</i>	1.7	2.7	2.0
Quick ratio (times)	<i>(Note 7)</i>	1.7	2.7	2.0
Gearing ratio (%)	<i>(Note 8)</i>	1.6	1.0	1.0
Debt-to-equity ratio (%)	<i>(Note 9)</i>	N/A	N/A	N/A

Notes:

1. Net profit/(loss) margin before interest and tax is calculated based on the net profit/(loss) netting off the interest and tax expense for the financial year/period divided by total revenue for the financial year/period multiplied by 100%.
2. Net profit/(loss) margin is calculated based on the net profit/(loss) attributable to owners of our Company for the financial year/period divided by total revenue for the financial year/period and multiplied by 100%.
3. Return on equity is calculated based on the net profit/(loss) attributable to owners of our Company for the financial year/period divided by equity attributable to owners of our Company at the end of the financial year/period and multiplied by 100%.
4. Return on total assets is calculated based on the net profit/(loss) attributable to owners of our Company for the financial year/period divided by total assets at the end of the financial year/period 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/period divided by the total current liabilities at the end of the financial year/period.
7. Quick ratio is calculated based on the total current assets (excluding inventories) at the end of the financial year/period divided by the total current liabilities at the end of the financial year/period.
8. Gearing ratio is calculated based on total debt at the end of the financial year/period divided by total equity at the end of the financial year/period 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/period divided by total equity at the end of the financial year/period and multiplied by 100%. Net debt is defined to include all borrowings net of cash and cash equivalents.
10. Return on equity and return on total assets for the three months ended 30 June 2016 are not comparable to those for the years ended 31 March 2015 and 2016.

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Net profit margin and net profit margin before interest and tax

Our Group recorded net profit margin of approximately 3.5%, 5.1% and (9.4)% for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016 respectively. The growth in our net profit margin for the years ended 31 March 2015 and 2016 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. The significant decrease of our net profit margin to a negative value for the three months ended 30 June 2016 was primarily attributable to (i) our significant drop in our revenue due to (a) the negative impact of the 2016 Kumamoto Earthquake occurred in April 2016; (b) the decrease in demand of customers who are cost conscious for our package tours bound for Japan due to the continued appreciation of Japanese Yen against Hong Kong dollars together with the intense competition within the industry; and (c) the downward adjustment of the selling price of our package tours in view of the fierce industry competition; (ii) increase in our cost of sales mainly due to (a) the continuous strong exchange rate of Japanese Yen against Hong Kong dollars; and (b) the increase in the hotel tariffs in Japan; and (iii) our significant increase in administrative expenses mainly due to (a) increase in staff cost as a result of the increase in headcount at managerial level; and (b) the Listing expenses incurred.

Our net profit margin before interest and tax was approximately 4.3%, 6.3% and (10.1)% for the years ended 31 March 2015 and 2016 and the three months ended 30 June 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 from 31 March 2015 to 31 March 2016 was primarily due to the increase in our equity base as at 31 March 2016 as a result of the profit recognised for the year ended 31 March 2016.

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 from 31 March 2015 to 31 March 2016 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. Our Group recorded a loss before interest and tax for the three months ended 30 June 2016 and thus the ratio was not applicable for such period.

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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 from 31 March 2015 to 31 March 2016 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 as at 31 March 2016 mainly as a result of the decrease in advanced receipts from customers in our accruals 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. Our current ratio decreased from approximately 2.7 times as at 31 March 2016 to approximately 2.0 times as at 30 June 2016, which was mainly due to the increase in current liabilities which outweighed the increase in current assets from 31 March 2016 to 30 June 2016.

As our Group only carried insignificant amount of inventories of nil, approximately HK\$0.4 million and HK\$1.0 million as at 31 March 2015, 31 March 2016 and 30 June 2016 respectively, our Group's quick ratio was equivalent or close to our current ratio.

Gearing ratio

Our Group maintained a low gearing ratio of approximately 1.6%, 1.0% and 1.0% as at 31 March 2015, 31 March 2016 and 30 June 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. Our gearing ratio remained stable as at 31 March 2016 and 30 June 2016.

Debt-to-equity ratio

Our Group had net cash position as at 31 March 2015, 31 March 2016 and 30 June 2016. Accordingly, debt-to-equity ratio was not applicable to our Group.

SENSITIVITY AND BREAKEVEN ANALYSES

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, (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; and (iii) approximately HK\$28.6 million, HK\$22.5 million and HK\$7.5 million for the three months ended 30 June 2016 respectively, representing approximately 40.0%, 31.5% and 10.4% of our total cost of sales for the same period respectively. The historical fluctuation of our airfare costs, hotel tariffs and land operator costs for the two years ended 31 March 2015 and 2016 was approximately 4.8%, 7.1% and 25.1% respectively.

Certain of our land costs, such as hotel tariffs, transportation costs, meal expenses and admission ticket costs are denominated in Japanese Yen. For the years ended 31 March 2015, 2016

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and the three months ended 30 June 2016, approximately HK\$140.8 million, HK\$144.2 million and HK\$38.9 million, or approximately 36.3%, 39.0% and 54.3%, of our total cost of sales was denominated in Japanese Yen. During the Track Record Period and up to the Latest Practicable Date, the exchange rate of Japanese Yen against Hong Kong dollars had been fluctuating and ranged between HK\$0.0617:JPY1 and HK\$0.0776:JPY1.

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 fluctuation of 4.8%, 7.1% and 25.1% for the two years ended 31 March 2015 and 2016 respectively, and their effects on our Group's net profit for each financial year/period during the Track Record Period with all other variables held constant:

	Increase/(decrease) in percentage	Increase/(decrease) in net profit		
		Year ended 31 March		Three months ended 30 June
		2015	2016	2016
		HK\$'000	HK\$'000	HK\$'000
Airfare costs	4.8%	(9,884)	(9,413)	(1,374)
	(4.8)%	9,884	9,413	1,374
Hotel tariffs	7.1%	(5,595)	(5,993)	(1,598)
	(7.1)%	5,595	5,993	1,598
Land operator costs	25.1%	(10,989)	(8,231)	(1,876)
	(25.1)%	10,989	8,231	1,876

The following table sets forth the sensitivity analysis on Japanese Yen based on the lowest and the highest exchange rate of Japanese Yen against Hong Kong dollars during the Track Record Period and up to the Latest Practicable Date and the effect for each financial year/period during the Track Record Period with all other variables held constant:

		Increase/(decrease) in net profit		
		Year ended 31 March		Three months ended 30 June
		2015	2016	2016
		HK\$'000	HK\$'000	HK\$'000
Exchange rate of Japanese Yen against Hong Kong dollars				
Highest	HK\$0.0776:JPY1	(14,154)	(26,776)	(2,772)
Lowest	HK\$0.0617:JPY1	17,601	8,264	5,760

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 9.6%; (ii) hotel tariffs by approximately

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25.0%; (iii) land operator costs by approximately 45.0%; or (iv) cost of sales denominated in Japanese Yen by approximately 14.0%, 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 14.5%; (ii) hotel tariffs by approximately 33.7%; (iii) land operator costs by approximately 86.6%; or (iv) cost of sales denominated in Japanese Yen by approximately 19.7%, our Group would achieve breakeven.

For the three months ended 30 June 2016, it is estimated that, holding all other variables constant, with a decrease in (i) airfare costs by approximately 29.0%; (ii) hotel tariffs by approximately 36.8%; (iii) land operator costs by approximately 110.9%; or (iv) cost of sales denominated in Japanese Yen by approximately 21.3%, 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.

For details, please refer to note 3 "Financial risk management" to the Accountant's Report. Please also refer to our Group's policy on foreign exchange risk control disclosed in "Business — Internal control and risk management — Foreign exchange risk control".

UNAUDITED PRO FORMA 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 Share Offer as if it had taken place on 30 June 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 Share Offer been completed as at 30 June 2016, or at any future date.

	Audited combined net tangible assets of our Group attributable to owners of our Company as at 30 June 2016 ^(Note 1)	Estimated net proceeds from the Share Offer ^(Note 2)	Unaudited pro forma combined net tangible assets	Unaudited pro forma combined net tangible assets per Share ^(Note 3)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$</i>
Based on the Offer Price of HK\$0.8 per Offer Share	<u>52,837</u>	<u>66,885</u>	<u>119,722</u>	<u>0.30</u>
Based on the Offer Price of HK\$0.4 per Offer Share	<u>52,837</u>	<u>28,085</u>	<u>80,922</u>	<u>0.20</u>

Notes:

- (1) The balances represent the audited combined net tangible assets of our Group as at 30 June 2016 as extracted from the Accountant's Report as set out in Appendix I to this prospectus.

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- (2) The estimated net proceeds from the Share Offer are based on the minimum and maximum Offer Price of HK\$0.40 and HK\$0.80 per Share respectively, after deduction of estimated Listing expenses payable by our Company.
- (3) The unaudited pro forma combined net tangible assets per Share are determined after the adjustments as described in notes 1 and 2 above and on the basis that 400,000,000 Shares are issued and outstanding as set out in “Share Capital”.
- (4) The unaudited pro forma financial information presented above does not take account of any trading or other transactions subsequent to the date of the financial statements included in the unaudited pro forma financial information (i.e. 30 June 2016).

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 factors such as 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 dividend policy, nor do we have any predetermined dividend distribution ratio.

During the year ended 31 March 2015, 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. Save for the aforesaid, our Group did not declare and/or paid any other dividend during the Track Record Period.

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, 31 March 2016 and 30 June 2016 respectively.

DISCLOSURE UNDER CHAPTER 17 OF THE GEM LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this prospectus, 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 “Summary — Recent developments and material adverse change” and note 30 “Subsequent events” to the Accountant’s Report.

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RECENT DEVELOPMENTS AND MATERIAL ADVERSE CHANGE

For the recent developments and material adverse change of our business subsequent to the Track Record Period and up to the date of this prospectus, please refer to “Summary — Recent developments and material adverse change”.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

We aim to deliver the best travel experience and customer satisfaction and become the favourite travel agent in Hong Kong. In reaching our business objective, we plan to further enhance our brand recognition and awareness, strengthen our customer relationship management efforts to increase customer loyalty, increase our market share by continuously developing new products and services, strengthen our sales network, improve our information systems and expand our staff team. Please refer to the “Business — Strategies” for a detailed description of our future plans.

In recent years, the number of travellers using FIT products is significantly increasing because it creates greater flexibility so that travellers can tailor make their favourable itineraries depending on their interests and cost budgets. The percentage of travellers bound from Hong Kong using FIT products increased to approximately 81.0% in 2015 from approximately 71.0% in 2011. Since our Group has been focusing on the sales of outbound package tours, we have not been capturing the growth of this market. Further, the increasing use of Internet for travel booking and the rapid emergence of online agencies and booking platforms of airlines and hotels pose threat to, and intensify competition within, the travel service industry, especially to traditional offline travel agents, including our Group.

In view of the aforesaid industry outlook, in order to capture the industry growth and to maintain our market position amid the intensifying industry competition, we are revamping our website to incorporate 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. 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. Customers will be able to make purchase and complete payment of various travel products online with real time confirmation. We will increase our offering of FIT products on our online sales platform to cater for the needs of FITs so as to capture the growth of the FIT market. We will also offer certain hotel bookings exclusively to increase the attractiveness of our products. Given our online sales platform will be able to offer such wide range of products (i.e. package tours, FIT products and ancillary travel related products and services), it will satisfy most of the travel needs of our customers as a one-stop shop. This will distinguish us from most of the online agencies and booking platforms of airlines and hotels which generally only offer air ticket and/or hotel booking.

In view of the increasing use of Internet for travel booking and in order to correspond with the introduction of our integrated online sales platform, we will boost our marketing efforts, especially on digital marketing. We have launched a two-year digital marketing campaign in August 2016 with an aim to digitally transforming our Group into a leader in local travel e-commerce. Through advertising on social media and search engine marketing, we aim to increase online channel presence and online traffic and drive online inquiry to our product offerings. We plan to do so by building promotions for interested groups, developing special packages and tours and building fan following from interested groups. Digital marketing will allow us to deliver our ad messages directly to targeted group of potential customers and effectively push new promotions. Our plan involves continuously tracking implementation and reviewing performance. We will use accumulated data to develop look-a-like audience and to retarget previously interest users with new attractive offers.

FUTURE PLANS AND USE OF PROCEEDS

In addition, we will also enhance our customer relationship management efforts in order to improve length of customer cycle and build loyal customer base. We will analyse the data to be accumulated from the digital marketing campaign to understand our customers' behaviour in depth, including resell patterns, product preferences, and customer lifecycles. We may also consider to adopt an enhanced customer relationship management system which allows us to make quantifiable measurement, synchronise business dealings and build an optimal website experience. Concurrently, we will continuously monitor and improve our membership system, which may include expanding the redemption scheme to offer additional benefits, souvenirs or gift vouchers.

In order to implement our aforesaid strategies, we plan to recruit one to two experienced team member(s) for each of our marketing and information technology functions. We also plan to recruit one to two accounting staff to support our additional financial reporting requirements after the Listing. In addition, we will continue to upgrade or replace our information systems to improve our operational efficiency in order for us to be able to respond to market changes expeditiously in view of the intensifying market competition.

USE OF PROCEEDS

We estimate that the net proceeds from the Share Offer (after deducting underwriting commissions and estimated expenses payable by us in connection with the Share Offer), assuming an Offer Price of HK\$0.60 per Share (being the mid-point of the indicative Offer Price range), will be approximately HK\$38.4 million. We currently intend to apply the net proceeds in the following manner:

- approximately 44.5%, or HK\$17.1 million, to be used to promote our brand recognition and awareness over the years ending 31 March 2017, 2018 and 2019, among which, approximately 23.2% or HK\$8.9 million will be used for digital marketing including advertisements on Internet and search engine marketing; and approximately 21.4% or HK\$8.2 million will be used for marketing campaigns such as television travel programmes (including online television) and film sponsorship and other conventional offline media advertisements such as newspapers, television, public transportation, and travel and lifestyle magazines;
- approximately 24.9%, or HK\$9.6 million, to be used to strengthen and enhance our sales channels, among which, approximately 10.4% or HK\$4.0 million will be used for refurbishment of our existing branches to give a unified and new image across all our branches; approximately 4.4%, or HK\$1.7 million will be used for setting up of a new branch when strategic location is identified; and approximately 10.0% or HK\$3.9 million will be used for settlement of the costs for the development and enhancement of our online sales platform;
- approximately 20.6%, or HK\$7.9 million, to be used to improve our operational efficiency, among which, approximately 16.9%, or HK\$6.5 million 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 3.7% or HK\$1.4 million will be used to renovate our offices to improve working environment and to promote efficient use of office space; and

FUTURE PLANS AND USE OF PROCEEDS

- approximately 10.0%, or HK\$3.8 million, 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 Share Offer for the periods indicated:

	From the Latest Practicable Date		Six months ending			Total
	to 31 March 2017	30 September 2017	31 March 2018	30 September 2018	31 March 2019	
	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>	
Promoting our brand recognition and awareness	1.1	3.8	3.8	4.2	4.2	17.1
Strengthening and enhancing our sales channels	2.5	3.5	1.3	1.2	1.1	9.6
Improving our operational efficiency	1.2	1.7	1.6	1.7	1.7	7.9
	<u>4.8</u>	<u>9.0</u>	<u>6.7</u>	<u>7.1</u>	<u>7.0</u>	<u>34.6</u>
General corporate and working capital purposes						<u>3.8</u>
Total						<u><u>38.4</u></u>

If the Offer Price is set at the high-end of the indicative Offer Price range, being HK\$0.8, the net proceeds of the Share Offer, will be approximately HK\$57.8 million. We intend to apply the additional net proceeds for the above purposes on a pro-rata basis.

If the Offer Price is set at the low-end of the indicative Offer Price range, being HK\$0.4, the net proceeds of the Share Offer, will be approximately HK\$19.0 million. 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 use of proceeds.

IMPLEMENTATION PLANS

We set out below the implementation plans which our Directors intend to carry out. The implementation plans are based on a number of bases and assumptions set out in “— Implementation plans — Bases and assumptions”. The bases 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.

FUTURE PLANS AND USE OF PROCEEDS

For the period from the Latest Practicable Date to 31 March 2017

- | | |
|--|---|
| Promoting our brand recognition and awareness | <ul style="list-style-type: none">● placing of advertisements on newspapers, television, travel and lifestyle magazines, public transportation and the Internet● sponsoring of television travel programmes and films● implementing and monitoring a digital marketing campaign 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 |
| Strengthening our customer relationship management efforts | <ul style="list-style-type: none">● reviewing customer's feedback and monitoring members' movements and redemption activities on our existing membership system |
| Developing new products and services | <ul style="list-style-type: none">● 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 | <ul style="list-style-type: none">● revamping our website and incorporating an integrated online sales platform with package tours, tickets, and hotels modules and online membership system |
| Increasing our operational efficiency by improving our information systems | <ul style="list-style-type: none">● upgrading or replacing our hotlines telephone system |
| Expanding our staff team | <ul style="list-style-type: none">● recruiting a general manager in the first quarter of 2017 to oversee our overall business operations after the Listing● recruiting one to two experienced IT specialist(s) to support our new website and online sales platform in the first quarter of 2017 when the integrated online sales platform is substantially built up |

FUTURE PLANS AND USE OF PROCEEDS

- recruiting one to two accounting officer(s) in the first quarter of 2017 after the Listing to support our chief financial officer to meet our financial reporting requirements after Listing
- recruiting one to two advertising officer(s) to plan and manage our advertising campaigns in the first quarter of 2017

For the six months from 1 April 2017 to 30 September 2017

- | | |
|--|--|
| Promoting our brand recognition and awareness | <ul style="list-style-type: none">● placing of advertisements on newspapers, television, travel and lifestyle magazines, public transportation and the Internet● sponsoring of television travel programmes and films● implementing and monitoring 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 |
| Strengthening our customer relationship management efforts | <ul style="list-style-type: none">● 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● adopting a customer relationship management system to conduct customer data analysis |

FUTURE PLANS AND USE OF PROCEEDS

- | | |
|--|---|
| Developing new products and services | <ul style="list-style-type: none">● 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 | <ul style="list-style-type: none">● opening an additional branch in strategic location● incorporating “ticket plus hotel” FIT packages module, enhancement of existing modules and more sales and marketing functions including online chat function into the integrated online sales platform |
| Increasing our operational efficiency by improving our information systems | <ul style="list-style-type: none">● commence upgrading or replacing our existing accounting system and sourcing for service providers to upgrade or replace our existing 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 | <ul style="list-style-type: none">● placing of advertisements on newspapers, television, travel and lifestyle magazines, public transportation and the Internet● sponsoring of television travel programmes and films● implementing and monitoring 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 |
|---|--|

FUTURE PLANS AND USE OF PROCEEDS

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|---|--|
| Strengthening our customer relationship management efforts | <ul style="list-style-type: none">● reviewing customer's feedback and monitoring members' movements and redemption activities on our existing membership system● analysing customer data to formulate sales and marketing action plans |
| Developing new products and services | <ul style="list-style-type: none">● 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 | <ul style="list-style-type: none">● refurbishment of one of our existing branches to give a unified and new image across all branches● evaluating and improving our website and online sales platform |
| Increasing our operational efficiency by improving our information systems and refurbishing our offices | <ul style="list-style-type: none">● 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 | <ul style="list-style-type: none">● placing of advertisements on newspapers, television, travel and lifestyle magazines, public transportation and the Internet● sponsoring of television travel programmes and films● implementing and monitoring 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 |
|---|--|

FUTURE PLANS AND USE OF PROCEEDS

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|---|--|
| Strengthening our customer relationship management efforts | <ul style="list-style-type: none">● 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● analysing customer data to formulate sales and marketing action plans |
| Developing new products and services | <ul style="list-style-type: none">● 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 | <ul style="list-style-type: none">● refurbishment of one of our existing branches to give a unified and new image across all branches● evaluating and improving our website and online sales platform |
| Increasing our operational efficiency by improving our information systems and refurbishing our offices | <ul style="list-style-type: none">● renovating our offices to improve working environment and efficient use of office space● upgrading or replacing our existing 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 | <ul style="list-style-type: none">● placing of advertisements on newspapers, television, travel and lifestyle magazines, public transportation and the Internet● sponsoring of television travel programmes and films● implementing and monitoring digital marketing campaigns in support of our business, so as to build a healthy online presence |
|---|---|

FUTURE PLANS AND USE OF PROCEEDS

	<ul style="list-style-type: none">• 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
Strengthening our customer relationship management efforts	<ul style="list-style-type: none">• reviewing customer's feedback and monitoring members' movements and redemption activities on our existing membership system• analysing customer data to formulate sales and marketing action plans
Developing new products and services	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• refurbishment of one of our existing branches to give a unified and new image across all branches• evaluating and improving our website and online sales platform
Increasing our operational efficiency by improving our information systems	<ul style="list-style-type: none">• evaluating and improving our new accounting system and tour management system

Bases 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;

FUTURE PLANS AND USE OF PROCEEDS

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 LISTING AND THE SHARE OFFER

Commercial rationale for the Listing

Our Directors believe that the Listing is strategically critical to the long-term growth of our Group as it will help promote our brand awareness, strengthen our competitiveness, capture more business opportunities, enlarge the shareholder base of our Company, provide us additional avenues to raise capital in the long run, and ultimately lay a solid foundation and equip our Group for the long term development and growth.

Our Directors consider the listing status 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 is one of the major considerations for Hong Kong travellers. The listing 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. In addition, our Directors are of the view that the Listing will also increase our bargaining power in negotiating contract terms with potential business partners. As a listed entity, customers and suppliers will have more confidence in the quality of our services, our financial strength and credibility, and transparency in operations and financial reporting. Our internal control and corporate governance practices will also be enhanced following the Listing. All of these in turn will strengthen our competitiveness, help expand our market share and drive our business performance and growth.

The listing status will help raise staff confidence. It will improve our ability to recruit, motivate and retain key management personnel so as to expediently and effectively capture any business opportunities that may arise. The Listing will enable us to offer an equity-based incentive programme (such as a share option scheme) to our employees that more directly correlates to their performance with our Group’s business. We would therefore be in a better position to motivate our employees with any incentive programmes that are closely aligned with the objective of creating value for our Shareholders.

Our Company will be able to diversify the risk of ownership among a larger group of Shareholders after the Listing, which is important as we continue to expand our business. Our Controlling Shareholders are not selling any Shares as part of the Share Offer, and currently have no intention to dispose of any Shares that he/she/it holds subsequent to the Share Offer and intend to enjoy the growth of our Group alongside our investors in the long run. In addition, to demonstrate their commitment to the long-term development of our Group, each of our Controlling Shareholders has voluntarily undertaken to the Sole Global Coordinator that for an additional 12 months commencing on the date on which the undertaking under Rule 13.16A(1)(b) of GEM Listing Rules expires, he/she/it shall remain as our controlling shareholder. For details, see “Substantial Shareholders — Undertakings”.

FUTURE PLANS AND USE OF PROCEEDS

Following the Listing, we will have access to the capital markets, providing us additional avenues for future fundraising through the issuance of equity and debt securities for business development in the long run. Equity financing does not involve recurring interest expense and the financing process is usually simpler and quicker than negotiating bank borrowings, and therefore would allow our Group to react promptly to market conditions and business opportunities. Further, our Directors believe that a listing status will allow us to gain leverage in obtaining bank financing with relatively more favourable terms. Therefore, the Listing will offer us more flexibility to finance our operation.

In summary, the Listing will help strengthen the competitiveness of our Group, offer us more flexibility to finance our operation so as to allow us to respond to business opportunities expeditiously and differentiating us from our private competitors, so as to be in a better position to seize business opportunities and securing our market position in the travel industry. Therefore, our Directors consider it is commercially justifiable to pursue the Listing.

Listing on GEM

Despite the fact that our Group is able to meet the minimum profit requirement for listing on the Main Board for the financial years ended 31 March 2014, 2015 and 2016, our Directors consider that it is more prudent to apply for a listing on GEM instead of the Main Board since our Group was only marginally able to meet the minimum profit requirement for listing on the Main Board for the year ended 31 March 2016. Moreover, our Group recorded deteriorating financial performance for the three months ended 30 June 2016 and was not expected to meet the Main Board minimum profit requirement for listing for the most recent financial year should the Track Record Period be shifted to include the year ending 31 March 2017.

Our capital requirements and reasons for the Share Offer

Despite our seemingly high level of cash and cash equivalents of approximately HK\$76.9 million as at 30 June 2016 as compared to the estimated net proceeds from the Share Offer of approximately HK\$38.4 million (based on the mid-point of the indicative Offer Price range), our Directors decided to maintain our existing cash on hand to support the working capital requirement of our daily operation, while the net proceeds from the Share Offer 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. As a result, 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.

Besides, airlines would occasionally launch ad hoc promotions or offer special fares to us. The airlines would request us to make full payment to reserve the seats in advance of receiving payments from our customers for such ad hoc seats. For instance, our largest airline supplier

FUTURE PLANS AND USE OF PROCEEDS

offered promotional fares for September and October 2016 for certain destinations in Japan. We were required to make full payment of the ticket fare of approximately HK\$8.4 million during late-July to early-August 2016, in contrast, we are not required to pay any deposit for block reservation to such supplier. In addition, following our discussion with such supplier to develop a regular route to a new destination in Japan, our airline supplier has proposed to operate scheduled charter flight to Komatsu, Japan initially between mid April and end of June 2017 with two departures per week. We are required to make full payments in advance and in one go. We propose to underwrite a substantial portion of the flight seats and thus it is expected that we will incur additional deposits payment for the underwritten flight seats of the new route for the new destination for the initial period.

More importantly, in view of the cyclical nature of the retail market, the fact that the travel industry is vulnerable to adversities, such as natural disasters, outbreak of contagious or infectious disease and travel-related accidents, the volatile nature of the exchange rate of Japanese Yen and the generally low net profit margin of our business as in line with the industry average, our Directors consider it is important for us to maintain a relatively high level of liquidity in order to be able to sustain over deteriorating market conditions and material adversities arising from time to time. In particular, our financial performance and liquidity position are very sensitive to fluctuation in the exchange rate of Japanese Yen as illustrated in the sensitivity and breakeven analyses set out in “Financial Information — Sensitivity and breakeven analyses”. The cash position of our Group was negatively correlated to the exchange rate of Japanese Yen. Our current high level of cash on hand is largely attributable to satisfactory results of operation during the past three financial years amid the depreciating trend of Japanese Yen since 2013. During 2010 to 2012 when the exchange rate of Japanese Yen reached its peak for the past 10 years, the cash position of our Group as at financial year-end dropped to as low as approximately HK\$20.2 million. Accordingly, our Directors consider it is crucial that we maintain sufficient working capital amid the appreciating trend of Japanese Yen.

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 30 June 2016 is not excessive relatively to our scale of operation and our on-going funding requirements. Accordingly, our Directors consider it justifiable to maintain a relatively high level of cash on hand to support the working capital requirement of our daily operation, while the net proceeds from the Share Offer will be used to fund our development plans.

The Listing expenses represent approximately 27.7% to 52.4% of the gross proceeds of the Share Offer based on the indicative Offer Price range. It should be emphasised that we did not pursue the Listing solely for the net proceeds from the Share Offer. Instead, the Listing provides a jump board that enables our Group to achieve long-term benefits for the continuing development of our Group. The ratio of Listing expenses to gross proceeds of approximately 36.0% (based on mid-point of the indicative Offer Price range) is within the range of those of newly listed companies on GEM since 1 January 2016 up to the Latest Practicable Date. In light of the foregoing, our Directors consider the Listing exercise as a whole to be cost effective and efficient for supporting our Group’s expansion.

Having considered the aforesaid, our Directors consider, and the Sole Sponsor concurs, that it is strategically and commercially justifiable and in the interests of our Company and our Shareholders as a whole to pursue the Listing and the Share Offer.

SUBSTANTIAL SHAREHOLDERS

So far as is known to our Directors, immediately following the completion of the Share Offer 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 position 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 position in Shares

Name	Nature of interest	Immediately following the completion of the Share Offer and the Capitalisation Issue	
		Number of Shares	Percentage of shareholding
WWPKG Investment ^(Note)	Beneficial owner	300,000,000	75%
Ms. Chan ^(Note)	Interest in a controlled corporation	300,000,000	75%
Mr. SK Yuen ^(Note)	Interest in a controlled corporation	300,000,000	75%

Note: 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 and Mr. SK Yuen are parties acting jointly and comprise a group of Controlling Shareholders. Hence, Ms. Chan and Mr. SK Yuen are deemed to be interested in all the Shares held by WWPKG Investment under the SFO.

Save as disclosed above, none of our Directors is aware of any other person who will, immediately following completion of the Share Offer 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 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 our Controlling Shareholders has further voluntarily undertaken to our Company, the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the Public Offer

SUBSTANTIAL SHAREHOLDERS

Underwriters) that 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, without the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Public Offer Underwriters), 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

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 the Share Offer (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 prospectus

<i>Authorised share capital</i>		<i>HK\$</i>
10,000,000,000	Shares of HK\$0.01 each	100,000,000
<i>Issued share capital</i>		
10,000	Shares of HK\$0.01 each	100

Immediately after completion of the Share Offer and the Capitalisation Issue

<i>Authorised share capital</i>		<i>HK\$</i>
10,000,000,000	Shares	100,000,000
<i>Shares in issue or to be issued, fully paid or credited as fully paid</i>		
10,000	Shares in issue as at the date of this prospectus	100
299,990,000	Shares to be issued pursuant to the Capitalisation Issue	2,999,900
<u>100,000,000</u>	Shares to be issued pursuant to the Share Offer	<u>1,000,000</u>
<u><u>400,000,000</u></u>	Shares	<u><u>4,000,000</u></u>

ASSUMPTIONS

The table as shown above assumes the Share Offer becoming unconditional and the allotment and issue of Shares pursuant thereto and under the Capitalisation Issue and the Share Offer 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 Listing and at all times thereafter, our Company must maintain the minimum prescribed percentage of 25% of the

SHARE CAPITAL

total issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules).

RANKING

The Offer Shares will rank *pari passu* in all respects with all Shares in issue or to be issued as mentioned in this prospectus, and will qualify in full for all dividends or other distributions declared, made or paid on our Shares after the date of this prospectus, 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 prospectus.

GENERAL MANDATE TO ISSUE SHARES

Conditional on the conditions as stated in “Structure and Conditions of the Share Offer — Conditions of the Share Offer” 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 Share Offer 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.

SHARE CAPITAL

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 16 December 2016” in Appendix IV to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Conditional on conditions as stated in “Structure and Conditions of the Share Offer — Conditions of the Share Offer” 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 Share Offer (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 prospectus.

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 16 December 2016” in Appendix IV to this prospectus.

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 prospectus.

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PUBLIC OFFER UNDERWRITERS

Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager

Great Roc Capital Securities Limited

Co-Managers

Ample Orient Capital Limited

Bonus Eventus Securities Limited

Convoy Investment Services Limited

KGI Capital Asia Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company has agreed to initially offer 10,000,000 new Shares for subscription by members of the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to, among other conditions, the granting of the approval for the listing of, and permission to deal in, all the Shares in issue and any Shares to be issued as mentioned in this prospectus by the Listing Division and to certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have severally, but not jointly or jointly and severally, agreed to subscribe or procure subscribers for their respective applicable proportions of the Public Offer Shares which are not taken up under the Public Offer on the terms and conditions of this prospectus, the Application Forms and the Public Offer Underwriting Agreement. In addition, the Public Offer Underwriting Agreement is conditional on and subject to the Placing Underwriting Agreement having been executed, becoming, and continuing to be, unconditional and not having been terminated.

Grounds for termination

The respective obligations of the Public Offer Underwriters to subscribe, or procure subscribers for, the Public Offer Shares under the Public Offer Underwriting Agreement are subject to termination. The Sole Global Coordinator (for itself and on behalf of the Public Offer Underwriters) shall have the absolute right to terminate the Public Offer Underwriting Agreement by notice in writing to our Company with immediate effect at any time prior to 8:00 a.m. on the Listing Date (the “**Termination Time**”) if prior to the Termination Time:

- (a) there has come to the notice of the Sole Global Coordinator or any of the Public Offer Underwriters:
 - (i) any matter or event showing any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement to be untrue, inaccurate or misleading in any respect when given or repeated or there has been a breach of any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement or any other provisions of the Public Offer

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Underwriting Agreement by any party thereto (other than the Sole Sponsor and the Public Offer Underwriters) which, in any such cases, is considered, in the sole and absolute opinion of the Sole Global Coordinator, to be material in the context of the Share Offer; or

- (ii) any statement contained in this prospectus, the Application Forms, the post hearing information pack, the formal notice and any announcements issued by our Company (including any supplement or amendment to each of the said documents) has become or been discovered to be untrue, incorrect or misleading in any respect which is considered, in the sole and absolute opinion of the Sole Global Coordinator to be material in the context of the Share Offer; or
 - (iii) any event, series of events, matter or circumstance occurs or arises on or after the date of the Public Offer Underwriting Agreement and before the Termination Time, being an event, matter or circumstance which, if it had occurred before the date of the Public Offer Underwriting Agreement, would have rendered any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement untrue, incorrect or misleading in any respect, and which is considered, in the sole and absolute opinion of the Sole Global Coordinator, to be material in the context of the Share Offer; or
 - (iv) any matter which, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted, in the sole and absolute opinion of the Sole Global Coordinator, a material omission in the context of the Share Offer; or
 - (v) any event, act or omission which gives or is likely to give rise to any liability of our Company or any of the executive Directors or our Controlling Shareholders arising out of or in connection with the breach of any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement; or
 - (vi) any breach by any party to the Public Offer Underwriting Agreement (other than the Sole Sponsor, the Sole Global Coordinator and the Public Offer Underwriters) of any provision of the Public Offer Underwriting Agreement which, in the sole and absolute opinion of the Sole Global Coordinator, is material; or
- (b) there shall have developed, occurred, existed, or come into effect any event or series of events, matter or circumstance whether occurring or continuing before, on and/or after the date of the Public Offer Underwriting Agreement and including an event or change in relation to or a development of an existing state of affairs concerning or relating to any of the following:
- (i) any new law or regulation or any change in existing laws or regulations, or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, the BVI, the Cayman Islands or any of the jurisdictions in which our Group operates or has or is deemed by any applicable law to have a

UNDERWRITING

- presence (by whatever name called) or any other jurisdiction relevant to the business and/or operation of our Group (the “**Relevant Jurisdictions**”); or
- (ii) any change in, or any event or series of events or development resulting or likely to result in any change in local, regional or international financial, equity securities, currency, political, military, industrial, economic, stock market or other market conditions or prospects in or affecting the Relevant Jurisdictions; or
 - (iii) any change in the system under which the value of the HK dollars is linked to that of the U.S. dollars; or
 - (iv) the imposition of any moratorium, suspension or restriction on trading in securities generally on any of the markets operated by the Stock Exchange due to exceptional financial circumstances or otherwise; or
 - (v) any change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in the Relevant Jurisdictions; or
 - (vi) any change or prospective change in the business or in the financial or trading position or prospects of any member of our Group; or
 - (vii) the imposition of economic sanction or withdrawal of trading privileges, in whatever form, by the Relevant Jurisdictions; or
 - (viii) a general moratorium on commercial banking activities or disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance service in or affecting the Relevant Jurisdictions; or
 - (ix) any event of force majeure including, without limiting the generality thereof, any act of God, military action, riot, public disorder, civil commotion, fire, flood, tsunami, explosion, epidemic, terrorism (whether or not responsibility has been claimed), strike or lock-out; or
 - (x) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or crisis involving or affecting the Relevant Jurisdictions; or
 - (xi) a demand by any creditor for repayment or payment of any material indebtedness of any other member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or
 - (xii) any material loss or damage sustained by any member of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person); or
 - (xiii) a petition is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with

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its creditors or enters into a scheme of arrangement or any resolution is passed for the winding up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or

- (xiv) any litigation or claim of importance of any third party being instigated or threatened against any member of our Group,

which, in the sole and absolute opinion of the Sole Global Coordinator:

- (i) is or will be, or is likely to be, adverse to the business, financial, trading or other conditions or prospects of our Group taken as a whole or any member of our Group; or
- (ii) has or will have or is likely to have an adverse effect on the success of the Share Offer or the level of the Offer Shares being applied for or accepted, the distribution of the Offer Shares or the demand or market price of the Shares following the Listing; or
- (iii) for any other reason makes it impracticable, inadvisable or inexpedient for the Public Offer Underwriters to proceed with the Share Offer as a whole.

For the above purpose:

- (i) a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the U.S. shall be taken as an event resulting in a change in currency conditions; and
- (ii) any normal market fluctuations shall not be construed as events or series of events affecting market conditions referred to above.

Lock-up undertakings to the Public Offer Underwriters

Each of our Controlling Shareholders has undertaken to our Company, the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the Public Offer Underwriters) that:

- (i) he/she/it will not, without the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Public Offer Underwriters), directly or indirectly, and will procure that none of his/her/its close associates (as defined in the GEM Listing Rules) or companies controlled by him/her/it or any nominee or trustee holding in trust for him/her/it shall, offer for sale, sell, transfer, contract to sell, or otherwise dispose of (including without limitation by the creation of any option, right, warrant to purchase or otherwise transfer or dispose of, or any lending, charges, pledges or encumbrances over, or by entering into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise)) any of the Shares (or any interest in any Shares or any voting or other right attaching to any Shares) in respect of

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which he/she/it is shown in this prospectus to be the beneficial owner (directly or indirectly) or any other securities convertible into or exchangeable for or which carry a right to subscribe, purchase or acquire any such Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of the acquisition or ownership of any such Shares or such securities at any time during the period commencing on the date by reference to which disclosure of his/her/its shareholding is made in this prospectus and ending on the date which is six months from the date on which dealings in our Shares commence on the Stock Exchange (the “**First Six-Month Period**”), subject always to compliance with the provisions of the GEM Listing Rules, in the event of a disposal of any Shares or such securities or any interest therein at any time during the period of eighteen months immediately after the expiry of the First Six Month Period (the “**Eighteen Month Period**”), (a) in respect of our Controlling Shareholders, such disposal shall not result in any of our Controlling Shareholders ceasing to be the controlling shareholder (as defined in the GEM Listing Rules) of our Company at any time during the Eighteen Month Period; and (b) he/she/it shall take all steps to ensure that any such act, if done, will not create a disorderly or false market for any Shares or other securities of our Company or any interest therein; and

- (ii) within the First Six-Month Period and the Eighteen Month Period he/she/it shall:
 - (a) if and when he/she/it pledges or charges, directly or indirectly, any Shares or other securities of our Company beneficially owned by him/her/it, immediately inform our Company, the Sole Sponsor and the Sole Global Coordinator in writing of such pledge or charge together with the number of such Shares or other securities so pledged or charged; and
 - (b) if and when he/she/it receives indications, either verbal or written, from any pledgee or chargee that any Shares or other securities in our Company pledged or charged by him/her/it will be disposed of, immediately inform our Company, the Sole Sponsor and the Sole Global Coordinator in writing of such indications.

Our Company has undertaken to each of the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the Public Offer Underwriters) that it will not:

- (i) except pursuant to the Share Offer, the Capitalisation Issue, the options that may be granted under the Share Option Scheme, without the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Public Offer Underwriters), and subject always to the provisions of the GEM Listing Rules, offer, allot, issue or sell, or agree to allot, issue or sell, grant or agree to grant any option, right or warrant over, or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by our Company or any of our affiliates (as such term is defined under the Underwriting Agreements)), either directly or indirectly, conditionally or unconditionally, any Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or any securities convertible into or exchangeable for such Shares (or any interest in any Shares or any

UNDERWRITING

voting or other right attaching to any Shares) or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or such securities, whether any of the foregoing transactions is to be settled by delivery of Shares or such securities, in cash or otherwise or announce any intention to effect any such transaction during the First Six Month Period;

- (ii) at any time during the First Six-Month Period, issue, or create any mortgage, pledge, charge or other security interest or any rights in favour of any other person over, directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company (including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, any Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or securities of our Company) or repurchase any Shares or securities of our Company or grant any options, warrants or other rights to subscribe for any Shares or other securities of our Company or agree to do any of the foregoing, except pursuant to the Share Offer, the Capitalisation Issue or to the options that may be granted under the Share Option Scheme;
- (iii) at any time within the Eighteen Month Period do any of the acts set out in paragraphs (i) and (ii) above such that any of our Controlling Shareholders, directly or indirectly, would cease to be a controlling shareholder of our Company (within the meaning defined in the GEM Listing Rules); and
- (iv) during a period of two years from the date of this prospectus, in the event that our Company does any of the acts set out in paragraphs (i) or (ii) after the expiry of the First Six-Month Period or the Eighteen Month Period, as the case may be, take all steps to ensure that any such act, if done, will not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

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, save as permitted under the GEM Listing Rules, he/she/it shall not and shall procure that the relevant registered holder(s) shall not:

- (i) in the period commencing on the date by reference to which disclosure of the shareholding of the Controlling Shareholders is made in this prospectus and ending on the date which is six months from the Listing 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 prospectus to be the beneficial owner; or
- (ii) in the period of six 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

UNDERWRITING

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) or they would cease to be a group of controlling shareholders (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 his/her/its direct or indirect interest in the 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 under Rule 13.18(1) of the GEM Listing Rules 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 periods specified in Rule 13.16A of the GEM Listing Rules, 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 pledgee or chargee 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.

Placing

In connection with the Placing, it is expected that our Company and the covenantors to be named therein (namely our Controlling Shareholders and the executive Directors) will enter into the Placing Underwriting Agreement with the Sole Sponsor, the Sole Global Coordinator and the Placing Underwriters, on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above and on the additional terms described below.

Under the Placing Underwriting Agreement, subject to the conditions set forth therein, the Placing Underwriters are expected to severally, but not jointly and not jointly and severally, agree to act as agents of our Company to procure subscribers for the Placing Shares initially being offered pursuant to the Placing. It is expected that the Placing Underwriting Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. Potential investors shall be reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed. The Placing Underwriting Agreement is conditional on and subject to the Public Offer Underwriting Agreement having been executed, becoming unconditional and not having been terminated. It is expected that pursuant to the Placing Underwriting Agreement, our Company and our Controlling Shareholders will make similar undertakings as those given pursuant to the Public Offer Underwriting Agreement as described in “— Underwriting arrangements and expenses — Public Offer — Lock-up undertakings to the Public Offer Underwriters” above.

UNDERWRITING

Commission and expenses

The Public Offer Underwriters will, and the Placing Underwriters are expected to receive a commission of 3.0% of the aggregate Offer Price payable for the Offer Shares underwritten by them, out of which they shall pay any sub-underwriting commissions.

The underwriting commission, documentation and advisory fee, listing fees, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees together with printing and other expenses relating to the Share Offer, assuming an Offer Price of HK\$0.6 per Share (being the mid-point of the indicative Offer Price range), are estimated to amount to approximately HK\$21.6 million in total, and are payable by our Company.

SOLE SPONSOR'S, SOLE GLOBAL COORDINATOR'S AND UNDERWRITERS' INTEREST IN OUR COMPANY

The Sole Sponsor will receive a documentation fee. The Sole Global Coordinator and the other Underwriters will receive an underwriting commission. Particulars of these underwriting commission and expenses are set forth under “— Underwriting arrangements and expenses — Commission and expenses” 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 Listing Date 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 Listing Date.

Save as disclosed above, none of the Sole Sponsor, the Sole Global Coordinator and the Underwriters is interested legally or beneficially in the 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 Share Offer.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

THE STRUCTURE OF THE SHARE OFFER

Great Roc Capital Securities Limited is the Sole Global Coordinator to the Share Offer.

An aggregate of 10,000,000 Shares have been initially allocated to the Public Offer for subscription in Hong Kong at the Offer Price under the Public Offer (subject to re-allocation on the basis described in “— Re-allocation between the Placing and The Public Offer” below) outside the United States (including to professional institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S. An aggregate of 90,000,000 Shares are initially offered under the Placing for subscription, subject to re-allocation as mentioned below and under the GEM Listing Rules.

Investors are free to select to apply for the Public Offer Shares or the Placing Shares, but not both. Our Directors and the Sole Global Coordinator will take all reasonable steps to identify any multiple applications under the Public Offer and the Placing which are not allowed and are bound to be rejected.

PRICING AND ALLOCATION

The Offer Price will be not more than HK\$0.80 per Offer Share and is expected to be not less than HK\$0.40 per Offer Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Public Offer, as explained below. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

Price payable upon application for the Public Offer Shares

Investors of the Public Offer Shares will be required to pay the maximum indicative Offer Price of HK\$0.80 plus brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, amounting to a total of HK\$4,040.31 for each board lot of 5,000 Shares. If the final Offer Price is less than the maximum indicative Offer Price, arrangements will be made to refund any excess amount to the investors, without interest.

Determining the Offer Price

The Placing Underwriters are soliciting from prospective investors indications of interest in acquiring the Shares in the Placing. Prospective investors will be required to specify the number of Placing Shares under the Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as “bookbuilding”, is expected to continue up to, and to cease on or around the Price Determination Date. The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company, on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Friday, 6 January 2017 and in any event, no later than Monday, 9 January 2017.

The Offer Price shall be fixed on the Price Determination Date by agreement among our Company and the Sole Global Coordinator (for itself and on behalf of all the Underwriters) in

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Hong Kong dollars after the market demand for the Offer Shares has been determined. The Offer Price range disclosed in this prospectus and the Application Forms is indicative only and the Sole Global Coordinator (for itself and on behalf of all the Underwriters) may, based on the level of interest expressed by prospective investors during the book building process and after consultation with our Company and with the written consent of our Company, reduce the indicative Offer Price range below that disclosed in this prospectus and the Application Forms at any time not later than the morning of the last day for lodging applications under the Public Offer. If the Offer Price range is reduced, the Sole Sponsor shall assist our Company in arranging for, and our Company shall, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Public Offer, cause there to be published in accordance with the GEM Listing Rules a notice of reduction of the Offer Price range or to be announced in such manner as permitted under the GEM Listing Rules and agreed between our Company, the Sole Global Coordinator and the Sole Sponsor. Upon issue of these notices, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Sole Global Coordinator, on behalf of the Underwriters, and us will be fixed within this revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in indicative Offer Price range may not be made until the last day for lodging applications under the Public Offer. Such notice shall also include confirmation or revision, as appropriate, of the working capital statement, offer statistics and any financial or other information in this prospectus which may change as a result of any such reduction. Applicants under the Public Offer should note that if an application for the Public Offer Shares before the last day for lodging applications under the Public Offer have been submitted, applicants will not be allowed to subsequently withdraw their application. However, if the Offer Price range is reduced, applicants will be notified that they are required to confirm their applications. If applicants have been notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If, for any reason, our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) are unable to reach agreement on the Offer Price on or before Monday, 9 January 2017, the Share Offer will not proceed and will lapse.

CONDITIONS OF THE SHARE OFFER

Acceptance of applications for the Offer Shares will be conditional upon:

- (i) the Listing Division granting the listing of, and permission to deal in, on the Stock Exchange, our Shares in issue, any Shares to be issued pursuant to the Share Offer and the Capitalisation Issue and any Shares which may fall to be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme, and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (ii) the agreement on the final Offer Price between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) being entered into on the Price Determination Date; and

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

- (iii) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming unconditional (including, if relevant, as a result of a waiver of any condition(s) by the Sole Global Coordinator (for itself and on behalf of the Underwriters)) and not being terminated in accordance with the terms and conditions of the respective agreements,

in each case, on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is the 30th day after the date of this prospectus.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

If any of the above conditions has not been fulfilled or waived prior to the time(s) and date(s) specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of lapse of the Share Offer will be caused to be published by our Company on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.wwpkg.com.hk the next day following such lapse. In such event, all application money will be refunded, without interest. The terms on which the application money will be refunded are set forth under "Refund of your money" on the Application Forms. In the meantime, all application money received from the Public Offer will be held in a separate bank account (or separate bank accounts) with the receiving bank in Hong Kong.

We expect to issue share certificates for the Offer Shares on Wednesday, 11 January 2017. Share certificates for the Offer Shares will only become valid certificates of title at 8.00 a.m. on Thursday, 12 January 2017 provided that (i) the Share Offer has become unconditional in all respects; and (ii) the right of termination as described in "Underwriting — Underwriting arrangements and expenses — Grounds for termination" has not been exercised.

THE PUBLIC OFFER

Our Company is initially offering 10,000,000 Shares under the Public Offer, at the Offer Price, representing 10.0% of the total number of the Offer Shares being offered in the Share Offer, for subscription by way of a public offer in Hong Kong, subject to the re-allocation as mentioned below and under the GEM Listing Rules. The Public Offer is managed by the Sole Global Coordinator and is fully underwritten by the Public Offer Underwriters (subject to our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) agreeing to the final Offer Price). Applicants for the Public Offer Shares are required to pay on application the maximum indicative Offer Price of HK\$0.80 per Offer Share plus brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%.

The Public Offer is open to all members of the public in Hong Kong. An applicant for the Public Offer Shares will be required to give an undertaking and confirmation in the Application Form that he has not taken up and will not indicate an interest to take up any Placing Shares nor otherwise participated in the Placing. Applicants should note that if such undertaking and/or confirmation given by the applicant is breached and/or is untrue (as the case may be), such

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

applicant's application under the Public Offer is bound to be rejected. The Public Offer will be subject to the conditions stated under "Structure and Conditions of the Share Offer".

If the Public Offer is not fully subscribed for, the Sole Global Coordinator (for itself and on behalf of the Public Offer Underwriters) has the authority to re-allocate all or any of the unsubscribed Public Offer Shares originally included in the Public Offer to the Placing, in such number as it deems appropriate to satisfy demand under the Placing. The total number of the Public Offer Shares to be allotted and issued may change as a result of the re-allocation as mentioned below.

When there is over-subscription, allocation of the Public Offer Shares to investors under the Public Offer, will be based solely on the level of valid applications received under the Public Offer. The allocation of Public Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

Multiple or suspected multiple applications under the Public Offer and any application for more than 10,000,000 Public Offer Shares initially available for subscription will be rejected. Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application have not received any Shares under the Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be).

THE PLACING

Our Company is initially offering 90,000,000 Shares at the Offer Price, representing 90% of the total number of the Offer Shares being offered in the Share Offer, for subscription by way of the Placing, subject to re-allocation as mentioned below and under the GEM Listing Rules.

The Placing is fully underwritten by the Placing Underwriters on a several basis upon and subject to the terms and conditions of the Placing Underwriting Agreement.

Investors subscribing for the Placing Shares are also required to pay brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%.

Allocation of the Placing Shares will be based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investor is likely to purchase further Shares or hold or sell the Shares after the Listing. Such allocation is intended to result in a distribution of the Placing Shares which would lead to the establishment of a solid individual, professional, institutional shareholder base for the benefit of our Company and the Shareholders as a whole.

In addition, our Company and the Sole Global Coordinator will use their best endeavours to observe the minimum public float requirement under the GEM Listing Rules when making allocations of the Placing Shares to investors who are anticipated to have a sizeable demand for such Shares. The Placing is subject to the Public Offer being unconditional.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

The total number of the Placing Shares to be allotted and issued may change as a result of re-allocation mentioned below and any re-allocation of the unsubscribed Public Offer Shares to the Placing as mentioned under “— The Public Offer” above.

RE-ALLOCATION BETWEEN THE PLACING AND THE PUBLIC OFFER

The allocation of Offer Shares between the Public Offer and the Placing is subject to adjustment on the following basis:

- (i) if the number of Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the initial number of the Public Offer Shares, then the number of Shares to be re-allocated to the Public Offer from the Placing will increase so that the total number of Shares available for subscription under the Public Offer will increase to 30,000,000 Shares, representing 30.0% of the total number of the Offer Shares available under the Share Offer;
- (ii) if the number of Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the initial number of the Public Offer Shares, then the number of Shares to be re-allocated to the Public Offer from the Placing will increase so that the total number of Shares available for subscription under the Public Offer will increase to 40,000,000 Shares, representing 40.0% of total number of the Offer Shares available under the Share Offer; and
- (iii) if the number of Shares validly applied for under the Public Offer represents 100 times or more the initial number of the Public Offer Shares, then the number of Shares to be re-allocated to the Public Offer from the Placing will increase so that the total number of Shares available for subscription under the Public Offer will increase to 50,000,000 Shares, representing 50.0% of the total number of the Offer Shares available under the Share Offer.

Details of any re-allocation of Offer Shares between the Public Offer and the Placing will be disclosed in the results announcement of the Share Offer, which is expected to be published on Wednesday, 11 January 2017.

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the Shares to be admitted into CCASS. If the Listing Division grants the listing of, and permission to deal in, our Shares and our Company complies with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares on the Stock Exchange or any other date HKSCC may choose. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

LISTING DATE

Assuming that the Share Offer becomes unconditional, it is expected that dealings in our Shares on GEM will commence at 9:00 a.m. (Hong Kong time) on Thursday, 12 January 2017.

HOW TO APPLY FOR PUBLIC OFFER SHARES

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Global Coordinator and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you, or any person(s) for whose benefit you are applying, are an individual, and:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, our Company and the Sole Global Coordinator may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four.

Unless permitted by the GEM Listing Rules, you cannot apply for any Public Offer Shares if you are:

- an existing beneficial owner of shares in our Company and/or any of our subsidiaries;
- a director or chief executive officer of our Company and/or any of our subsidiaries;
- a close associate (as defined in the GEM Listing Rules) of any of the above;
- a core connected person (as defined in the GEM Listing Rules) of our Company or will become a core connected person of our Company immediately upon completion of the Share Offer; and

HOW TO APPLY FOR PUBLIC OFFER SHARES

- have been allocated or have applied for any Placing Shares or otherwise participated in the Placing.

3. APPLYING FOR PUBLIC OFFER SHARES

Which application channel to use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form. For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to collect the Application Form

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, 30 December 2016 until 12:00 noon on Thursday, 5 January 2017 from:

- (i) the following addresses of the Public Offer Underwriters:

Great Roc Capital Securities Limited

Suite 3712, 37/F
West Tower, Shun Tak Center
168-200 Connaught Road Central
Hong Kong

Ample Orient Capital Limited

Room 902, 9/F, Far East Consortium Building
121 Des Voeux Road Central
Hong Kong

Bonus Eventus Securities Limited

Room 1707, 17/F, Tower II
Admiralty Centre, 18 Harcourt Road
Admiralty
Hong Kong

Convoy Investment Services Limited

21/F, Tesbury Centre
28 Queen's Road East
Admiralty
Hong Kong

KGI Capital Asia Limited

41/F, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

HOW TO APPLY FOR PUBLIC OFFER SHARES

(ii) any of the following branches of Standard Chartered Bank (Hong Kong) Limited:

<u>District</u>	<u>Branch name</u>	<u>Address</u>
Hong Kong Island	Des Voeux Road Branch	Standard Chartered Bank Building, 4-4A Des Voeux Road Central, Central
	Quarry Bay Branch	G/F, Westlands Gardens, 1027 King's Road, Quarry Bay
Kowloon	Kwun Tong Hoi Yuen Road Branch	G/F, Fook Cheong Building, 63 Hoi Yuen Road, Kwun Tong
	68 Nathan Road Branch	Basement, Shop B1, G/F and M/F, Golden Crown Court, 66-70 Nathan Road, Tsim Sha Tsui
New Territories	Tsuen Wan Branch	Shop C, G/F and 1/F, Jade Plaza, 298 Sha Tsui Road, Tsuen Wan
	Tseung Kwan O Branch	Shop G37-40, G/F, Hau Tak Shopping Centre East Wing, Hau Tak Estate, Tseung Kwan O

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, 30 December 2016 until 12:00 noon on Thursday, 5 January 2017 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "**HORSFORD NOMINEES LIMITED — WWPKG PUBLIC OFFER**" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Friday, 30 December 2016	— 9:00 a.m. to 5:00 p.m.
Saturday, 31 December 2016	— 9:00 a.m. to 1:00 p.m.
Tuesday, 3 January 2017	— 9:00 a.m. to 5:00 p.m.
Wednesday, 4 January 2017	— 9:00 a.m. to 5:00 p.m.
Thursday, 5 January 2017	— 9:00 a.m. to 12:00 noon

HOW TO APPLY FOR PUBLIC OFFER SHARES

The Application Lists will be open from 11:45 a.m. to 12:00 noon on Thursday, 5 January 2017, the last application day or such later time as described in “— 9. Effect of bad weather on the opening of the Application Lists”.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By completing and submitting an Application Form, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person for whom you act:

- (i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Sole Global Coordinator (or its agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;
- (vi) agree that none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing nor participated in the Placing;
- (viii) agree to disclose to our Company, our Hong Kong Branch Share Registrar, receiving bank, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (a) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (b) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our Company, our Directors, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner and the Sole Lead Manager will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (a) no other application has been or will be made by you as agent for or

HOW TO APPLY FOR PUBLIC OFFER SHARES

for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (b) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Phone System by calling (852) 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
1/F, One & Two Exchange Square
8 Connaught Place
Central, Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are **not a CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Global Coordinator and our Hong Kong Branch Share Registrar.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Giving electronic application instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Public Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing;
 - (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;
 - confirm that you understand that our Company, our Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;
 - authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
 - confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
 - confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

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- agree that none of our Company, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, our Hong Kong Branch Share Registrar, receiving bank, the Sole Global Coordinator, the Underwriters and/or their respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the Application Lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the Application Lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the Application Lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for giving the **electronic application instructions** to apply for Public Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and

HOW TO APPLY FOR PUBLIC OFFER SHARES

- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of giving electronic application instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage fee, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage fee, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum purchase amount and permitted numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 5,000 Public Offer Shares. Instructions for more than 5,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for inputting electronic application instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates *(Note)*:

Friday, 30 December 2016	—	9:00 a.m. to 8:30 p.m. <i>(Note)</i>
Saturday, 31 December 2016	—	8:00 a.m. to 1:00 p.m. <i>(Note)</i>
Tuesday, 3 January 2017	—	8:00 a.m. to 8:30 p.m. <i>(Note)</i>
Wednesday, 4 January 2017	—	8:00 a.m. to 8:30 p.m. <i>(Note)</i>
Thursday, 5 January 2017	—	8:00 a.m. <i>(Note)</i> to 12:00 noon

Note:

These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

HOW TO APPLY FOR PUBLIC OFFER SHARES

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Friday, 30 December 2016 until 12:00 noon on Thursday, 5 January 2017 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, 5 January 2017, the last application day or such later time as described in “— 9. Effect of bad weather on the opening of the Application Lists”.

No multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, our Hong Kong Branch Share Registrar, the receiving bank, the Sole Global Coordinator, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

6. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Such facility is subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Sole Global Coordinator and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the

HOW TO APPLY FOR PUBLIC OFFER SHARES

systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, 5 January 2017.

7. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

8. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

HOW TO APPLY FOR PUBLIC OFFER SHARES

You must pay the maximum Offer Price, brokerage fee, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form in respect of a minimum of 5,000 Public Offer Shares. Each application or **electronic application instructions** in respect of more than 5,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form.

If your application is successful, brokerage fee will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see “Structure and Conditions of the Share Offer — Pricing and allocation”.

9. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The Application Lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 5 January 2017. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the Application Lists do not open and close on Thursday, 5 January 2017 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in “Expected Timetable”, an announcement will be made in such event.

10. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Wednesday, 11 January 2017 on our Company’s website at www.wwpkg.com.hk and the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and dates and in the manner specified below:

- in the announcement to be posted on our Company’s website at www.wwpkg.com.hk and the Stock Exchange’s website at www.hkexnews.hk by no later than 8:00 a.m. on Wednesday, 11 January 2017;

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- from the designated results of allocations website at www.tricor.com.hk/ipo/result with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Wednesday, 11 January 2017 to 12:00 midnight on Tuesday, 17 January 2017;
- by telephone enquiry line by calling (852) 3691 8488 between 9:00 a.m. and 6:00 p.m. from Wednesday, 11 January 2017 to Monday, 16 January 2017 (excluding Saturday, Sunday and public holiday);
- in the special allocation results booklets which will be available for inspection during opening hours from Wednesday, 11 January 2017 to Friday, 13 January 2017 at all the receiving bank’s designated branches listed above in “— 3. Applying for Public Offer Shares”.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in “Structure and Conditions of the Share Offer”.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

11. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Public Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the Application Lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person’s responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

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If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Sole Global Coordinator and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Public Offer Shares is void:

The allotment of Public Offer Shares will be void if the Listing Division does not grant permission to list our Shares either:

- within three weeks from the closing date of the Application Lists; or
- within a longer period of up to six weeks if the Listing Division notifies our Company of that longer period within three weeks of the closing date of the Application Lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Sole Global Coordinator believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 10,000,000 Public Offer Shares initially offered under the Public Offer.

12. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK\$0.80 per Offer Share (excluding

HOW TO APPLY FOR PUBLIC OFFER SHARES

brokerage fee, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer are not fulfilled in accordance with “Structure and Conditions of the Share Offer — Conditions of the Share Offer” or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage fee, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker’s cashier order will not be cleared.

Any refund of your application monies will be made on or before Wednesday, 11 January 2017.

13. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of our Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage fee, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or before Wednesday, 11 January 2017. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier order(s).

Share certificates will only become valid at 8:00 a.m. on Thursday, 12 January 2017 provided that the Share Offer has become unconditional and the right of termination described in

HOW TO APPLY FOR PUBLIC OFFER SHARES

“Underwriting” has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal collection

(i) *If you apply using a WHITE Application Form*

If you apply for 1,000,000 or more Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from our Hong Kong Branch Share Registrar at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, 11 January 2017 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation’s chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before Wednesday, 11 January 2017, by ordinary post and at your own risk.

(ii) *If you apply using a YELLOW Application Form*

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Wednesday, 11 January 2017, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant’s stock account as stated in your Application Form on Wednesday, 11 January 2017, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

— *If you apply through a designated CCASS Participant (other than a CCASS Investor Participant)*

For Public Offer Shares credited to your designated CCASS Participant’s stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS Participant.

HOW TO APPLY FOR PUBLIC OFFER SHARES

— *If you apply as a CCASS Investor Participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in "10. Publication of results" above.

You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 11 January 2017 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and the CCASS Internet System.

(iii) If you apply via electronic application instructions to HKSCC

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of share certificates into CCASS and refund of application monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Wednesday, 11 January 2017, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in "— 10. Publication of results" above on Wednesday, 11 January 2017. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 11 January 2017 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System

HOW TO APPLY FOR PUBLIC OFFER SHARES

(under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, 11 January 2017. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage fee, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, 11 January 2017.

14. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares and we comply with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the GEM Listing Rules) is required to take place in CCASS on the second business day after any trading day.

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

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling our Shares to be admitted into CCASS.

The following is the text of a report received from the Reporting Accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the Directors 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.



羅兵咸永道

30 December 2016

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 30 June 2016, the statement of financial position of the Company as at 30 June 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 and three months ended 30 June 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 prospectus of the Company dated 30 December 2016 (the "Prospectus") 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 financial position of the Company as at 30 June 2016 and of the combined financial position of the Group as at 31 March 2015 and 2016 and 30 June 2016 and of the Group's combined financial performance and cash flows for the Relevant Periods.

REVIEW OF STUB PERIOD COMPARATIVE FINANCIAL INFORMATION

We have reviewed the stub period comparative financial information set out in Sections I to II below included in Appendix I to the Prospectus which comprises the combined statements of comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the three months ended 30 June 2015 and a summary of significant accounting policies and other explanatory information (the “Stub Period Comparative Financial Information”).

The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of presentation set out in Note 1.3 of Section II below and the accounting policies set out in Note 2 of Section II below.

Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of the Stub Period Comparative Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with HKSA's and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of this report is not prepared, in all material respects, in accordance with the basis of presentation set out in Note 1.3 of Section II below and the accounting policies set out in Note 2 of Section II below.

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 30 June 2016, and for each of the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016 (the "Financial Information"):

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Year ended 31 March		Three months ended 30 June	
		2015 HK\$'000	2016 HK\$'000	2015 HK\$'000 (Unaudited)	2016 HK\$'000
Revenue	5	461,546	452,632	118,285	82,387
Cost of sales	7	(387,934)	(369,397)	(93,235)	(71,560)
Gross profit		73,612	83,235	25,050	10,827
Other income	6	162	1,197	477	26
Other (losses)/gains, net	6	(3,579)	1,229	224	660
Selling expenses	7	(14,788)	(18,417)	(4,270)	(4,675)
Administrative expenses	7	(35,710)	(38,813)	(8,295)	(15,126)
Operating profit/(loss)		19,697	28,431	13,186	(8,288)
Finance income	10	1	2	—	—
Finance costs	10	(9)	(28)	(4)	(6)
Finance costs, net	10	(8)	(26)	(4)	(6)
Profit/(loss) before income tax		19,689	28,405	13,182	(8,294)
Income tax (expense)/credit	11	(3,345)	(5,077)	(2,225)	423
Profit/(loss) and total comprehensive income/(loss) for the year/period		<u>16,344</u>	<u>23,328</u>	<u>10,957</u>	<u>(7,871)</u>
Profit/(loss) and total comprehensive income/(loss) attributable to:					
Owners of the Company		16,226	23,109	10,840	(7,771)
Non-controlling interests		118	219	117	(100)
		<u>16,344</u>	<u>23,328</u>	<u>10,957</u>	<u>(7,871)</u>
Basic and diluted earnings/(loss) per share for profit/(loss) attributable to owners of the Company	12	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

COMBINED STATEMENTS OF FINANCIAL POSITION

	<i>Note</i>	<u>As at 31 March</u>		<u>As at</u>
				<u>30 June</u>
		<u>2015</u>	<u>2016</u>	<u>2016</u>
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS				
Non-current assets				
Property, plant and equipment	14	1,988	3,073	4,824
Prepayments, deposits and other receivables	18	1,150	2,706	1,424
Deferred income tax assets	24	244	102	525
		<u>3,382</u>	<u>5,881</u>	<u>6,773</u>
Current assets				
Inventories	16	—	431	1,000
Trade receivables	17	2,630	226	79
Prepayments, deposits and other receivables	18	30,893	17,478	16,201
Derivative financial assets	25	—	8	—
Amount due from a related company	29	92	13	288
Current income tax recoverable		705	—	—
Cash and cash equivalents	19	54,516	71,622	76,909
		<u>88,836</u>	<u>89,778</u>	<u>94,477</u>
Total assets		<u>92,218</u>	<u>95,659</u>	<u>101,250</u>
EQUITY				
Equity attributable to owners of the Company				
Combined capital	20	11,500	11,500	11,500
Reserves		25,999	49,108	41,337
		<u>37,499</u>	<u>60,608</u>	<u>52,837</u>
Non-controlling interests		454	673	573
Total equity		<u>37,953</u>	<u>61,281</u>	<u>53,410</u>

		<u>As at 31 March</u>		<u>As at</u>
		<u>2015</u>	<u>2016</u>	<u>30 June</u>
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
LIABILITIES				
Non-current liabilities				
	23	347	258	168
	22	608	608	623
	24	—	49	49
		<u>955</u>	<u>915</u>	<u>840</u>
Current liabilities				
	21	5,186	5,027	6,990
	22	43,062	24,798	36,898
	23	269	353	356
	29	16	—	—
		2,000	—	—
	25	771	—	—
	29	919	1,393	864
		<u>1,087</u>	<u>1,892</u>	<u>1,892</u>
		<u>53,310</u>	<u>33,463</u>	<u>47,000</u>
		<u>54,265</u>	<u>34,378</u>	<u>47,840</u>
		<u>92,218</u>	<u>95,659</u>	<u>101,250</u>

STATEMENT OF FINANCIAL POSITION

	<u>As at 30 June</u>
	<u>2016</u>
	<i>HK\$</i>
ASSETS	
Non-current asset	
Investment in a subsidiary	<u>8</u>
	<u>8</u>
Current asset	
Amount due from a shareholder	<u>1</u>
	<u>1</u>
Total assets	<u><u>9</u></u>
EQUITY	
Share capital	<u>1</u>
Total equity	<u>1</u>
LIABILITY	
Current liability	
Amount due to a subsidiary	<u>8</u>
Total liability	<u>8</u>
Total equity and liability	<u><u>9</u></u>

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
Comprehensive loss					
Loss for the three months ended 30 June 2016	—	(7,771)	(7,771)	(100)	(7,871)
Total comprehensive loss for the period	—	(7,771)	(7,771)	(100)	(7,871)
Balances at 30 June 2016	<u>11,500</u>	<u>41,337</u>	<u>52,837</u>	<u>573</u>	<u>53,410</u>
(Unaudited)					
Balances at 31 March 2015	11,500	25,999	37,499	454	37,953
Comprehensive income					
Profit for the three months ended 30 June 2015	—	10,840	10,840	117	10,957
Total comprehensive income for the period	—	10,840	10,840	117	10,957
Balances at 30 June 2015	<u>11,500</u>	<u>36,839</u>	<u>48,339</u>	<u>571</u>	<u>48,910</u>

COMBINED STATEMENTS OF CASH FLOWS

	Note	Year ended 31 March		Three months ended 30 June	
		2015	2016	2015	2016
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
				<i>(Unaudited)</i>	
Cash flows from operating activities					
Cash generated from operations	26	8,646	26,541	13,938	7,750
Interest paid		(9)	(28)	(4)	(6)
Income tax paid		(7,429)	(3,376)	—	—
Net cash generated from operating activities		<u>1,208</u>	<u>23,137</u>	<u>13,934</u>	<u>7,744</u>
Cash flows from investing activities					
Purchase of property, plant and equipment		(1,253)	(1,340)	(887)	(55)
Payment for website development costs		—	(1,832)	—	—
Proceeds from disposal of property, plant and equipment		—	130	130	—
Interest received		<u>1</u>	<u>2</u>	<u>—</u>	<u>—</u>
Net cash used in investing activities		<u>(1,252)</u>	<u>(3,040)</u>	<u>(757)</u>	<u>(55)</u>
Cash flows from financing activities					
Repayment of obligations under finance leases		(110)	(325)	(66)	(87)
Dividends paid		(8,115)	(2,000)	(2,000)	—
Payment for professional fee incurred in connection with the Company's listing		—	(666)	—	(2,315)
Net cash used in financing activities		<u>(8,225)</u>	<u>(2,991)</u>	<u>(2,066)</u>	<u>(2,402)</u>
Net (decrease)/increase in cash and cash equivalents					
Cash and cash equivalents at beginning of the year/period		<u>62,785</u>	<u>54,516</u>	<u>54,516</u>	<u>71,622</u>
Cash and cash equivalents at end of the year/period		<u>54,516</u>	<u>71,622</u>	<u>65,627</u>	<u>76,909</u>

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 consolidated 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 primarily 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 Tsu 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, namely Mr. Law, Mr. Tse and Mr. Wong, 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	30 June	
					2015	2016	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	100%
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%	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%	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 and the three months ended 30 June 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 and 30 June 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 and the three months ended 30 June 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 July 2016 or later periods, but have not been early adopted by the Group.

		Effective for accounting year beginning on or after
HKAS 7 Amendments	Disclosure Initiative	1 January 2017
HKAS 12 Amendments	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets Between Investor and its Associate or Joint Venture	To be determined

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 30 June 2016, the amount of operating leasing commitment amounted to HK\$7,466,000 (Note 28(b)) 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.

HKFRS 15 replaces the previous revenue standards: HKAS 18 Revenue and HKAS 11 Construction Contracts, and the related Interpretations on revenue recognition. HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract; (3) Determine the transaction price; (4) Allocate transaction price to performance obligations; and (5) Recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an “earnings processes” to an “asset-liability” approach based on transfer of control. HKFRS 15 provides specific guidance on capitalisation of contract cost, license arrangements and principal versus agent commissions. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers. HKFRS 15 is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group does not plan to early adopt HKFRS 15. The Group assessed the impact of the adoption of HKFRS 15 by analysing the Group’s key revenue streams against the 5-step approach and does not expect the adoption would have a material impact other than presenting more disclosures.

HKFRS 9, ‘Financial Instruments’, addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss.

For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. The Group assesses that adopting HKFRS 9 will not have a material impact to the Group’s results of operations and financial position.

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 Group 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
Website	20% 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.

Website under construction or pending installation are stated at cost less impairment losses, if any. No amortisation is made on assets under construction in progress until such time as the relevant assets are completed and available for their intended use.

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 sales of package tours 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.

The Group operates the customer loyalty programme where certain customers accumulate points for purchases made which entitle them to purchase goods supplied or services provided for free or at a discounted price. The award points are recognised as a separately identifiable component of the initial sale transaction, by allocating the fair value of the consideration received between the award points and the other components of the sale such that the award points are recognised at their fair value. Revenue from the award points is recognised when the points are redeemed or expired. The amount of initial revenue recognised is based on the number of points redeemed relative to the total number expected to be redeemed. The deferred revenue is recognised as revenue when the award credits are redeemed and expired and the Group's obligations have been fulfilled.

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:

	<u>As at 31 March</u>		<u>As at</u> <u>30 June</u>
	<u>2015</u>	<u>2016</u>	<u>2016</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets			
JPY	9,196	7,370	4,563
Others	<u>190</u>	<u>189</u>	<u>189</u>
	<u>9,386</u>	<u>7,559</u>	<u>4,752</u>
Liabilities			
JPY	<u>2,287</u>	<u>3,096</u>	<u>3,664</u>

As at 31 March 2015 and 2016 and 30 June 2016, if JPY had strengthened/weakened by 10% with all other variables held constant, the post-tax profit/(loss) for the respective years ended 31 March 2015 and 2016 and the three months ended 30 June 2016 would have been approximately HK\$577,000 higher/lower, HK\$357,000 higher/lower and HK\$75,000 lower/higher, 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 does not designate any derivative as a hedging instruments. 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 at bank, trade receivables, other receivables and amount 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 and 30 June 2016, the top three debtors accounted for approximately 99%, 100% and 100% and the largest debtor accounted for approximately 97%, 98% and 96% 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 the counterparty. 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 and 30 June 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 and 30 June 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, 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 granted by a related company; iii) cross guarantee granted by 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 Listing.

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.

	<u>On demand</u>	<u>Within 1 year</u>	<u>Between 1 to 2</u> <u>years</u>	<u>Total</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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
	<u>935</u>	<u>10,244</u>	<u>353</u>	<u>11,532</u>
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
	<u>1,393</u>	<u>8,824</u>	<u>269</u>	<u>10,486</u>
As at 30 June 2016				
Trade payables	—	6,990	—	6,990
Accruals and other payables	—	7,534	—	7,534
Obligations under finance leases	—	370	176	546
Amounts due to related companies	864	—	—	864
	<u>864</u>	<u>14,894</u>	<u>176</u>	<u>15,934</u>

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 and 30 June 2016, the Group had net cash position as follows:

	As at 31 March		As at
	2015	2016	30 June
	HK\$'000	HK\$'000	2016
			HK\$'000
Total obligations under finance leases (Note 23)	616	611	524
Less: cash and cash equivalents (Note 19)	(54,516)	(71,622)	(76,909)
Net cash	<u>(53,900)</u>	<u>(71,011)</u>	<u>(76,385)</u>

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).

	<u>Level 2</u>
	<i>HK\$'000</i>
As at 31 March 2015	
Liabilities	
Forward exchange contracts	<u>771</u>
As at 31 March 2016	
Assets	
Forward exchange contracts	<u>8</u>

As at 30 June 2016, the Group does not have any financial assets and liabilities measured at fair value.

(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 and 30 June 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's businesses include 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		Three months ended 30 June	
	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			<i>(Unaudited)</i>	
Revenue				
Sales of package tours	451,117	443,941	116,481	80,299
Margin income from sales of FIT products	4,383	4,009	958	752
Margin income from sales of ancillary travel related products and services	6,046	4,682	846	1,336
	<u>461,546</u>	<u>452,632</u>	<u>118,285</u>	<u>82,387</u>

(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 and the three months ended 30 June 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 and 30 June 2016, all non-current assets were located in Hong Kong.

6 Other income and other (losses)/gains, net

	Year ended 31 March		Three months ended 30 June	
	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000
				(Unaudited)
Other income				
Referral income	162	539	477	26
Subsidies (Note)	—	658	—	—
	<u>162</u>	<u>1,197</u>	<u>477</u>	<u>26</u>
Other (losses)/gains, net				
Exchange (losses)/gains, net	(1,607)	1,083	170	642
Fair value (loss)/gain on derivative financial instruments	(1,914)	20	(76)	18
(Loss)/gain on disposal of property, plant and equipment	(58)	126	130	—
	<u>(3,579)</u>	<u>1,229</u>	<u>224</u>	<u>660</u>

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/(loss) for each of the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015 and 2016 is stated after charging/(crediting) the following cost of sales, selling expenses and administrative expenses:

	Year ended 31 March		Three months ended 30 June	
	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			<i>(Unaudited)</i>	
Land costs (Note)	187,175	172,845	50,144	41,607
Air fare cost	205,916	196,101	44,877	28,619
Auditor's remuneration				
— Audit service	601	600	150	150
— Non-audit service	40	64	—	—
Employee benefits expenses, excluding benefits and interests of directors (Note 8)	19,169	23,997	5,139	6,162
Benefits and interests of directors (Note 9)	6,844	4,314	1,079	1,079
Depreciation of property, plant and equipment (Note 14)	671	1,005	202	297
Written off of other receivables	115	—	—	—
Operating lease rentals of:				
— Office and branches premises	6,088	6,909	1,898	2,042
— Equipment rental	271	235	76	112
Advertising and promotion	5,473	7,966	1,586	2,110
Exchange (gain)/loss	(5,958)	(331)	(1,974)	1,191
Credit card fee	3,929	4,100	1,071	908
Entertainment expenses	679	541	154	144
Office, telecommunication and utility expenses	1,882	2,080	414	313
Legal and professional fees	668	715	—	201
Professional expenses incurred in connection with the Company's listing	—	1,209	—	5,732
Others	4,869	4,277	984	694
	<u>438,432</u>	<u>426,627</u>	<u>105,800</u>	<u>91,361</u>

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 benefits expenses, excluding benefits and interests of directors

	Year ended 31 March		Three months ended 30 June	
	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			<i>(Unaudited)</i>	
Salaries, bonuses and allowances	17,078	21,678	4,652	5,728
Pension costs — defined contribution plan (<i>Note</i>)	1,332	1,400	260	354
Other employee benefits	759	919	227	80
	<u>19,169</u>	<u>23,997</u>	<u>5,139</u>	<u>6,162</u>

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 (April 2014 to May 2014: HK\$1,250) and thereafter contributions are voluntary.

No contribution was payable to the fund as at 31 March 2015. Contributions totalling HK\$401,000 and HK\$345,000 were payable as at 31 March 2016 and 30 June 2016, respectively.

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 and the three months ended 30 June 2015 and 2016 is set out below:

Year ended 31 March 2015

<u>Name</u>	<u>Fee</u>	<u>Salaries, other allowances and benefits</u>	<u>Discretionary bonuses</u>	<u>Defined contribution pension costs</u>	<u>Total</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<u>Executive directors</u>					
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
	<u>—</u>	<u>5,700</u>	<u>1,090</u>	<u>54</u>	<u>6,844</u>

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
<u>Executive directors</u>					
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

Three months ended 30 June 2015

Name	Fee	Salaries, other allowances and benefits	Discretionary bonuses	Defined contribution pension costs	Total
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
<u>Executive directors</u>					
Yuen Chun Ning (Chief Executive Officer)	—	255	—	4	259
Chan Suk Mei, Frances	—	450	—	5	455
Yuen Sze Keung, Frankie (Chairman)	—	360	—	5	365
	—	1,065	—	14	1,079

Three months ended 30 June 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
<u>Executive directors</u>					
Yuen Chun Ning (Chief Executive Officer)	—	255	—	4	259
Chan Suk Mei, Frances	—	450	—	5	455
Yuen Sze Keung, Frankie (Chairman)	—	360	—	5	365
	—	1,065	—	14	1,079

During the years ended 31 March 2015 and 2016 and the three months ended 30 June 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 and 30 June 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.

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 years ended 31 March 2015 and 2016 and the three months ended 30 June 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 management to the Group 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 Yiu Kin and Mr. Yen Yuen Ho Tony were appointed as the Company's independent non-executive directors ("INEDs") on 16 December 2016. During the Relevant Periods, the INEDs have not yet been appointed nor received any remuneration in the capacity of INED.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for each of the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015 and 2016 include 3, 3, 3 and 3 directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 2, 2, 2 and 2 individuals during the Relevant Periods are as follows:

	<u>Year ended 31 March</u>		<u>Three months ended 30 June</u>	
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			<i>(Unaudited)</i>	
Salaries, other allowances and benefits	924	1,700	429	438
Bonuses	108	143	—	—
Pension cost — defined contribution plan	35	36	9	9
	<u>1,067</u>	<u>1,879</u>	<u>438</u>	<u>447</u>

The emoluments fell within the following bands:

Emolument bands	Number of individuals			
	Year ended 31 March		Three months ended 30 June	
	2015	2016	2015	2016
			<i>(Unaudited)</i>	
HK\$Nil to HK\$500,000	—	—	2	2
HK\$500,001 to HK\$1,000,000	2	1	—	—
HK\$1,000,001 to HK\$1,500,000	—	1	—	—
	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

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		Three months ended 30 June	
	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			<i>(Unaudited)</i>	
Finance income				
Bank interest income	<u>1</u>	<u>2</u>	<u>—</u>	<u>—</u>
Finance costs				
Interest expense on obligations under finance leases	(8)	(25)	(4)	(5)
Bank overdraft	<u>(1)</u>	<u>(3)</u>	<u>—</u>	<u>(1)</u>
	<u>(9)</u>	<u>(28)</u>	<u>(4)</u>	<u>(6)</u>
Finance costs, net	<u>(8)</u>	<u>(26)</u>	<u>(4)</u>	<u>(6)</u>

11 Income tax expense/(credit)

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/(credit) charged to the combined statements of comprehensive income represents:

	Year ended 31 March		Three months ended 30 June	
	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			<i>(Unaudited)</i>	
Current income tax	3,318	4,886	2,175	—
Deferred income tax (Note 24)	27	191	50	(423)
	<u>3,345</u>	<u>5,077</u>	<u>2,225</u>	<u>(423)</u>

The tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the taxation rate in Hong Kong as follows:

	Year ended 31 March		Three months ended 30 June	
	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			<i>(Unaudited)</i>	
Profit/(loss) before income tax	<u>19,689</u>	<u>28,405</u>	<u>13,182</u>	<u>(8,294)</u>
Tax calculated at a tax rate of 16.5%	3,249	4,687	2,175	(1,369)
Income not subject to tax	(1)	(48)	(21)	—
Expenses not deductible for tax purpose	<u>97</u>	<u>438</u>	<u>71</u>	<u>946</u>
	<u>3,345</u>	<u>5,077</u>	<u>2,225</u>	<u>(423)</u>

12 Basic and diluted earnings/(loss) 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 and the three months ended 30 June 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	Website under construction	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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	<u>4,467</u>	<u>5,368</u>	<u>3,448</u>	<u>—</u>	<u>—</u>	<u>13,283</u>
Accumulated depreciation						
At 1 April 2014	(3,461)	(4,769)	(2,590)	—	—	(10,820)
Charge (<i>Note 7</i>)	(375)	(196)	(100)	—	—	(671)
Write-off	196	—	—	—	—	196
At 31 March 2015	<u>(3,640)</u>	<u>(4,965)</u>	<u>(2,690)</u>	<u>—</u>	<u>—</u>	<u>(11,295)</u>
Closing net book amount						
At 31 March 2015	<u><u>827</u></u>	<u><u>403</u></u>	<u><u>758</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>1,988</u></u>
Year ended 31 March 2016						
Cost						
At 1 April 2015	4,467	5,368	3,448	—	—	13,283
Additions	59	516	650	435	—	1,660
Transfer from prepayment	—	434	—	—	—	434
Disposals	(403)	(2,143)	(890)	—	—	(3,436)
At 31 March 2016	<u>4,123</u>	<u>4,175</u>	<u>3,208</u>	<u>435</u>	<u>—</u>	<u>11,941</u>
Accumulated depreciation						
At 1 April 2015	(3,640)	(4,965)	(2,690)	—	—	(11,295)
Charge (<i>Note 7</i>)	(367)	(297)	(280)	(61)	—	(1,005)
Disposals	403	2,139	890	—	—	3,432
At 31 March 2016	<u>(3,604)</u>	<u>(3,123)</u>	<u>(2,080)</u>	<u>(61)</u>	<u>—</u>	<u>(8,868)</u>
Closing net book amount						
At 31 March 2016	<u><u>519</u></u>	<u><u>1,052</u></u>	<u><u>1,128</u></u>	<u><u>374</u></u>	<u><u>—</u></u>	<u><u>3,073</u></u>

	<u>Leasehold improvements</u> <i>HK\$'000</i>	<u>Furniture, fixtures and equipment</u> <i>HK\$'000</i>	<u>Motor vehicles</u> <i>HK\$'000</i>	<u>Computer software</u> <i>HK\$'000</i>	<u>Website under construction</u> <i>HK\$'000</i>	<u>Total</u> <i>HK\$'000</i>
Three months ended						
30 June 2016						
Cost						
At 1 April 2016	4,123	4,175	3,208	435	—	11,941
Additions	—	55	—	—	—	55
Transfer from prepayment	—	—	—	—	1,993	1,993
At 30 June 2016	<u>4,123</u>	<u>4,230</u>	<u>3,208</u>	<u>435</u>	<u>1,993</u>	<u>13,989</u>
Accumulated depreciation						
At 1 April 2016	(3,604)	(3,123)	(2,080)	(61)	—	(8,868)
Charge (<i>Note 7</i>)	(68)	(82)	(125)	(22)	—	(297)
At 30 June 2016	<u>(3,672)</u>	<u>(3,205)</u>	<u>(2,205)</u>	<u>(83)</u>	<u>—</u>	<u>(9,165)</u>
Closing net book amount						
At 30 June 2016	<u>451</u>	<u>1,025</u>	<u>1,003</u>	<u>352</u>	<u>1,993</u>	<u>4,824</u>

Depreciation expenses of HK\$226,000, HK\$397,000, HK\$51,000 (unaudited) and HK\$113,000 has been charged in “administrative expenses” and HK\$445,000, HK\$608,000, HK\$151,000 (unaudited) and HK\$184,000 has been charged in “selling expenses” for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015 and 2016, respectively.

Motor vehicles include the following amounts where the Group is a lessee under finance leases:

	<u>As at 31 March</u>		<u>As at 30 June</u>
	<u>2015</u>	<u>2016</u>	<u>2016</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Costs	3,448	3,208	3,208
Accumulated depreciation	(2,690)	(2,080)	(2,205)
Net book amount	<u>758</u>	<u>1,128</u>	<u>1,003</u>

15 Financial instruments by category

	<u>As at 31 March</u>		<u>As at</u>
	<u>2015</u>	<u>2016</u>	<u>30 June</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2016</i>
			<i>HK\$'000</i>
Financial assets			
<u>Financial assets at fair value through profit or loss</u>			
Derivative financial instruments	—	8	—
<u>Loans and receivables</u>			
Trade receivables	2,630	226	79
Deposits and other receivables	30,824	15,990	14,137
Amount due from a related company	92	13	288
Cash and cash equivalents	54,516	71,622	76,909
	<u>88,062</u>	<u>87,851</u>	<u>91,413</u>
	<u>88,062</u>	<u>87,859</u>	<u>91,413</u>
Financial liabilities			
<u>Financial liabilities at fair value through profit or loss</u>			
Derivative financial instruments	771	—	—
<u>Other financial liabilities at amortised cost</u>			
Trade payables	5,186	5,027	6,990
Accruals and other payables	2,004	3,427	7,534
Amount due to a director	16	—	—
Amounts due to related companies	919	1,393	864
Obligations under finance leases	616	611	524
Dividend payable	2,000	—	—
	<u>10,741</u>	<u>10,458</u>	<u>15,912</u>
	<u>11,512</u>	<u>10,458</u>	<u>15,912</u>

16 Inventories

	<u>As at 31 March</u>		<u>As at</u>
	<u>2015</u>	<u>2016</u>	<u>30 June</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2016</i>
			<i>HK\$'000</i>
Merchandise for sales	—	431	1,000

The cost of inventories included in cost of sales during the years ended 31 March 2015 and 2016 and three months ended 30 June 2015 and 2016 amounted to approximately HK\$Nil, HK\$1,631,000, HK\$631,000 (unaudited) and HK\$1,081,000, 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 and 30 June 2016, the ageing analysis of trade receivables based on invoice date is as follows:

	<u>As at 31 March</u>		<u>As at 30 June</u>
	<u>2015</u>	<u>2016</u>	<u>2016</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
1 to 30 days	2,570	226	18
31 to 60 days	—	—	60
61 to 90 days	—	—	1
91 to 120 days	60	—	—
	<u>2,630</u>	<u>226</u>	<u>79</u>

As at 31 March 2015 and 2016 and 30 June 2016, trade receivables of HK\$89,000, HK\$Nil 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:

	<u>As at 31 March</u>		<u>As at 30 June</u>
	<u>2015</u>	<u>2016</u>	<u>2016</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
1 to 30 days	29	—	—
31 to 60 days	60	—	—
	<u>89</u>	<u>—</u>	<u>—</u>

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

	<u>As at 31 March</u>		<u>As at</u>
	<u>2015</u>	<u>2016</u>	<u>30 June</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2016</i>
			<i>HK\$'000</i>
Non-current portion			
Rental deposits	716	874	1,424
Prepayments for property, plant and equipment	434	—	—
Prepayments for website development costs	—	1,832	—
	<u>1,150</u>	<u>2,706</u>	<u>1,424</u>
Current portion			
Trade deposits	25,524	12,456	10,951
Rental, utilities and other deposits	1,362	980	739
Prepayments for professional fee incurred in connection with the Company's listing	—	1,453	2,315
Amounts due from employees	2,633	927	723
Other prepayments	785	909	1,173
Other receivables	589	753	300
	<u>30,893</u>	<u>17,478</u>	<u>16,201</u>

The carrying amounts of prepayment, deposits and other receivables approximate their fair values as at 31 March 2015 and 2016 and 30 June 2016.

Prepayments, deposits and other receivables are denominated in the following currencies:

	<u>As at 31 March</u>		<u>As at</u>
	<u>2015</u>	<u>2016</u>	<u>30 June</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2016</i>
			<i>HK\$'000</i>
HK\$	29,819	16,984	16,673
JPY	2,224	3,200	952
	<u>32,043</u>	<u>20,184</u>	<u>17,625</u>

19 Cash and cash equivalents

	<u>As at 31 March</u>		<u>As at</u>
	<u>2015</u>	<u>2016</u>	<u>30 June</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2016</i>
			<i>HK\$'000</i>
Cash on hand	5,588	3,012	1,428
Cash at bank	48,928	68,610	75,481
	<u>54,516</u>	<u>71,622</u>	<u>76,909</u>

Cash and cash equivalents are denominated in the following currencies:

	As at 31 March		As at
	2015	2016	30 June
	HK\$'000	HK\$'000	2016
			HK\$'000
HK\$	47,354	67,263	73,397
JPY	6,972	4,170	3,323
Others	190	189	189
	<u>54,516</u>	<u>71,622</u>	<u>76,909</u>

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 and 30 June 2016 were as follows:

	As at 31 March		As at
	2015	2016	30 June
	HK\$'000	HK\$'000	2016
			HK\$'000
1 to 30 days	3,756	4,418	6,033
31 to 60 days	644	258	238
61 to 90 days	294	60	300
91 to 120 days	410	276	155
Over 120 days	82	15	264
	<u>5,186</u>	<u>5,027</u>	<u>6,990</u>

The carrying amounts of trade payables approximate their fair values as at 31 March 2015 and 2016 and 30 June 2016 and are denominated in the following currencies:

	As at 31 March		As at
	2015	2016	30 June
	HK\$'000	HK\$'000	2016
			HK\$'000
HK\$	3,510	3,828	4,171
JPY	1,676	1,199	2,819
	<u>5,186</u>	<u>5,027</u>	<u>6,990</u>

22 Accruals and other payables and other non-current liabilities

	<u>As at 31 March</u>		<u>As at</u> <u>30 June</u>
	<u>2015</u>	<u>2016</u>	<u>2016</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other non-current liabilities			
Provisions for reinstatement cost	430	436	436
Long service payment	178	172	187
	<u>608</u>	<u>608</u>	<u>623</u>
Accruals and other payables			
Advanced receipts from customers	39,234	19,639	27,834
Accrued staff costs	1,321	1,732	1,530
Accrued professional fee in connection with the Company's listing	—	762	4,751
Other payables	2,507	2,665	2,783
	<u>43,062</u>	<u>24,798</u>	<u>36,898</u>

The carrying amounts of other payables approximate their fair values as at 31 March 2015 and 2016 and 30 June 2016.

As at 31 March 2015 and 30 June 2016, the carrying amounts of other payables were denominated in HK\$. As at 31 March 2016, majority of the balance were denominated in HK\$, except for certain other payables amounted to HK\$504,000 which were denominated in JPY.

23 Obligations under finance leases

	<u>As at 31 March</u>		<u>As at</u> <u>30 June</u>
	<u>2015</u>	<u>2016</u>	<u>2016</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Gross finance lease liabilities — minimum lease payments			
No later than 1 year	283	370	370
Later than 1 year and no later than 2 years	283	159	88
Later than 2 years and no later than 5 years	70	110	88
	636	639	546
Future finance charges on finance leases	(20)	(28)	(22)
	<u>616</u>	<u>611</u>	<u>524</u>
Present values of finance lease liabilities			
	616	611	524
The present values of finance lease liabilities are as follows:			
No later than 1 year	269	353	356
Later than 1 year and no later than 2 years	277	151	82
Later than 2 years and no later than 5 years	70	107	86
	<u>616</u>	<u>611</u>	<u>524</u>
Total obligations under finance leases	<u>616</u>	<u>611</u>	<u>524</u>

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% and 5.52% per annum as at 31 March 2015 and 2016 and 30 June 2016, respectively.

24 Deferred income tax

The analysis of deferred income tax assets and liabilities are as follows:

	As at 31 March		As at
	2015	2016	30 June
	HK\$'000	HK\$'000	2016
Deferred income tax assets			
— to be recovered after more than 12 months	244	102	525
Deferred income tax liabilities			
— to be recovered after more than 12 months	—	(49)	(49)
Deferred income tax assets, net	244	53	476

The net movements on the deferred income tax account is as follows:

	As at 31 March		As at
	2015	2016	30 June
	HK\$'000	HK\$'000	2016
At 1 April	271	244	53
(Charged)/credit to the combined statements of comprehensive income (Note 11)	(27)	(191)	423
Deferred income tax assets	244	53	476

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				As at 30 June				
	2015		2016		2016				
	HK\$'000		HK\$'000		HK\$'000				
	Decelerated		Decelerated		Decelerated		Decelerated		
	tax	Tax	tax	Tax	tax	Tax	tax	Tax	
	depreciation losses	Total depreciation losses	depreciation losses	Total depreciation losses	depreciation losses	Total depreciation losses	depreciation losses	Total	
Deferred income tax assets									
At 1 April	271	—	271	284	—	284	214	—	214
Recognised in profit or loss	13	—	13	(70)	—	(70)	—	423	423
Deferred income tax assets	284	—	284	214	—	214	214	423	637

	<u>As at 31 March</u>		<u>As at</u>
	<u>2015</u>	<u>2016</u>	<u>30 June</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2016</i>
			<i>HK\$'000</i>
Deferred income tax liabilities			
<u>Accelerated tax depreciation</u>			
At 1 April	—	(40)	(161)
Recognised in profit or loss	<u>(40)</u>	<u>(121)</u>	<u>—</u>
Deferred income tax liabilities	<u>(40)</u>	<u>(161)</u>	<u>(161)</u>

The Group has tax losses arising in Hong Kong of HK\$Nil, HK\$Nil, HK\$Nil and HK\$2,564,000 for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015 and 2016, which are available for offsetting against future taxable profits of the companies in which the losses arose. These tax losses are subject to further approval by relevant tax authority. The tax losses arising in Hong Kong do not have any expiry date.

Among the tax losses arising in Hong Kong, tax losses amounting HK\$Nil, HK\$Nil and HK\$2,564,000 has been recognised as deferred tax assets of HK\$Nil, HK\$Nil and HK\$423,000 as at 31 March 2015 and 2016 and the three months ended 30 June 2016 as the directors are of opinion that it is probable future taxable profits will be available against which these unused tax losses can be utilised.

25 Derivative financial instruments

	<u>As at 31 March</u>		<u>As at</u>
	<u>2015</u>	<u>2016</u>	<u>30 June</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2016</i>
			<i>HK\$'000</i>
Forward exchange contracts — at fair value through profit or loss			
— Current assets	—	8	—
— Current liabilities	<u>(771)</u>	<u>—</u>	<u>—</u>

During the years ended 31 March 2015 and 2016 and three months ended 30 June 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 and 30 June 2016 were HK\$6,000,000, HK\$1,372,000 and HK\$Nil respectively.

26 Cash generated from operations

	Year ended 31 March		Three months ended 30 June	
	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			<i>(Unaudited)</i>	
Profit/(loss) before income tax	19,689	28,405	13,182	(8,294)
Adjustments for:				
Depreciation of property, plant and equipment	671	1,005	202	297
Loss/(gain) on disposal of property, plant and equipment	58	(126)	(130)	—
Finance costs, net	8	26	4	6
Written off of other receivables	115	—	—	—
Fair value loss/(gain) on derivative financial instruments	771	(779)	(771)	8
Operating cash flows before changes in working capital	21,312	28,531	12,487	(7,983)
Changes in working capital:				
Inventories	—	(431)	(711)	(569)
Trade receivables	(2,168)	2,404	684	147
Prepayments, deposits and other receivables	(16,059)	13,923	3,660	3,042
Amount due from/(to) a director	16	(16)	(122)	—
Amounts due from/(to) related companies	3,448	553	(302)	(804)
Trade payables	(473)	(159)	3,176	1,963
Accruals, other payables and other non-current liabilities	2,570	(18,264)	(4,934)	11,954
Cash generated from operations	<u>8,646</u>	<u>26,541</u>	<u>13,938</u>	<u>7,750</u>

In the combined statements of cash flows, proceeds from disposal of property, plant and equipment comprise:

	Year ended 31 March		Three months ended 30 June	
	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			<i>(Unaudited)</i>	
Cost disposed (<i>Note 14</i>)	254	3,436	890	—
Accumulated depreciation (<i>Note 14</i>)	(196)	(3,432)	(890)	—
(Loss)/gain on disposal of property, plant and equipment (<i>Note 7</i>)	(58)	126	130	—
Proceeds from disposal of property, plant and equipment	<u>—</u>	<u>130</u>	<u>130</u>	<u>—</u>

27 Contingencies

As at 31 March 2015 and 2016 and 30 June 2016, the Group did not have any significant contingent liabilities.

28 Commitments**(a) Capital commitment**

Capital expenditure contracted for at the end of the year ended 31 March 2015 and 2016 and period ended 30 June 2016 but not provided is as follows:

	<u>As at 31 March</u>		<u>As at</u>
	<u>2015</u>	<u>2016</u>	<u>30 June</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2016</i>
			<i>HK\$'000</i>
Website development	<u>—</u>	<u>1,896</u>	<u>1,716</u>

Subsequent to the Relevant Periods, capital expenditure authorised by the directors is as follows:

	<i>HK\$'000</i>
Property, plant and equipment	<u>195</u>

(b) Operating lease commitments

As a lessee

As at 31 March 2015 and 2016 and 30 June 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		As at
	2015	2016	30 June
	HK\$'000	HK\$'000	2016
			HK\$'000
No later than one year	4,550	5,513	4,517
Later than one year and no later than five years	4,102	2,967	2,949
	<u>8,652</u>	<u>8,480</u>	<u>7,466</u>

Subsequent to the Relevant Periods, the Group leases a new branch under a non-cancellable operating lease agreement. The lease term is for 3 years with no early termination clause.

The future aggregate minimum lease payment under non-cancellable operating lease for this new branch are as follows:

	HK\$'000
No later than one year	1,165
Later than one year and no later than five years	3,108
	<u>4,273</u>

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 and for the three months ended 30 June 2015 and 2016:

<u>Name of related party</u>	<u>Relationship with the Group</u>
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
HCONY Consultancy Limited	Controlled by the Ultimate Controlling Shareholder
Japan Super Company Limited	Controlled by the Ultimate Controlling Shareholder
JCS 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

Other than disclosed elsewhere in this report, the following transactions were undertaken by the Group with related parties during the Relevant Periods:

	Year ended 31 March		Three months ended 30 June	
	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			<i>(Unaudited)</i>	
<u>Continuing transactions:</u>				
Rental expenses				
Sky Right Investment Limited	2,712	2,712	678	678
Venue fee				
HCHY Consultancy Limited	373	343	100	66
Tour bus services fee				
JCS Limited	12,314	13,622	3,563	3,765
Booking services fee				
Y's Japan Limited	2,610	2,398	575	647
<u>Discontinued transactions:</u>				
Purchase of theme park admission tickets				
HCHY 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		As at 30 June
	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000
Yuen Sze Keung, Frankie	(16)	—	—

(d) Amounts due from/(to) related companies

As at 31 March 2015 and 2016 and 30 June 2016, there was no impairment for the amounts due from related companies, as the amounts have not been past due and they have no history of default in payment.

	As at 31 March		As at 30 June
	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000
Amount due from related companies			
— Japan Super Company Limited	92	13	—
— Y's Japan Limited	—	—	288
	<u>92</u>	<u>13</u>	<u>288</u>
Amounts due to related companies			
— Y's Japan Limited	(45)	(77)	—
— JCS Limited	(566)	(1,316)	(845)
— HCNV Consultancy Limited	(308)	—	(19)
	<u>(919)</u>	<u>(1,393)</u>	<u>(864)</u>

Amount due from a related company is unsecured, interest-free, repayable on demand and denominated in HK\$, except for the amount due from Y's Japan Limited which is denominated in JPY.

Amounts due to related companies arise from trading activities are unsecured, interest-free, repayable on demand and are denominated in JPY, except for the amount due to HCNV Consultancy Limited which is denominated in HK\$.

(e) Guarantees and security

Other than disclosed in Note 3.1(c), a director of the Company has given personal guarantees in relation to an operating lease agreement entered into by the Group. The personal guarantees received in relation to this operating lease has been released subsequent to the period ended 30 June 2016.

The guarantees and security received by the Group as disclosed in Note 3.1(c) will be released upon Listing.

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.

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 30 June 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 30 June 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, as set forth in Appendix I to this prospectus, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the "Financial Information" and the Accountant's Report set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA COMBINED NET TANGIBLE ASSETS

The following statement of unaudited pro forma combined net tangible assets of the Group has been prepared, on the basis of the notes set forth below, for the purpose of illustrating the effect of the Share Offer as if it had taken place on 30 June 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 the Group had the Share Offer been completed as at 30 June 2016, or at any future date.

	Audited combined net tangible assets of the Group attributable to owners of the Company as at 30 June 2016 (Note 1) <i>HK\$'000</i>	Estimated net proceeds from the Share Offer (Note 2) <i>HK\$'000</i>	Unaudited pro forma combined net tangible assets <i>HK\$'000</i>	Unaudited pro forma combined net tangible assets per Share <i>(Note 3)</i> <i>HK\$</i>
Based on the Offer Price of HK\$0.8 per Offer Share	<u>52,837</u>	<u>66,885</u>	<u>119,722</u>	<u>0.30</u>
Based on the Offer Price of HK\$0.4 per Offer Share	<u>52,837</u>	<u>28,085</u>	<u>80,922</u>	<u>0.20</u>

Notes:

- (1) The balances represent the audited combined net tangible assets of the Group as at 30 June 2016 as extracted from the Accountant's Report as set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Share Offer are based on the minimum and maximum Offer Price of HK\$0.40 and HK\$0.80 per Offer Share, respectively, after deduction of estimated expenses for the Share Offer payable by the Company.
- (3) The unaudited pro forma combined net tangible assets per Share are determined after the adjustments as described in notes 1 and 2 above and on the basis that 400,000,000 Shares are issued and outstanding as set out in "Share Capital".
- (4) The unaudited pro forma financial information presented above does not take into account of any trading or other transactions subsequent to the date of the financial statements included in the unaudited pro forma financial information (i.e. 30 June 2016).

B. REPORT FROM THE REPORTING ACCOUNTANT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of WWPKG Holdings Company Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of WWPKG Holdings Company Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Group as at 30 June 2016, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 of the Company's prospectus dated 30 December 2016, in connection with the proposed initial public offering of the shares of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed initial public offering on the Group's financial position as at 30 June 2016 as if the proposed initial public offering had taken place at 30 June 2016. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial information for the period ended 30 June 2016, on which an accountant's report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies

and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed initial public offering at 30 June 2016 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the Listing Rules.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 30 December 2016

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 conditionally adopted on 16 December 2016 and will become effective on Listing Date. 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 authorised 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 authorised 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 summarised financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarised financial statements instead of the full financial statements. The summarised 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 summarised 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 12 July 2016.

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 authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

(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 prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

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, 28 Canton Road, Tsim Sha Tsui, Kowloon and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 7 July 2016. Our Company has appointed Mr. SK Yuen and Mr. CN Yuen as its authorised representatives for the acceptance of service of process and notices in Hong Kong.

Pursuant to a written resolution of our Shareholder passed on 10 August 2016, our Company has adopted the dual foreign name, “縱橫遊控股有限公司”. On 15 September 2016, a certificate of registration of alteration of name of registered non-Hong Kong company was issued to our Company with our current name, “WWPKG Holdings Company Limited 縱橫遊控股有限公司”.

As our Company was incorporated in the Cayman Islands, we operate subject to the Companies Law and 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 prospectus.

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, one 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 respectively to WWPKG Investment credited as fully paid as consideration for the acquisition of 51,180 shares and 47,530 shares respectively in PTHK, being approximately 98.71% of its then entire issued share capital in aggregate, 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 respectively to WWPKG Investment credited as fully paid as consideration for the acquisition of 12,500 shares and 2,500 shares respectively in Worldwide Package, being its then entire issued share capital in aggregate, from Ms. Chan and Mr. CN Yuen, by WWPKG Management.

Pursuant to the written resolutions of our Shareholder passed on 16 December 2016, 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 Share Offer 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\$4,000,000 divided into 400,000,000 Shares fully paid or credited as fully paid. Save as disclosed in this prospectus, 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 prospectus, 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 16 December 2016

On 16 December 2016, resolutions in writing were passed by our Shareholder pursuant to which, among other matters:

- (a) our Company approved and conditionally adopted the Memorandum and the Articles which will become effective on Listing Date, 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 prospectus;
- (b) conditional on (i) the Listing Division granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus; and (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and the Underwriting Agreements not being terminated in accordance with the terms of the Underwriting Agreements or otherwise:
 - (i) the Share Offer was approved and our Directors were authorised to allot and issue the Offer Shares pursuant to the Share Offer;
 - (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 Share Offer, our Directors were authorised to capitalise an amount of HK\$2,999,900 standing to the credit of the share premium account of our Company and to appropriate such amount as capital to pay up in full at par 299,990,000 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 Share Offer or a specific authority granted by our Shareholders) Shares with an aggregate nominal value not exceeding 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue, until the conclusion of the next annual general meeting of our Company, 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 our Shareholders revoking or varying the authority given to our Directors, whichever occurs first;

- (v) a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase such number of Shares as will represent up to 10% of the aggregate of the nominal value of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of the options that may be granted under the Share Option Scheme, 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 our Shareholders revoking or varying the authority given to our Directors, whichever occurs first; and
- (vi) the extension of the general mandate as mentioned in paragraph (iv) above by the addition to the aggregate number of the share capital of our Company which may be allotted or agreed to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate number of the share capital of our Company repurchased by our Company pursuant to paragraph (v) above, provided that such extended amount shall not exceed 10% of the aggregate nominal value of the share capital of our Company in issue immediately following the Share Offer and the Capitalisation Issue but excluding any Shares which may be issued upon the exercise of the options that may be granted under the Share Option Scheme.

4. Corporate reorganisation

In preparation for the Listing, 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 prospectus.

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 prospectus.

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 prospectus.

7. Repurchase of our own securities

This paragraph includes information required by the Stock Exchange to be included in this prospectus 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 16 December 2016, a general unconditional mandate (the "**Repurchase Mandate**") was given to our Directors authorising 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 16 December 2016".

(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, the GEM Listing Rules and the applicable laws and regulations of the Cayman Islands.

(iii) Core connected persons

The GEM Listing Rules prohibit a company from knowingly repurchasing securities on the Stock Exchange from a "core connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or his or her or its close associates and a core connected person shall not knowingly sell his or her or its securities to such company.

(iv) Status of repurchased Shares

The listing of all repurchased Shares (whether offered on the Stock Exchange or otherwise) on GEM will automatically be cancelled and the certificates for those Shares shall be cancelled and destroyed.

(v) Trading restrictions

The total number of shares which a listed company may repurchase on GEM is the number of shares representing up to a maximum of 10% of the aggregate number of shares of that company in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or higher than the average closing market price for the five preceding trading days on which its shares were traded on GEM. The GEM Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant minimum prescribed percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(vi) Suspension of repurchase

A listed company may not make any repurchase of securities on the Stock Exchange at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of a listed company's results for any year, half-year, quarter-year or any other interim period (whether or not required under the GEM Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year, half-year or quarter-year under the GEM Listing Rules, or any other interim period (whether or not required under the GEM Listing Rules), and ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on GEM if a listed company has breached the GEM Listing Rules.

(vii) Reporting requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of

securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(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, the GEM Listing Rules 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 400,000,000 Shares in issue immediately after completion of the Share Offer and the Capitalisation Issue (but taking no account of any Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), could accordingly result in up to 40,000,000 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, 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 prospectus) 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 Listing. 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 Listing.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falls below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the GEM Listing Rules from time to time).

No core connected person 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 in the six months prior to the Latest Practicable Date, and in fact 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 prospectus and are or may be material:

- (a) the sale and purchase agreement dated 5 July 2016 and made among Ms. Chan, Mr. SK Yuen, WWPKG Management and our Company, pursuant to which WWPKG Management agreed to acquire 51,180 shares and 47,530 shares respectively in PTHK (being approximately 98.71% of the entire issued share capital of PTHK in aggregate) at the consideration of WWPKG Management procuring our Company to allot and issue 2,521 Shares and 2,342 Shares respectively to WWPKG Investment credited as fully paid;
- (b) the sale and purchase agreement dated 5 July 2016 and made among 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 in aggregate) at the consideration of WWPKG Management procuring our Company to allot and issue 4,280 Shares and 856 Shares respectively to WWPKG Investment credited as fully paid;
- (c) the agreement for assignment of trademark dated 5 July 2016 with respect to the transfer of the trademark as set out in the schedule to such deed from HCN Y Consultancy Limited to PTHK at a consideration of HK\$100;
- (d) the Deed of Non-competition;
- (e) the Deed of Indemnity; and
- (f) the Public Offer Underwriting Agreement.








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:

No.	Trademark	Registration no.	Trademark owner	Class(es)	Expiry date
1.		300017126	PTHK	39	11 May 2023
2.		300098974	PTHK	39,43	22 October 2023
3.		301715553	PTHK	39,43	14 September 2020
4.		301707994	PTHK	39,43	5 September 2020
5.		303737683	Worldwide Package	39,43	7 April 2026
6.		303737674	PTHK	39,43	7 April 2026

(ii) 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.		19611171	PTHK	China	39	13 April 2016
3.		19611172	PTHK	China	43	13 April 2016
4.		19611173	PTHK	China	39	13 April 2016
5.		19611174	PTHK	China	43	13 April 2016
6.		19611175	Worldwide Package	China	43	13 April 2016
7.		19611176	Worldwide Package	China	39	13 April 2016

(b) Domain name

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	<u>wwpkg.com.hk</u>	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 Share Offer 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

<u>Name</u>	<u>Nature of interest</u>	<u>Number of Shares (L) ^(Note 1)</u>	<u>Percentage of shareholding</u>
Ms. Chan ^(Note 2)	Interest in a controlled corporation	300,000,000	75%
Mr. SK Yuen ^(Note 2)	Interest in a controlled corporation	300,000,000	75%

Notes:

- (1) The letter "L" denotes the long position in our Shares.
- (2) 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 and Mr. SK Yuen are parties acting jointly and comprise a group of Controlling Shareholders. Ms. Chan and Mr. SK Yuen are therefore deemed to be interested in all the Shares held by WWPKG Investment under the SFO.

Interests in associated corporation of our Company

<u>Name of Director</u>	<u>Name of associated corporation</u>	<u>Nature of interest</u>	<u>Number of shares (L)^(Note 1)</u>	<u>Approximate percentage of shareholding</u>
Ms. Chan ^(Note 2)	WWPKG Investment	Beneficial owner	9,144	91.44%
Mr. SK Yuen ^(Note 2)	WWPKG Investment	Beneficial owner	9,144	91.44%
Mr. CN Yuen	WWPKG Investment	Beneficial owner	856	8.56%

Notes:

- (1) The letter “L” denotes the long position in the shares of the associated corporation.
- (2) Ms. Chan and Mr. SK Yuen are parties acting jointly and comprise a group of Controlling Shareholders. Hence, they are deemed to be interested in all the Shares held by WWPKG Investment by virtue of the SFO.

Save as disclosed above, immediately following completion of the Share Offer 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 Share Offer 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 our Company) who will have interests or short positions in the Shares and underlying Shares which are required 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 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:

<u>Name</u>	<u>Nature of interest</u>	<u>Number of Shares</u> (L) <i>(Note 1)</i>	<u>Percentage of shareholding</u>
WWPKG Investment ^(Note 2)	Beneficial owner	300,000,000	75%

Notes:

- (1) The letter “L” denotes the long position in our Shares.
- (2) 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.

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 Share Offer 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 Share Offer 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 Listing 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 Listing 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 the years ended 31 March 2015 and 2016 and the three months ended 30 June 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, HK\$4.3 million and HK\$1.1 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 the Track Record Period.

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:

<u>Name of Director</u>	<u>Annual remuneration</u> (HK\$)
<i>Executive Directors</i>	
Mr. SK Yuen	1,440,000
Ms. Chan	1,800,000
Mr. CN Yuen	1,020,000
<i>Independent non-executive Directors</i>	
Mr. Lam Yiu Kin	200,000
Mr. Yen Yuen Ho Tony	160,000
Mr. Ho Wing Huen	160,000

3. Related party transactions

Our Group was engaged in related party transactions as described in note 29 to the Accountant's Report set out in Appendix I to this prospectus and "Connected Transactions".

4. Disclaimers

Save as disclosed in this prospectus:

- (a) none of our Directors nor any of the persons whose names are listed in "— E. Other information — 6. 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 prospectus, 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 — 6. Qualifications of experts" is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group;

- (c) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;
- (d) none of our Directors or their respective close associates or any of our existing Shareholders (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 Group;
- (e) none of our Directors or their respective close associates or any of our existing Shareholders (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 Group; and
- (f) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

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 sole 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. The basis of eligibility shall be determined by the Board from time to time.

(b) Grant and acceptance of options

On and subject to the terms of the Share Option Scheme and all applicable statutory requirements, our Board shall be entitled at any time within 10 years after the adoption date of the Share Option Scheme to make an offer to any Eligible Participants as our Board may in its absolute discretion select to subscribe for such number of Shares as our Board may determine at the subscription price. 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 21 days from the date of the offer or within such time as may be determined by our Board pursuant to the GEM Listing Rules. To the extent that the offer to grant an option is not accepted and received by our Company within 21 days in the manner indicated in the offer letter of our Company, it will be deemed to have been irrevocably declined and the offer will lapse.

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 absolute 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 consecutive 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 (ii) 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 Listing Date. On the basis of a total of 400,000,000 Shares in issue as at the Listing Date, the relevant limit will be 40,000,000 Shares which represent 10% of the issued Shares at the Listing Date. Our Company may seek approval of the Shareholders in general meeting to renew the scheme mandate limit such that the total number of Shares in respect of which options may be granted by our Directors under the Scheme and any other share option schemes of our Company shall not exceed 10% of the issued share capital of our Company. Options previously granted under the scheme (including those outstanding, cancelled, lapsed in accordance with the scheme or exercised options) shall not be counted for the purpose of calculating the Renewal Limit.

Our Company may authorise our Directors to grant options to specified Eligible Participants beyond the limit of 10% if the grant of such options is specifically

approved by the Shareholders in general meeting. In such case, our Company must send a circular to our Shareholders in connection with the general meeting at which their approval will be sought containing a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the option to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the terms of the options serve such purpose, the information and the disclaimer required under the GEM Listing Rules and such further information as may be required by the Stock Exchange from time to time.

- (ii) 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 our Shareholders in the manner set out below, the total number of Shares issued and to be issued upon exercise of the options granted and to be granted pursuant to the scheme and any other share option schemes of our Group (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 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). 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 our 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 our 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 remittance for the full amount of the subscription price for Shares in respect of which the notice is given. Within 30 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 and instruct the relevant share registrar to issue to the grantee (or his personal representative(s)) a share certificate in respect of the Shares so allotted.

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 or transferrable and no grantee shall in any way sell, transfer, charge, mortgage, encumber, assign 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*

Unless our Board otherwise determines, 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 misconduct, or has been in breach of a material term of the relevant employment contract, 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.

(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*

Our Board may, with the consent of the relevant grantee in writing, at any time at its absolute discretion, cancel any option granted but not exercised. 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 our 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);
 - ii. the subscription price;
 - 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 appointed by our Company 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 our 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.

(I) *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 prior to the expiry of the option period, the grantee shall, notwithstanding any other term on which his options were granted, be entitled to exercise the option (to the extent to which it has become exercisable and not already exercised) to its full extent at any time thereafter and up to the close of such offer).

(m) *Rights on winding up*

If 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 day as or soon after it despatches such notice to each member of our Company give notice thereof to all the grantees and thereupon, each grantee (or his respective personal representative(s)) may, subject to the provisions of all applicable laws, by notice in writing to our Company, accompanied by the remittance of the

subscription price in respect of the relevant option (such notice to be received by our Company not later than two business days prior to the proposed general meeting of our Company) exercise the option (to the extent which has become exercisable and not already exercised) whether in full or in part and 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 such number of Shares to the grantee which may fall to be issued on such exercise credited as fully paid and register the grantee as holder of such Shares.

(n) *Rights on a compromise or arrangement*

Other than a general or partial offer or a scheme of arrangement contemplated in paragraph (o) below, if a compromise or arrangement between our Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies, our Company shall give notice thereof to all the grantees on the same day as it despatches the notice which is sent to each member or creditor of our Company summoning the meeting to consider such a compromise or arrangement, and thereupon each grantee (or his personal representative(s)) may by notice in writing to our Company accompanied by the remittance of the subscription price in respect of the relevant Option (such notice to be received by our Company not later than two business days before the proposed meeting) exercise any of his Options (to the extent which has become exercisable and not already exercised) whether in full or in part, but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court of competent jurisdiction and becoming effective. 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 meeting referred to above, allot and issue such number of Shares to the grantee which may fall to be issued on such exercise credited as fully paid and register the grantee as holder of such Shares. Upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as previously exercised under the scheme. Our Company may require the Grantee (or his personal representative(s)) to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

(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 and has been approved by the necessary number of holders of Shares at the requisite meetings, the grantee (or his personal representative(s)) may thereafter (but only until such time as shall be notified by our Company, after which it shall lapse) exercise the option (to the extent which has become exercisable and not already exercised) to its full extent or to the extent specified in such notice.

(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 of their allotment and issue (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 and issued 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 our Shareholders in general meeting;
- ii. any alteration to the terms and conditions of the Share Option Scheme which are of a material nature or change the authority of our Board must be approved by our 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 our 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 Committee granting the listing 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;
- iii. the passing of the necessary resolution to approve and adopt the Share Option Scheme by our 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; and
- iv. the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, following the waiver(s) of any conditions by the Sole Global Coordinator (for itself and on behalf of the Underwriters) and not being terminated in accordance with their terms or otherwise.

(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 our Shareholders by way of a poll in general meeting. The proposed grantee, his associates and all core connected persons of our Company must abstain from voting at such general meeting. Any vote taken at the meeting to approve the grant of such options must be taken on a poll. Our Company must send a circular to its Shareholders. 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 our 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, a breach of a material term of employment contract, 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 our 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 and the GEM Listing Rules.

(w) *Disputes*

Any dispute arising in connection with the Share Option Scheme (whether as to the number of Shares of an option, any of the matters referred to in paragraph (k) or above or otherwise) 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 listing 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, being 40,000,000 Shares in total, which shall represent 10% of the Shares in issue upon completion of the Share Offer.

As at the date of this prospectus, 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.

(z) *Disclosure in annual and interim reports*

Our Directors shall procure that details of the Share Option Scheme and other schemes of our Company and its subsidiaries are disclosed in the annual reports and interim reports of our Company in compliance with the GEM Listing Rules in force from time to time.

As at the Latest Practicable Date, no option had been granted or agreed to be granted under the Share Option Scheme.

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 entered into the Deed of Indemnity in favour of our Company (for itself and as trustee of other members of our Group (the “**Group Member(s)**”) pursuant to which, the Indemnifiers have agreed and undertaken, jointly and severally, that he/she/it will indemnify and at all times keep them and each of them indemnified on demand on a full indemnity basis against any depletion in or reduction in value of their respective assets, or increase in their respective liabilities, or any payment made or required to be made by any of the Group Members, or any increase in the liabilities, or loss, modification, cancellation, reduction or deprivation of any relief, at any of the Group Members, as a direct or indirect consequence of, and in respect of any amount which the Group Members or any of them may thereafter become liable to pay, being:

- (a) any duty which is or thereafter becomes payable by the Group Members or any of them by virtue of section 35 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) (the “**Estate Duty Ordinance**”) and under the provisions of section 43 of the Estate Duty Ordinance by reason of the death of any person and by reason of the assets of the Group Members or any of such assets being deemed for the purpose of estate duty to be included in the property passing on his death by reason of that person making or having made a relevant transfer to the Group Members or any of them at any time prior to the date on which the Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect (being 11 February 2006, the “**Abolition Date**”); and/or
- (b) any amount recovered (now or hereafter) against the Group Members or any of them under the provisions of section 43(7) of the Estate Duty Ordinance in respect of any duty payable under section 43(1) of the Estate Duty Ordinance by reason of the death of any person and by reason of the assets of the Group Members or any of such assets being deemed for the purpose of estate duty to be included in the property passing on his death by reason of that person making or having made a relevant transfer to the Group Members or any of them at any time on or prior to the Abolition Date; and/or
- (c) any amount of duty which the Group Members or any of them is obliged to pay by virtue of section 43(1)(c) of the Estate Duty Ordinance in respect of the death of any person in any case where the assets of another company or any of them are deemed for the purpose of estate duty to be included in the property passing on that person’s death by reason of that person making or

having made a relevant transfer to that other company and by reason of the Group Members or any of them having received any distributed assets of that other company on their distribution within the meaning of the Estate Duty Ordinance, in each case at any time on or prior to the Abolition Date, but only to the extent to which the Group Members or any of them are/is (after taking such steps as are reasonable having regard to the circumstances prevailing at the relevant time) unable to recover an amount or amounts in respect of that duty from any other person under the provisions of section 43(7)(a) of the Estate Duty Ordinance.

The Indemnifiers have also agreed and undertaken, jointly and severally, to indemnify our Company and each Group Member on demand and at all times to keep the same indemnified on demand on a full indemnity basis from and against:-

- (a) the amount of any and all taxation falling on any of the Group Members
 - (i) resulting from or by reference to any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring (or deemed to be so earned, accrued, received, entered into or occurring) on or before the Listing Date (the “**Effective Date**”); (ii) resulting from or by reference to any event occurring or deemed to occur on or before such date whether alone or in conjunction with another event or other events; or (iii) in respect of or in consequence of any act or omission of any of the Group Members regarding the inter-companies transactions on or before the Effective Date; (iv) in conjunction with any other circumstances whenever occurring and whether or not such taxation is chargeable against or attributable to any other person, firm or company, including any and all taxation resulting from the receipt by any of the Group Members of any amounts paid by the Indemnifiers under the Deed of Indemnity; or (v) by reason of any transfer of any property to any of the Group Members or to any other person, entity or company made or deemed to have been made on or before the Effective Date, whether or not such taxation is chargeable against or attributable to any other person, firm or company, unless such liability to taxation is also discharged by such other person, firm or company;
- (b) any liability for Hong Kong estate duty which might be incurred by any Group Member by reason of any transfer of property (within the meaning of sections 35 and 43 of the Estate Duty Ordinance or the equivalent or similar thereof under the laws of any jurisdictions outside Hong Kong) to a member of our Group on or before Listing;
- (c) all actions, claims, losses, damages, costs (including all legal costs), expenses, demands, proceedings, judgements, charges, fees, penalties, fines or other liabilities which any of the Group Members may make, suffer or incur in connection with, but without limitation to the generality of the foregoing:-
 - (i) the investigation, assessment or the contesting of any taxation claim;

- (ii) the settlement of any taxation claim;
- (iii) any litigation, arbitration, legal proceedings and/or non-compliance of the Group Members with any applicable laws, rules and regulations in Hong Kong or any other jurisdictions by any Group Company on or before the Effective Date, including without limitation all incidents of non-compliance, violation or breach as disclosed in this prospectus, in which any of the Group Members claims under or in respect of the Deed of Indemnity and in which award, decision or judgment is given for any of the Group Members; and
- (iv) the enforcement of any such settlement, judgment or award.

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.

The Indemnifiers will, however, not be liable for any taxation or taxation claim to the extent that, among others:

- (a) full provision has been made for such taxation in the consolidated audited accounts of our Company or the audited accounts of any Group Member;
- (b) the taxation liability arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law or the interpretation or practice, or a retrospective increase in tax rates coming into force after the Effective Date; and
- (c) the taxation liability arises as a result of transactions entered into by any of the Group Members in the ordinary course of business after the Effective Date.

The Indemnifiers have further agreed and undertaken, jointly and severally, unconditionally and irrevocably to fully and effectually indemnify our Company and other Group Members and at all times to keep the same indemnified on demand from and against all claims, actions, demands, proceedings, judgments, losses, liabilities, damages, costs, charges, fees, expenses, interests, penalties and fines of whatever nature suffered or incurred directly or indirectly by any of the Group Members as a result of or in connection with any litigation, arbitration, claims (including counter-claims), complaints, demands, and/or legal proceedings instituted by or against our Company or any Group Member on or before the Effective Date.

2. Litigation

As at the Latest Practicable Date, no member of our Group is engaged in any litigation, claim or arbitration of material importance and no litigation, arbitration or claim of material

importance is known to our Directors to be pending or threatened against any member of our Group, that would have a material adverse effect on our financial condition and results of operation.

3. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Listing Division for the listing of, and permission to deal in, the Shares in issue and 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 listing of the Shares on the Stock Exchange is HK\$3.9 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 prospectus, no cash, securities or other benefits have been paid, allotted or given to any promoters in connection with the Share Offer or the related transactions described in this prospectus.

6. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

<u>Name</u>	<u>Qualification</u>
Lego Corporate Finance Limited	A licensed corporation under the SFO to engage in type 6 (advising on corporate finance) regulated activity as defined under the SFO
Appleby	Legal advisers to our Company as to Cayman Islands 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
Queenie W.S. Ng	Barrister-at-law in Hong Kong

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 prospectus 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 prospectus 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 as referred to in “Underwriting — Underwriting arrangements and expenses — Commission and expenses”.

10. Registration procedures

The register of members of our Company will be maintained in the Cayman Islands by Estera Trust (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. 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 Hong Kong Branch Share Registrar 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 prospectus, within the two years immediately preceding the date of this prospectus:
 - (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 30 June 2016, being the date of our latest audited combined financial information 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 prospectus.
- (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 prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). The English text of this prospectus shall prevail over the Chinese text.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) the Application Forms;
- (b) the written consents referred to in “Statutory and General Information — E. Other information — 7. Consents of experts” in Appendix IV to this prospectus; 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 prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Fairbairn Catley Low & Kong at 23/F, 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 the date which is 14 days from the date of this prospectus:

- (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 prospectus;
- (c) the audited combined financial statements of our Group for each of the two years ended 31 March 2016 and the three months ended 30 June 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 prospectus;
- (e) the letter prepared by Appleby summarising certain aspects of Cayman Islands company law as referred to in Appendix III to this prospectus;
- (f) the legal opinion issued by Ms. Queenie W.S. Ng, our legal counsel as to Hong Kong law;
- (g) the legal opinion issued by Soga Law Office in respect of certain aspects of our Group;
- (h) the CH Report;
- (i) the rules of the Share Option Scheme;
- (j) the Companies Law;
- (k) 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 prospectus;

- (l) 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 prospectus; and
- (m) the written consents referred to in “Statutory and General Information — E. Other information — 7. Consents of experts” in Appendix IV to this prospectus.

