

專業旅運(亞洲)企業有限公司

Travel Expert (Asia) Enterprises Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1235



Annual Report
2015



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

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

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Ms. Cheng Yin Wah

AUDITOR

BDO Limited

PRINCIPAL BANKER

Hang Seng Bank Limited

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY WEBSITE

www.travelexpert.com.hk

STOCK CODE

The Stock Exchange of Hong Kong Limited: 1235



FINANCIAL HIGHLIGHTS

	Notes	2015 HK\$'000	2014 HK\$'000	Year-on-Year change
Profitability				
Gross sales proceeds (excluding our own tour business)		1,987,317	1,873,270	+6.1%
Revenue				
— Service income from sales of travel related products		333,255	313,897	+6.2%
— Sales of package tours		40,315	—	+100%
— Rental income from investment property		2,004	1,930	+3.8%
		375,574	315,827	+18.9%
Profit attributable to owners of the Company		45,406	43,268	+4.9%
Earnings per share — Basic (HK cents)	1	8.8	8.5	+3.5%

Financial ratio

Return on equity (%)	2	25.2%	28.0%
Current ratio (time)	3	1.23	1.18
Gearing ratio (%)	4	12.2%	15.9%

Notes:

- 1 The calculation of the basic earnings per share is based on 513,579,000 (2014: 509,595,000) weighted average number of ordinary shares in issue during the year.
- 2 Return on equity is calculated based on the profit for the year attributable to owners of the Company divided by the equity attributable to owners of the Company at the end of the year and multiplied by 100%.
- 3 Current ratio is calculated based on the total current assets divided by the total current liabilities at the end of the year.
- 4 Gearing ratio is calculated based on the bank borrowings (excluding the short-term other borrowings) divided by the total equity at the end of the year and multiplied by 100%.



CHAIRMAN'S STATEMENT

Dear Honorable Shareholders,

I am pleased to report that the Group achieved a reasonable business result for the year ended 31 March 2015 despite that there was a downturn in the Group's profit in the first half of the year. As mentioned in the interim report for the six months ended 30 September 2014, the drop of the Group's profit in the first half of the year was mainly due to the significant investment in the new setup of business line, Premium Holidays (尊賞假期). In addition, the Group committed substantial resources on various IT projects through the setup of AppoMax Technology Limited (亞寶邁科技有限公司), a non-wholly owned subsidiary.

Thanks to the great effort of our management team and staff members, we managed to boost and recover the business result in the second half of year. The increase in the sales performance was partly attributed to the strong appreciation of US dollar against major currencies, and so did Hong Kong dollar due to its pledge to the US dollar. The favorable Hong Kong dollar exchange rate movement greatly stimulated the travel desire of customers. Furthermore, the management team implemented measures to control the operating cost effectively that eventually resulted in a growth of the Group's profit for the whole year.

It is recognized that the Group operates in a highly competitive industry which faces rapid changes in market trends, consumer preferences and severe competition. Furthermore, the market competition further intensified with the penetration of budget airlines, online travel agencies, online sales channels and websites of hotels and airlines. However, we have confidence that the traditional travel agencies like us still play an important and non-replaceable role in this industry. It is because what customers really need is not only the fast and efficient service but also include sales and after-sales services. The recent Korean MERS (Middle East Respiratory Syndrome) incident that resulted in a Red Travel Alert imposed by the Hong Kong Government demonstrated clearly again how a traditional travel agency can provide fast and efficient after-sales services to assist its customers to change the itinerary or arrange refund for the cancelled trips. In fact, all the past similar incidents can reinforce the confidence of consumers on using our services instead of online agencies.

Of course, we will continue to enhance our sales distribution channels and provide more value added services to cater for the growing customer demand on high quality services and ever-changing market environment. It can distinguish ourselves from the online travel agencies which mainly compete on price factor and simple products only. That is why the Group has put enormous effort to diversify our business scope in the past few years. For example, the establishment of Premium Holidays (尊賞假期) provides customers with high-end long haul guided tours as well as customized small group tour, known as Premium Vacation (自由團). This business line has received encouraging feedbacks from customers.

Besides, with the setup of Tailor Made Holidays (度新假期), we are able to broaden our customer base and offer customers with an alternative choice for special and unique travel products. This business line launched travel products that are specially designed for couples and lovers under the product name of Lovers' Travel (愛侶•遊) with an aim of grasping the growing demand for overseas wedding arrangements, honeymoon travels and overseas wedding photo shooting services. In order to further explore the business opportunities on this area, recently the Company announced an acquisition of 60% equity interest in I'm Yours Event Limited (唯您活動策劃有限公司), now renamed as Take My Hand Limited (緣動有限公司). The Group believes that this acquisition allows us to acquire the expertise in the wedding planning services that will enable us to have a competitive advantage in developing and promoting the overseas wedding travel products. Also, we can extend our scope of business and services into event management that can further support our corporate travel and tour business. In short, the Group believes that business diversification enables us to achieve a sustainable growth in the long run.



CHAIRMAN'S STATEMENT

Furthermore, AppoMax Technology Limited is supporting the Group to implement various new IT Projects including investments in the electronic digital data and CRM (Customer Relationship Management) initiatives. It enables the Group not only can better understand customers' preferences on product mix and services but also can utilize the collected data to provide us insights into the way we manage our shops and satisfy customer needs.

Looking ahead, the Group will continue to consolidate our leading position in the market and go towards a new direction of O2O (Online to Offline) business model. We believe that the solid foundation of our traditional travel business together with the newly setup businesses can provide us a good platform to pursue this long term objective. The launch of our online sales platform "Pack2fly.com" in early 2015 has accomplished our goal of developing a cost-effective sales channel so as to enhance our e-business competitiveness. We will commit substantial resources in developing the new business lines and carrying out initiatives in technological advancement.

In addition, following the completion of the acquisition transaction of 55% equity interest in Shenzhen SKAL Travel Service Limited (深圳順風旅行社有限公司), now renamed as TE Nice Tour (Shenzhen) Limited (尊業新景界旅行社(深圳)有限公司), the Group will be able to further expand its business and implement the new O2O business model into the PRC market. However, we are aware that there is big cultural and social difference between Hong Kong and PRC so our initial focus will be on South China first. We expect to take certain time to familiarize ourselves with the local legal system and customer preferences before taking any aggressive business expansion plan in PRC.

We foresee that all the initiatives to be taken by the Group will inevitably cause pressures on operating costs and profits in the coming years. However, we firmly believe such initiatives will help us to improve our competitive advantages in the long run and drive the long term growth of our business that is in the best interest of all our stakeholders.

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

Ko Wai Ming, Daniel

Chairman and Executive Director

Hong Kong, 24 June 2015



MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group continued to record a business growth for the year ended 31 March 2015. It is the third consecutive years of business growth in terms of revenue and profit attributable to owners of the Company. Total revenue, including the rental income from the investment property of HK\$2.0 million (2014: HK\$1.9 million) increased to HK\$375.6 million (2014: HK\$315.8 million), representing an increase of 18.9% from the previous year. The increase was primarily contributed by the consistent revenue growth in the Group's retail FIT (Free Independent Travellers) business and the new setup of tour business. Excluding the non-controlling interests, the profit for the year attributable to owners of the Company had an increase of 4.8% to HK\$45.4 million (2014: HK\$43.3 million). The total Group's profit for the year is HK\$43.9 million, representing an increase of 1.4% from HK\$43.3 million in the previous year. Basic earnings per share attributable to owners of the Company for the year ended 31 March 2015 was HK8.8 cents, representing an increase of 3.5% from HK8.5 cents over the previous year. The Board recommends the payment of a final dividend of HK3.4 cents (2014: HK3.0 cents) per share.

BUSINESS REVIEW

The Group's retail FIT business is operated mainly through Travel Expert Limited (專業旅運有限公司), which is the core focus of the Group. For the year ended 31 March 2015, sales performance from retail customers recorded a continuous growth that was especially significant in the second half of the year. It was partly caused by the strong appreciation of US dollar against major currencies, and so did Hong Kong dollar due to its pledge to the US dollar. The favorable Hong Kong dollar exchange rate movement greatly stimulated the travel desire of customers that caused a remarkable business growth in the second half of the year. In the past year, we implemented various initiatives to improve our service quality and product offering. We adopted a proactive approach to contact our customers so as to maintain a good relationship with them as well as promote repeated patronage. Besides, the Group also put resources in enhancing product mix and sourcing new travel products to meet customers' needs and lifestyles. We strive to maintain our leading position in retail travel market and drive future growth.

The Group's another retail FIT business brand, Tailor Made Holidays Limited (度新假期有限公司), also recorded a satisfactory business growth during the year. It has now opened three shops in Kowloon Bay Telford Plaza, Tsuen Wan Luk Yeung Galleria and Causeway Bay Hang Lung Centre. All these shops are located at the areas of high customer traffic which help to raise awareness of this brand. Besides, we have allocated extra marketing resources for promoting the brand with focus on overseas wedding packages and unique travel products. We will continue to carry out measures and marketing activities to enhance its brand popularity and product image in the coming year.

Regarding the development of e-business, we launched a new online sales platform named "Pack2fly.com" in this year and this new sales channel enables the Group to keep abreast of the latest development in online travel booking business. Most importantly, through which we can reach a new and wider group of customers.

The Group's corporate business is operated mainly through Travel Expert Business Services Limited (專業旅運商務有限公司). With our effort in restructuring the team and modifying business strategies, the operation and contribution of this business was fairly stable. We will continue to monitor the development of this business and carry out responsive measures where appropriate.



MANAGEMENT DISCUSSION AND ANALYSIS

The Group's new business line of tour operation is conducted by Premium Holidays Limited (尊賞假期有限公司). It focuses on operating high-end long haul tours, cruise travel tours and MICE (meeting, incentive, conference and exhibition) business. During the year, it opened a shop in Causeway Bay Hang Lung Centre which helped to enhance its market awareness and served as a platform to communicate with customers directly. As it is still in the development stage and requires continuous investments, the Group's profit was adversely affected to some extent. However, the establishment of this new business broadened our services scope and achieved our goal of business diversification that is critical to the Group's long term development plan. Leveraging on the leadership of the experienced management team and the Group's extensive sales network, we believe that it will generate significant positive contribution to the Group in future.

In addition to the ordinary travel business segment, our investment activities that are conducted by Travel Expert Asset Management Limited (專業旅運資產管理有限公司) using the Group's surplus funds allocated under the approved investment cap recorded a satisfactory result for the year. This segment helped the Group to better utilize its surplus fund and contributed to its bottom line.

The acquisition transaction of 55% equity interest in Shenzhen SKAL Travel Service (深圳順風旅行社有限公司), now renamed as TE Nice Tour (Shenzhen) Limited (尊業新景界旅行社(深圳)有限公司), has been completed on 18 March 2015. We are working on the business plan and expect to start up business activities in the coming financial year.

Besides, the acquisition transaction of 60% equity interest in I'm Yours Event Limited (唯您活動策劃有限公司), now renamed as Take My Hand Limited (緣動有限公司) as announced by Company on 26 March 2015 has been completed on 30 April 2015. Through the acquisition, both the parties can gain synergy because the new business combines the expertise of a veteran of wedding planning industry with the Group's leading position in travel industry. Furthermore, the acquisition enables the Group to enhance competitive advantage in wedding related travel business as well as extension of business scopes.

Overall, the Group's gross sales proceeds excluding our own tour business amounted to HK\$1,987.3 million for the year ended 31 March 2015, representing an increase of 6.1% as compared with HK\$1,873.3 million for the previous year. Revenue excluding the rental income from investment property of HK\$2.0 million (2014: HK\$1.9 million) for the year was HK\$373.6 million, representing an increase of 19.0% from HK\$313.9 million for the previous year.

FINANCIAL REVIEW

Selling and Distribution Costs

For the year ended 31 March 2015, selling and distribution costs amounted to HK\$234.5 million, representing an increase of 7.7% from HK\$217.7 million for the year ended 31 March 2014. For the year under review, selling and distribution costs accounted for 62.4% of the Group's total revenue, having decreased from 68.9% in the last year.

Since staff costs and shop rental accounted for the majority of the Group's selling and distribution costs, the steady upward pressure on the average rental of retail premises and the increasing labor costs due to low unemployment rate in Hong Kong have primarily contributed to the increase of selling and distribution costs for the year. Furthermore, the setup of new business lines has contributed to the increase of selling and distribution cost. Nevertheless, in order to deliver convenient and quality services to the customers, the Group will continue to maintain a widespread and effective sales network as well as exploring new sales channels. As at 31 March 2015, the Group operated a total of 62 retail shops in Hong Kong under brand names of Travel Expert, Tailor Made Holidays and Premium Holidays.



MANAGEMENT DISCUSSION AND ANALYSIS

Administrative Expenses

For the year ended 31 March 2015, administrative expenses amounted to HK\$67.2 million, representing an increase of 28.7% from HK\$52.2 million for the year ended 31 March 2014. Administrative expenses accounted for 17.9% of the Group's total revenue, which increased from 16.5% in the last year.

Salaries for back office staff and the office rental accounted for the majority of the Group's administrative expenses. Currently, the Group has three separate back office locations. The increase of the administrative expenses for the year is mainly attributable to the investment for new business lines set up and the extra resources for various IT projects to the advancement of IT applications and infrastructure. In view of the increasing operating cost pressure, the Group has adopted an effective control of administrative expenses by better allocation of its back office resources and streamline of its existing working process.

Finance Cost

Finance cost of the Group for the year ended 31 March 2015 was HK\$497,000, which was mainly related to the interest-bearing bank borrowing of mortgage loans for the Group's properties (2014: HK\$557,000).

Liquidity, Financial Resources and Capital Resources

The Group generally finances its liquidity requirements through internally generated resources and will only finance with available banking facilities whenever necessary. The Group's financial position as at 31 March 2015 remained healthy with net assets value of HK\$177.7 million (as at 31 March 2014: HK\$154.7 million). The Group continued to record a solid cash inflow generated from operating activities during the year. Including the time deposits over three months, the Group had total cash and cash equivalents of HK\$216.3 million as at 31 March 2015 (as at 31 March 2014: HK\$205.1 million). As at 31 March 2015, in addition to an investment property with fair value at HK\$62.0 million (as at 31 March 2014: HK\$62.0 million), the Group held a portfolio of financial assets and liabilities at fair value through profit or loss at around HK\$16.9 million and HK\$7,000 respectively (as at 31 March 2014: HK\$1.0 million and HK\$205,000 respectively).

As at 31 March 2015, the Group's current ratio (current assets divided by current liabilities) was 1.23 times compared with 1.18 times as at 31 March 2014. The gearing ratio (interest-bearing borrowings divided by total equity) was 31.5% as compared with 15.9% as at 31 March 2014. The increase of the gearing ratio is mainly due to a short term loan from a stock broker for IPO share purchase application and the loan was fully repaid in April 2015. Excluding this short-term other borrowings, the gearing ratio was 12.2% as at 31 March 2015. In view of the Group's steady cash inflow from operations together with the surplus cash position, the Group has adequate financial resources to meet the future payment obligation and support its future business development plan.

Contingent Liabilities

The Group did not have any contingent liabilities as at 31 March 2015.

Capital Commitment

The Group did not have any significant capital commitment as at 31 March 2015.

Pledge of Assets

As at 31 March 2015, the Group had two outstanding mortgage loans amounting in total to HK\$21.7 million (as at 31 March 2014: HK\$24.6 million) which were repayable on demand and secured by the Group's land and building and investment property.



MANAGEMENT DISCUSSION AND ANALYSIS

Foreign Exchange Risks and Treasury Policies

The Group has foreign currency exposures that mainly arise from the balance of assets and liabilities in currencies other than in Hong Kong dollar, the Group's functional currency. The Group's policy requires the management to monitor the Group's foreign exchange exposure by closely monitoring the movement of foreign currency rates. The management may purchase foreign currency at spot rate, when and where appropriate for the purpose of meeting the Group's future payment obligation in foreign currency. With the setup of Travel Expert Asset Management Limited together with the extension of investment scope, the Group may use more financial tools such as foreign exchange forward contracts, currency futures etc. to manage the foreign exchange risks. For the year ended 31 March 2015, a net foreign exchange gain of approximately HK\$1.5 million was recorded (2014: exchange gain of HK\$0.2 million).

Human Resources and Employee's Remuneration

As at 31 March 2015, the Group had a total workforce of 673 (as at 31 March 2014: 633), of which about 72.2% were front line staff. Employees' remuneration packages are determined with reference to the market information and individual performance and will be reviewed on a regular basis. Other benefits include contributions to mandatory provident fund and medical insurance coverage. In addition, the Group granted share options to certain eligible persons pursuant to a Pre-IPO share option scheme adopted by the Company on 31 March 2011, i.e. before listing of the Company's shares in the Stock Exchange of Hong Kong Limited (the "Stock Exchange") in September 2011. The Pre-IPO share option scheme was lapsed on 29 September 2014. However, a Share Option Scheme has been adopted to recognize the contributions of our staff and to provide them with incentives to stay with the Group. The remuneration policy will be reviewed by the Board from time to time. Emoluments of Directors are determined by the Remuneration Committee after considering the Group's operating results, individual performance and comparing with market conditions.

Event after the Reporting Period

On 26 March 2015, the Company announced that on 25 March 2015, SHARExpert Travel Limited ("SHARExpert"), an indirect wholly owned subsidiary of the Company, entered into a Shares Transfer and Shareholders Agreement with an independent third party of the Company, in relation to the acquisition of 60% of the shares in I'm Yours Event Limited 唯您活動策劃有限公司 (now renamed as Take My Hand Limited 緣動有限公司) for a consideration of HK\$500,000. The transaction has been completed on 30 April 2015.



MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

We expect the favorable Hong Kong dollar exchange rate movement and the steady economic environment will continue to bring positive impact on our business in the first quarter of the coming year.

The development of Premium Holidays (尊賞假期) will continue to be our business focus. With a view to strengthening business and improving product quality, continuous investments will be put into this business to boost its sales. We will recruit additional sales force and plan to open new shops for this brand to promote this business. Also, new marketing programs for enhancing its brand awareness will be implemented.

After completion of the acquisition transaction of 60% equity interest in I'm Yours Event Limited (唯您活動策劃有限公司), a new business line under a new brand name of "Take My Hand (緣動)" will be launched shortly. In the recent years, consumer demand in wedding and overseas wedding travel products are increasing significantly. We believe introducing this new brand and products with strong potential will further diversify our business scopes. We aim at building this brand as one-stop wedding services provider by providing wedding planning, pre-wedding photo shooting, overseas wedding products, such as wedding or honeymoon travel packages, and wedding ceremony arrangements. Undoubtedly, the Group will commit to put significant investment in establishing the brand and its business.

Also, the Group acknowledges the importance in advancement of IT applications for sustainable business growth. A number of IT projects will be launched in the coming years to revamp our company websites and enhance the online sales channel in order to capture the immense business opportunities through internet as well as align ourselves with the increasing trend of online shopping.

In view of the increasing penetration of online travel agencies and online sales platforms operated by the travel product suppliers, such as budget airlines, the Group expects the competition and pricing pressures on the travel industry are increasing. However, we believe that the Group can continue to maintain the leading position in the travel industry by maintaining a widespread and efficient retail network as well as a strong team of frontline travel consultants with high quality service standard. Furthermore, we will continue to provide more value added services through business diversification to cater for the growing customer demand that can distinguish ourselves from the online travel agencies who mainly compete on price factor and simple products only.

Looking ahead, the Group will go towards a new direction of O2O (Online to Offline) business model. We believe that a solid foundation of our traditional travel business together with the newly setup businesses can provide us a good platform to pursue this long term objective.

From the past years, the Group has proven ability to adapt to the fast changing business environment. It is the Group's firm belief that our dedication management team, flexible strategies, our devotion to continuous improvement in service quality and products will deliver the Group's sustained growth for the coming year and beyond.



DIRECTORS' BIOGRAPHIES

EXECUTIVE DIRECTORS

Mr. Ko Wai Ming, Daniel, aged 55, became the Chairman and an Executive Director of the Company on 6 September 2011 and 30 September 2010 respectively. Mr. Ko has over 13 years of experience in the travel industry. He is primarily responsible for the overall management, strategic development and major decision making of our Group. Mr. Ko joined our Group in January 2001. Mr. Ko began his career in 1980 with Midland Holdings Limited group of companies where he worked for 10 years and held various senior management positions, with his last position being managing director. In 1991, Mr. Ko founded a real estate agency. Mr. Ko holds a degree of Master of Business Administration from University of Birmingham, U.K. Mr. Ko is the spouse of Ms. Cheng Hang Fan, an Executive Director and the Chief Executive Officer of the Company.

Ms. Cheng Hang Fan, aged 56, is one of the co-founders of the Group and became the Chief Executive Officer and an Executive Director of the Company on 6 September 2011 and 30 September 2010 respectively. Ms. Cheng has over 29 years of experience in the travel industry. She is primarily responsible for the day-to-day management and operation, business development and strategic planning of our Group. Ms. Cheng is the spouse of Mr. Ko Wai Ming, Daniel, the Chairman and an Executive Director of the Company.

Mr. Kam Tze Ming, Alfred, aged 55, joined the Group as Chief Operating Officer in May 2010. He became an Executive Director of the Company on 30 September 2010. Mr. Kam is mainly responsible for overseeing sales operations of the Group. Mr. Kam holds a degree of Bachelor of Arts (Honours) in Computing Studies from Hong Kong Polytechnic University and a degree of Master of Business Administration from Heriot-Watt University, Edinburgh, UK. Mr. Kam worked for Duty Free Shoppers Hong Kong Limited (now known as DFS Hong Kong Limited) for 10 years in various capacities including Merchandising Planning and Control Manager, with his last position being Information Technology Director. Before joining the Group, Mr. Kam was Head of Information Technology of Maxim's Caterers Limited. He has more than 23 years of experience in the information technology and retail industries.

Mr. Chan Wan Fung, aged 46, joined the Group as Chief Financial Officer in May 2011. He became our Executive Director on 1 April 2012. Mr. Chan is responsible for overseeing our Group's financial operations and supporting departments. Mr. Chan is a qualified certified public accountant with more than 23 years of finance and accounting working experience. He is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan graduated from The Chinese University of Hong Kong with a degree of Bachelor of Business Administration and obtained a degree of Master of Business Administration from University of Birmingham, U.K. Mr. Chan has served various senior management positions with multi-national companies. Immediately prior to joining our Group, he was the Finance Director, Asia Pacific Region of Accuray Asia Limited.



DIRECTORS' BIOGRAPHIES

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Mak King Sau, aged 41, was appointed as an Independent Non-executive Director of the Company on 29 June 2011. Mr. Mak is a member of the American Institute of Certified Public Accountants. He graduated from Boston University with a Bachelor of Science in Business Administration and was awarded a Master of Science in Financial Management from University of London. Mr. Mak served various senior management positions in investment institutions. He has more than 13 years of experience in corporate finance and private equity fund investment. From 2010 to 2012, he worked for Sino-Life (Hong Kong) Limited (a wholly-owned subsidiary of Sino-Life Group Limited) (stock code: 8296) as general manager. Mr. Mak is also an independent non-executive director of Xinjiang Tianye Water Saving Irrigation System Company Limited, a company listed on The Stock Exchange of Hong Kong Limited (stock code: 840).

Mr. Szeto Chi Man, aged 58, was appointed as an Independent Non-executive Director of the Company on 20 April 2011. Mr. Szeto holds a Master of International and Public Affairs from The University of Hong Kong, a Doctor of Business Administration from University of South Australia, a Master of Philosophy in Information Systems from City University of Hong Kong and a Master of Applied Science from University of Technology, Sydney. Mr. Szeto has over 13 years of experience in the development and administration of academic course and corporate training. He joined the School of Professional and Continuing Education of the University of Hong Kong ("HKU SPACE") in 2001. He is presently an associate head of the College of Life Sciences and Technology of HKU SPACE. In 2004, Mr. Szeto was elected a chartered member of The British Computer Society. For about 20 years prior to joining HKU SPACE, Mr. Szeto had been engaged in the information technology field as consultant in information technology companies to provide business solutions for client enterprises on project basis and as in-house information technology professional responsible for development of business solutions.

Mr. Yung Ha Kuk, Victor, aged 61, was appointed as an Independent Non-executive Director of the Company on 20 April 2011. Mr. Yung holds a Master of Science in Corporate Governance and Directorship awarded by Hong Kong Baptist University. He is a fellow of the Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants. Mr. Yung is a professional accountant with over 30 years of working experience in the financial and accounting fields. He served in management positions in various multinational companies in Asia. Mr. Yung is also an independent non-executive director of Lippo Limited (stock code: 226), Lippo China Resources Limited (stock code: 156) and Hongkong Chinese Limited (stock code: 655), the securities of which are listed on The Stock Exchange of Hong Kong Limited.



CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The board of directors (the “Directors”) of the Company (the “Board”) is committed to maintaining and ensuring high standards of corporate governance in order to achieve effective accountability and safeguard the interests of shareholders. During the year ended 31 March 2015, the Company has complied with all the applicable code provisions as set out in the Corporate Governance Code (the “Code”) in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited.

DIRECTORS’ SECURITIES TRANSACTIONS

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

BOARD OF DIRECTORS

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

The composition of the Board during the year is as follows:

Executive Directors

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

Independent Non-executive Directors

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

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

The Board schedules at least four regular meetings a year on quarterly basis and also meets as and when required. During the year ended 31 March 2015, the Board held four regular meetings which were in line with the meeting schedule. At least 14 days’ notice of a regular Board meeting is given to all Directors pursuant to code provision A.1.3 of the Code to ensure them to have an opportunity to attend the meeting and include discussion items in the agenda. The Company Secretary assists the Chairman in establishing the meeting agenda and consolidates the requests from each Director for discussion in the agenda. The agenda and the appropriate information related to the matters for discussion are circulated normally three days in advance of Board meetings to the Directors. All Directors have given sufficient time and attention to the affairs of the Group.



CORPORATE GOVERNANCE REPORT

The Board and committee minutes are recorded in appropriate detail and draft minutes are circulated to all Directors and committee members for comments before being approved by the Board and committees and signed by the respective Chairman. All minutes are kept by the Company Secretary and are open for inspection by the Directors. In addition, the Company provides all Board members including INEDs with monthly update pursuant to code provision C.1.2 of the Code.

All the Directors including INEDs have been appointed for specific terms. According to the Article 84 of the Articles of Association of the Company (the "Articles"), one-third of the Directors for the time being (or, if their number is not multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall subject to retirement at an annual general meeting of the Company at least once every three years. All retiring Directors shall be eligible for re-election.

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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



CORPORATE GOVERNANCE REPORT

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

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

During the year, the Directors have participated the following trainings:

Name of Directors	Type of trainings		
	A	B	C
Executive Directors:			
Mr. Ko Wai Ming, Daniel (<i>Chairman</i>)	–	✓	✓
Ms. Cheng Hang Fan (<i>Chief Executive Officer</i>)	–	✓	✓
Mr. Kam Tze Ming, Alfred (<i>Chief Operating Officer</i>)	✓	✓	✓
Mr. Chan Wan Fung (<i>Chief Financial Officer</i>)	✓	✓	✓
Independent Non-executive Directors:			
Mr. Mak King Sau	✓	✓	✓
Mr. Szeto Chi Man	✓	✓	✓
Mr. Yung Ha Kuk, Victor	✓	✓	✓

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

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

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

BOARD COMMITTEES

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



CORPORATE GOVERNANCE REPORT

The attendance records of Directors at the Board meetings and the attendance records of Committee Members at the meetings of Nomination Committee, Remuneration Committee and Audit Committee during the year are set out below:

Name of Directors	Number of meetings attended/held			
	Board	Nomination Committee	Remuneration Committee	Audit Committee
Executive Directors:				
Mr. Ko Wai Ming, Daniel (<i>Chairman</i>)	4/4	2/2	–	–
Ms. Cheng Hang Fan (<i>Chief Executive Officer</i>)	4/4	–	2/2	–
Mr. Kam Tze Ming, Alfred (<i>Chief Operating Officer</i>)	3/4	–	–	–
Mr. Chan Wan Fung (<i>Chief Financial Officer</i>)	4/4	–	–	–
Independent Non-executive Directors:				
Mr. Mak King Sau	4/4	2/2	2/2	2/2
Mr. Szeto Chi Man	4/4	2/2	2/2	2/2
Mr. Yung Ha Kuk, Victor	4/4	2/2	2/2	2/2

NOMINATION COMMITTEE

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

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

The Company has adopted the board diversity policy in August 2013. The policy sets out the approach to achieve diversity in the Board. The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance. All Board appointments will be made on merit basis and candidates will be considered against selection criteria, having due regard for the benefits of diversity on the Board. In selecting candidates, the Nomination Committee will consider a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional, experience, skills, knowledge and length of service. The Company will also take into account factors based on its own business model and specific needs from time to time.

At present, the Nomination Committee has not set any measurable objectives to implement the policy. However, it will consider and review the board diversity and set any measurable objectives from time to time.



CORPORATE GOVERNANCE REPORT

The Nomination Committee will monitor the implementation of the policy and review the policy, as appropriate, to ensure its effectiveness.

During the year, the Nomination Committee reviewed and recommended the retirement and re-election of Directors for the 2014 annual general meeting and reviewed the structure, size and composition of the Board and considered that the current composition of the Board was appropriate to the Company and no change to the Board was proposed.

REMUNERATION COMMITTEE

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

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

During the year, the Remuneration Committee reviewed the bonus payment to Executive Directors and recommended the remuneration proposal for Directors for the financial year of 2015–2016 for the Board's approval.

AUDIT COMMITTEE

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

The Audit Committee acts as the key representative body for overseeing the Company's relations with the external auditor. The primary duties are to make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; to develop and implement policy on engaging an external auditor to supply non-audit services; to monitor integrity of the Company's financial statements and annual report and accounts, half-year report, and to review significant financial reporting judgments contained in them; to review the Company's financial controls, internal control and risk management



CORPORATE GOVERNANCE REPORT

systems; to consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings; to review the group's financial and accounting policies and practices; to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response; to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter; and to review arrangements by which employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

During the year, the Audit Committee reviewed and recommended the unaudited interim results and the audited consolidated annual results of the Group for the Board's approval; reviewed the Report on Internal Control Review as prepared by an independent internal control consultant.

DIRECTORS' REMUNERATION

The Directors' remuneration and all other emoluments paid or payable to the Directors during the year are set out on an individual and named basis in note 11 to the consolidated financial statements of this annual report on page 64.

AUDITOR'S REMUNERATION

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

Services Type	HK\$'000
Audit services — Annual audit	580
Non-audit services	155
Total	735

CORPORATE GOVERNANCE FUNCTIONS

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

- (a) to develop and review the Company's policies and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (e) to review the Company's compliance with the code and disclosure in the Corporate Governance Report.



CORPORATE GOVERNANCE REPORT

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNITY

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

INTERNAL CONTROLS

The Board has overall responsibility for maintaining a sound and effective internal control system of the Group to safeguard shareholders' investment and the Company's assets. During the year, the Company appointed an independent internal control consultant to perform a review of the internal control system and procedures of the Group which mainly covering the sales cycle, receipts cycle, inventory cycle and day-end procedures in frontline sales operation. Also, the credit control procedures and sales operations of corporate sales business were covered in the review in this year. The report on internal control review 2015 listed out the findings in regard to the relevant cycles and procedures with recommendations proposed for the Company to further improve its internal control system.

The Company has adopted an inside information policy in June 2013 which sets out the guidelines to the employees to ensure inside information of the Group would be handled and disseminated properly in accordance with applicable laws and regulations.

The Company has a formal whistle-blowing policy to encourage staff to raise serious concerns, in confidence, to the Audit Committee about possible improprieties in any matter about the Group. During the year under review, the Audit Committee did not receive any complaints or concerns raised by the staff.

ACCOUNTABILITY AND AUDIT

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

The responsibilities of the external auditor of the Company on the financial statements are set out in the "Independent Auditor's Report" on pages 31 to 32.

COMPANY SECRETARY

The Company Secretary is a full time employee of the Company. During the year under review, the Company Secretary has taken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS

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

Annual general meeting ("AGM") of the Company is a valuable avenue for the Board to have dialogue directly with shareholders. All the Directors of the Company attended the 2014 AGM and the Chairman of the Board as well as the Chairman of each of the Board Committees made themselves available to answer questions at the 2014 AGM. External auditor was invited and attended the AGM to address shareholders' enquiries.



CORPORATE GOVERNANCE REPORT

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

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

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting by shareholders

Pursuant to Article 58 of the Company's Articles, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for directing shareholders' enquiries to the Board

Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Other shareholders' enquiries can be directed in writing with contact details (including name, address, telephone number and/or email address) to the Company's principal place of business in Hong Kong at 9th Floor, Kowloon Plaza, No. 485 Castle Peak Road, Lai Chi Kok, Kowloon, Hong Kong (the "Principal Place of Business") for the attention of the Company Secretary.

Procedures for putting proposals at shareholders' meetings

Shareholders' are welcome to suggest proposals to be discussed at general meetings. Proposals should be directed in writing with contact details (including name, address, telephone number and/or email address) to the Company's Principal Place of Business for the attention of the Company Secretary.

The procedures for shareholders to propose a person for election as a Director are available on the website of the Company.

The Board may, in its sole discretion, consider if such proposals are appropriate and shall be put forward to the shareholders for approval at the next general meeting to be convened by the Board.

INVESTOR RELATIONS

During the year, there is no change in the Company's constitutional documents. The Company's Memorandum and Articles of Association are available on both the Company's and the Stock Exchange's websites.



REPORT OF THE DIRECTORS

The Directors present their annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are set out in note 14 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2015 and the state of affairs of the Company and the Group at that date are set out in the consolidated financial statements on pages 33 to 93.

An interim dividend of HK1.2 cents (six months ended 30 September 2013: HK1.5 cents) per share, amounting to approximately HK\$6.2 million (six months ended 30 September 2013: HK\$7.7 million) was paid to shareholders during the year.

The Board has proposed a final dividend of HK3.4 cents (2014: HK3.0 cents) per share for the year ended 31 March 2015, representing a total payout of approximately HK\$17.5 million, or a distribution of 38.5% of the current year's profit attributable to owners of the Company. Subject to shareholders' approval at the forthcoming annual general meeting (the "AGM") to be held on 19 August 2015, the proposed final dividend will be paid on or around 11 September 2015.

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on page 94.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The register of members of the Company will be closed from 14 August 2015 to 19 August 2015, both days inclusive, for the purpose of determining the entitlement to attend and vote at the AGM scheduled to be held on 19 August 2015. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (the "Branch Share Registrar") not later than 4:30 p.m. on 13 August 2015.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The register of members of the Company will be closed from 27 August 2015 to 31 August 2015, both days inclusive, for the purpose of determining the entitlement to the proposed final dividend for the year ended 31 March 2015. In order to qualify for the proposed final dividend for the year ended 31 March 2015, all transfer forms accompanied by relevant share certificates must be lodged with the Branch Share Registrar not later than 4:30 p.m. on 26 August 2015.



REPORT OF THE DIRECTORS

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

The net proceeds from the placing and initial public offer amounted to HK\$49.5 million. Up to 31 March 2015, the proceeds were used for the following purposes:

- approximately HK\$18.2 million was used to increase the headcounts and resources for developing new business lines including corporate, tour, cruise and MICE businesses;
- approximately HK\$8.8 million was used as the setup and general operating expenses for the Group's China business;
- approximately HK\$5.0 million was used to setup the Group's new headquarters and upgrade of operational infrastructure; and
- approximately HK\$4.9 million was used for general working capital of the Group.

The unutilized balance has been placed at commercial banks in Hong Kong as time deposits. As the net proceeds has been substantially applied, the Company will cease to make further disclosure of the use of proceeds in the future interim and annual reports.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 12 to the consolidated financial statements.

INVESTMENT PROPERTY

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

BANK AND OTHER BORROWINGS

Details of the bank and other borrowings of the Group at 31 March 2015 are set out in note 23 to the consolidated financial statements.

CHARITABLE DONATION

The Group made charitable donation during the year totaling HK\$26,000 (2014: HK\$40,000).

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year are set out in notes 25 and 27 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.



REPORT OF THE DIRECTORS

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 26 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2015, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Chapter 22 (as amended) of the Cayman Islands, amounted to HK\$104.1 million, of which HK\$17.5 million has been proposed as a final dividend for the year after the reporting period. The amount of HK\$104.1 million includes the Company's share premium account of HK\$57.8 million in aggregate at 31 March 2015, which may be distributed provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the percentage of turnover or sales attributable to the Group's five largest customers combined was less than 30%. The percentage of purchases attributable to the Group's five largest suppliers combined and the largest supplier were 44.85% and 26.54% respectively.

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

DIRECTORS

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

Executive Directors

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

Independent Non-executive Directors

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

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

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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



REPORT OF THE DIRECTORS

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors of the Company are set out on pages 11 to 12 of this annual report.

DIRECTORS' SERVICE CONTRACTS

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

Each of the Independent Non-executive Directors has signed a letter of appointment and is appointed for an initial term of 2 years commencing on the date of listing of the Company's shares on the Stock Exchange.

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

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

DIRECTORS' REMUNERATION

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

DIRECTORS' INTERESTS IN CONTRACTS

Apart from the transactions disclosed in note 33 to the consolidated financial statements, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries was a party subsisted at the end of the year or during the year ended 31 March 2015.



REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN SHARE CAPITAL

At 31 March 2015, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange, were as follows:

(a) Long positions in ordinary shares of the Company

Name of Director	Number of shares of HK\$0.01 each (the "Shares") in the Company				Approximate percentage of shareholding of the issued share capital
	Personal interests	Family interests	Corporate interests	Total interests	
Mr. Ko Wai Ming, Daniel ("Mr. Ko")	–	10,150,000 (Note a)	356,715,000 (Note b)	366,865,000	71.43%
Ms. Cheng Hang Fan ("Mrs. Ko")	10,150,000	–	356,715,000 (Note b)	366,865,000	71.43%
Mr. Kam Tze Ming, Alfred ("Mr. Kam")	2,500,000	–	–	2,500,000	0.49%
Mr. Chan Wan Fung ("Mr. Chan")	800,000	–	–	800,000	0.16%

Notes:

- (a) Mr. Ko and Mrs. Ko are spouses. Pursuant to the Part XV of the SFO, Mr. Ko is deemed to be interested in the shares of the Company owned by Mrs. Ko.
- (b) These shares of the Company are owned by Colvin & Horne Holdings Limited ("CHHL") (its Chinese name has been changed from 高宏行集團有限公司 to 高炫集團有限公司), which is owned as to 60% and 40% by Mr. Ko and Mrs. Ko respectively.



REPORT OF THE DIRECTORS

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

Name of Director	Name of associated corporation	Beneficial owner	Family interest (Note)	Total number of shares held	Approximate percentage of the issued share capital
Mr. Ko	CHHL	3	2	5	100%
Mrs. Ko	CHHL	2	3	5	100%

Note: Mr. Ko and Mrs. Ko are spouses. Pursuant to the Part XV of the SFO, Mr. Ko is deemed to be interested in the shares of CHHL owned by Mrs. Ko and Mrs. Ko is deemed to be interested in the shares of CHHL owned by Mr. Ko.

Save as disclosed above, as at 31 March 2015, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of SFO) which are required, pursuant to Section 352 of the SFO, to be entered in the registers referred to therein or are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEMES

Pre-IPO Share Option Scheme

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

A summary of terms of the Pre-IPO Share Option Scheme and details of the options granted by the Company have been disclosed in the Prospectus dated 16 September 2011 issued by the Company (the "Prospectus").

Details of the movements of the Pre-IPO Share Options during the year are as follows:

Grantee	Exercisable period	Number of options				Balance at 31 March 2015	Exercise price per share (HK\$)
		Balance at 1 April 2014	Exercised during the year	Forfeited during the year	Lapsed during the year		
Executive Director							
Mr. Chan	30 September 2013 to 29 September 2014	1,250,000	–	–	(1,250,000)	–	1.260
		1,250,000	–	–	(1,250,000)	–	

During the year ended 31 March 2015, 1,250,000 options were lapsed upon expiration of exercisable period.

The Pre-IPO Share Option Scheme expired on 29 September 2014.



REPORT OF THE DIRECTORS

Share Option Scheme

The Company adopted a Share Option Scheme (the “Share Option Scheme”) on 6 September 2011. The purpose of the Share Option Scheme is to enable the Board to grant options to selected eligible persons as incentives or rewards for their contribution or potential contribution to the Group and/or to recruit and retain high caliber eligible persons and to attract human resources that are valuable to the Group.

The maximum number of shares of the Company which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the Shares in issue on the date of listing of the Company’s shares on the Stock Exchange, i.e., 50,000,000 shares. The Company may seek approval from shareholders to refresh such limit. Moreover, the maximum number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other option schemes of the Company must not exceed 30% of the Shares in issue from time to time. The maximum entitlement of each eligible person in any 12-month period shall not exceed 1% of the Shares in issue from time to time. Any further grant of options in excess of such limit must be separately approved by shareholders with such eligible person and his associates abstaining from voting.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine but in any event shall not exceed 10 years from the date of grant. Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no minimum holding period before an option is exercisable. The amount payable on acceptance of a share option is HK\$1.0.

The exercise price of the share option under the Share Option Scheme shall be determined by the Board provided always that it shall be at least the higher of (a) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of offer for the grant of options (which is deemed to be the date of grant if the offer for the grant of the option is accepted by the Eligible Person), which must be a trading day; and (b) the average closing prices of the Shares as stated in the daily quotations sheet issued by the Stock Exchange for the five business days immediately preceding the date of grant, provided that the exercise price shall in no event be less than the nominal amount of a Share.

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



REPORT OF THE DIRECTORS

During the year, 2,000,000 options were granted to an employee on 2 July 2014 ("Date of Grant") pursuant to the Share Option Scheme. The options shall be valid for two years commencing after six months from the Date of Grant and the relevant vesting dates as to 50% of the options shall vest on 1 January 2015 and as to 50% of the options shall vest on 1 January 2016. Details of the movement of the share options during the year are as follows:

Grantee	Exercisable period	Number of options					Balance at 31 March 2015	Exercise price per share (HK\$)
		Balance at 1 April 2014	Granted during the year	Exercised during the year	Forfeited during the year	Lapsed during the year		
An employee of the Group	1 January 2015 to 31 December 2016	-	1,000,000	-	-	-	1,000,000	1.002
	1 January 2016 to 31 December 2016	-	1,000,000	-	-	-	1,000,000	1.002
		-	2,000,000	-	-	-	2,000,000	

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

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

As at 31 March 2015, shareholders (not being Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, or otherwise notified to the Company are set out below:

Name of Shareholders	Nature of interests		Total number of shares held	Approximate percentage of the issued share capital
	Beneficial owner	Family interest		
CHHL (Note a)	356,715,000	-	356,715,000	69.46%
Mr. Chu Hung Kwan ("Mr. Chu") (Note b)	17,400,000	11,500,000	28,900,000	5.63%
Ms. Tai Kan Yuet ("Mrs. Chu") (Note b)	11,500,000	17,400,000	28,900,000	5.63%

Notes:

- (a) CHHL is owned as to 60% and 40% by Mr. Ko and Mrs. Ko respectively.
- (b) Mr. Chu and Mrs. Chu are spouses. Pursuant to the Part XV of the SFO, Mr. Chu is deemed to be interested in the shares of the Company owned by Mrs. Chu and Mrs. Chu is deemed to be interested in the shares of the Company owned by Mr. Chu.



REPORT OF THE DIRECTORS

Save as disclosed above, the Directors and chief executive of the Company are not aware that there is any person (not being a Director or chief executive of the Company) who, as at 31 March 2015, had an interest or a short position in the Shares or underlying Shares of the Company which are recorded in the registers required to be kept under Section 336 of the SFO or notified to the company pursuant to the SFO.

CONNECTED AND RELATED PARTY TRANSACTIONS

During the year, the Group entered into certain related party transactions, details of which are set out in note 33 to the consolidated financial statements. Notwithstanding that these transactions constituted continuing connected transactions to the Company under Chapter 14A of the Listing Rules, such transactions are fully exempted from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.76 of the Listing Rules.

INVESTMENT ACTIVITIES

For the year ended 31 March 2015, the Group engaged in certain investment activities. All the funds used in such investment activities were the Group's surplus funds allocated under the investment cap.

As approved by the Board, investment cap amount increased from HK\$20 million to HK\$40 million effective on 1 April 2014.

The details of the financial assets or liabilities purchased under the investment cap stated at fair value were as follows:

Investment by Categories	31 March 2015 HK\$'000	31 March 2014 HK\$'000
Equity securities listed in Hong Kong and the PRC	4,801	868
Preference shares	12,126	–
Put options on Hang Seng Index	7	–
Forward exchange contracts	–	(86)
Gold futures contracts	–	65
Currency futures contracts	–	(101)
Call options on Hang Seng Index	(7)	–
Total Value	16,927	746



REPORT OF THE DIRECTORS

CHANGE IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in the information of the Directors of the Company is set out below:

On 15 May 2015, Mr. Yung Ha Kuk, Victor, an Independent Non-executive Director of the Company, resigned as an independent non-executive director, the chairman of the audit committee and a member of each of the remuneration committee and nomination committee of Magnum Entertainment Group Holdings Limited (stock code: 2080).

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

The updated biographical details of the Directors of the Company are set out in the preceding section headed "Directors' Biographies". Details of the Directors' emoluments are set out in note 11 to the consolidated financial statements.

DEED OF NON-COMPETITION

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

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

The financial statements of the Company for the years ended 31 March 2014 and 2015 were audited by BDO Limited ("BDO"). A resolution will be proposed at the AGM to re-appoint BDO as the auditor of the Company.

On behalf of the Board

Ko Wai Ming, Daniel

Chairman

Hong Kong, 24 June 2015



INDEPENDENT AUDITOR'S REPORT



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TO THE SHAREHOLDERS OF TRAVEL EXPERT (ASIA) ENTERPRISES LIMITED

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Travel Expert (Asia) Enterprises Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 33 to 93, which comprise the consolidated and company statements of financial position as at 31 March 2015, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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



INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2015 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited

Certified Public Accountants

Lo Ngai Hang

Practising Certificate Number P04743

Hong Kong, 24 June 2015



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 HK\$'000	2014 HK\$'000
Revenue	5	375,574	315,827
Cost of sale		(35,093)	–
Gross profit		340,481	315,827
Other income and gains	5	13,374	7,948
Selling and distribution costs		(234,509)	(217,664)
Administrative expenses		(67,159)	(52,237)
Gain/(loss) on disposal of financial assets at fair value through profit or loss		1,263	(218)
Fair value gain/(loss) on financial assets/liabilities at fair value through profit or loss		904	(187)
Profit from operations	6	54,354	53,469
Finance cost	7	(497)	(557)
Profit before income tax		53,857	52,912
Income tax expense	8	(9,966)	(9,644)
Profit for the year		43,891	43,268
Other comprehensive income, that may be reclassified subsequently to profit or loss			
Exchange difference on translation of financial statements of overseas subsidiaries		(48)	(1)
Other comprehensive income for the year, net of tax		(48)	(1)
Total comprehensive income for the year		43,843	43,267
Profit for the year attributable to:			
Owners of the Company		45,406	43,268
Non-controlling interests		(1,515)	–
		43,891	43,268
Total comprehensive income for the year attributable to:			
Owners of the Company		45,358	43,267
Non-controlling interests		(1,515)	–
		43,843	43,267
Earnings per share attributable to owners of the Company	10		
— Basic		HK8.8 cents	HK8.5 cents
— Diluted		N/A	N/A



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2015

	Notes	2015 HK\$'000	2014 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	12	55,026	52,971
Investment property	13	62,000	62,000
		117,026	114,971
Current assets			
Inventories	15	3,995	1,969
Trade receivables	16	8,351	10,779
Prepayments, deposits and other receivables	17	78,983	34,603
Financial assets at fair value through profit or loss	18	16,934	951
Prepaid tax		237	257
Pledged deposits	20	2,451	1,191
Time deposits over three months	19	145,246	83,214
Cash and cash equivalents	19	71,040	121,923
		327,237	254,887
Current liabilities			
Trade payables	21	158,861	149,542
Accrued charges, deposits received and other payables	22	50,630	37,520
Bank and other borrowings	23	55,984	24,588
Financial liabilities at fair value through profit or loss	18	7	205
Provision for tax		1,073	3,257
		266,555	215,112
Net current assets		60,682	39,775
Total assets less current liabilities		177,708	154,746
Net assets		177,708	154,746
EQUITY			
Equity attributable to owners of the Company			
Share capital	25	5,136	5,136
Reserves	26	175,054	149,610
		180,190	154,746
Non-controlling interests		(2,482)	–
Total equity		177,708	154,746

Cheng Hang Fan
Director

Chan Wan Fung
Director



STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2015

	Notes	2015 HK\$'000	2014 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investments in subsidiaries	14	36,900	36,900
		36,900	36,900
Current assets			
Prepayments and other receivables	17	173	397
Amounts due from subsidiaries	24	126,261	62,144
Time deposits over three months	19	–	10,027
Cash and cash equivalents	19	93	10,200
		126,527	82,768
Current liabilities			
Accrued charges and other payables	22	1,650	1,478
Amounts due to subsidiaries	24	15,549	–
Provision for tax		127	18
		17,326	1,496
Net current assets		109,201	81,272
Total assets less current liabilities		146,101	118,172
Net assets		146,101	118,172
EQUITY			
Share capital	25	5,136	5,136
Reserves	26	140,965	113,036
Total equity		146,101	118,172

Cheng Hang Fan
Director

Chan Wan Fung
Director



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2015

	Share capital HK\$'000	Share premium HK\$'000 <i>(note 26(a))</i>	Share option reserve HK\$'000	Merger reserve HK\$'000 <i>(note 26(a))</i>	Foreign exchange reserve HK \$'000	Other reserve HK \$'000	Proposed final dividend HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interest HK\$'000	Total equity HK\$'000
At 1 April 2013	5,019	49,480	3,834	(9,000)	9	-	20,077	64,140	133,559	-	133,559
Profit for the year	-	-	-	-	-	-	-	43,268	43,268	-	43,268
Other comprehensive income for the year:	-	-	-	-	-	-	-	-	-	-	-
Exchange alignment	-	-	-	-	(1)	-	-	-	(1)	-	(1)
Total comprehensive income for the year	-	-	-	-	(1)	-	-	43,268	43,267	-	43,267
Share issued under share option scheme	117	8,299	(2,357)	-	-	-	-	-	6,059	-	6,059
Lapse of share-based payment expenses	-	-	(1,441)	-	-	-	-	1,441	-	-	-
Forfeiture of share-based payment expenses	-	-	(36)	-	-	-	-	36	-	-	-
Recognition of share based payment expenses	-	-	30	-	-	-	-	-	30	-	30
Final dividend declared	-	-	-	-	-	-	(20,077)	(388)	(20,465)	-	(20,465)
Interim dividend proposed and declared	-	-	-	-	-	-	-	(7,704)	(7,704)	-	(7,704)
Final dividend proposed	-	-	-	-	-	-	15,407	(15,407)	-	-	-
At 31 March 2014	5,136	57,779	30	(9,000)	8	-	15,407	85,386	154,746	-	154,746
At 1 April 2014	5,136	57,779	30	(9,000)	8	-	15,407	85,386	154,746	-	154,746
Profit for the year	-	-	-	-	-	-	-	45,406	45,406	(1,515)	43,891
Other comprehensive income for the year:	-	-	-	-	-	-	-	-	-	-	-
Exchange alignment	-	-	-	-	(48)	-	-	-	(48)	-	(48)
Total comprehensive income for the year	-	-	-	-	(48)	-	-	45,406	45,358	(1,515)	43,843
Lapse of share-based payment expenses	-	-	(30)	-	-	-	-	30	-	-	-
Recognition of share-based payment expenses	-	-	352	-	-	-	-	-	352	-	352
Incorporation of a subsidiary	-	-	-	-	-	-	-	-	-	150	150
Change in ownership interest in a subsidiary without change in control	-	-	-	-	-	1,304	-	-	1,304	(1,004)	300
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	(113)	(113)
Final dividend declared	-	-	-	-	-	-	(15,407)	-	(15,407)	-	(15,407)
Interim dividend proposed and declared	-	-	-	-	-	-	-	(6,163)	(6,163)	-	(6,163)
Final dividend proposed	-	-	-	-	-	-	17,462	(17,462)	-	-	-
At 31 March 2015	5,136	57,779	352	(9,000)	(40)	1,304	17,462	107,197	180,190	(2,482)	177,708



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 HK\$'000	2014 HK\$'000
Cash flows from operating activities			
Profit before income tax		53,857	52,912
Adjustments for:			
Interest income	5	(2,557)	(2,399)
Depreciation of property, plant and equipment	6	8,180	6,499
Loss on disposal of property, plant and equipment	6	206	–
Interest expenses	7	497	557
Share-based payment expenses	27	352	30
(Gain)/loss on disposal of financial assets at fair value through profit or loss		(1,263)	218
Fair value (gain)/loss on financial assets/liabilities at fair value through profit or loss		(904)	187
Bad debt written off	6	1	182
Provision for impairment of trade receivables	6	–	98
Operating profit before working capital changes		58,369	58,284
(Increase)/decrease in inventories		(2,026)	421
Decrease/(increase) in trade receivables		2,427	(2,835)
(Increase)/decrease in prepayments, deposits and other receivables		(6,300)	5,784
Increase in trade payables		9,319	29,939
Increase in accrued charges, deposits received and other payables		13,498	4,094
Prepayment for share purchase application	17	(38,080)	–
Net proceed/(payment) of the disposal of financial assets/liabilities at fair value through profit or loss		1,263	(218)
Purchase of financial assets at fair value through profit or loss		(15,396)	(933)
Cash generated from operations		23,074	94,536
Income tax paid		(12,269)	(6,280)
Income tax refund		139	48
<i>Net cash generated from operating activities</i>		10,944	88,304
Cash flows from investing activities			
Purchase of property, plant and equipment		(10,441)	(7,479)
Proceed of disposal of property, plant and equipment		–	320
Dividend income		68	–
Increase in pledged deposits		(1,260)	(1,191)
Increase in cash deposit with an original maturity of more than three months		(62,032)	(13,214)
Interest received		2,557	2,399
<i>Net cash used in investing activities</i>		(71,108)	(19,165)



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 HK\$'000	2014 HK\$'000
Cash flows from financing activities			
Dividends paid		(21,570)	(28,169)
Proceeds from issue of shares		–	6,059
New other borrowings		34,272	–
Repayments of bank borrowings		(2,876)	(2,827)
Interest paid		(497)	(557)
<i>Net cash generated from/(used in) financing activities</i>		9,329	(25,494)
Net (decrease)/increase in cash and cash equivalents		(50,835)	43,645
Cash and cash equivalents at beginning of year		121,923	78,279
Effect of foreign exchange rate changes		(48)	(1)
Cash and cash equivalents at end of year	19	71,040	121,923
Analysis of balances of cash and cash equivalents			
Cash and cash equivalents with an original maturity of three months or less:			
Cash deposits in banks and financial institutions		47,721	33,967
Short-term deposits in banks and a financial institution		23,319	87,956
	19	71,040	121,923



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

1. GENERAL INFORMATION

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

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are set out in note 14 to the consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements on pages 33 to 93 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collectively includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the financial statements, if any, are disclosed in note 3.

The financial statements have been prepared under the historical cost basis except for financial assets and financial liabilities at fair value through profit or loss and investment property which are stated at fair values. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

2.2 Basis of consolidation

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

2.2 Basis of consolidation *(Continued)*

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

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

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

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

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

2.3 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

2.4 Foreign currency translation

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

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from retranslation of monetary assets and liabilities at the end of reporting period are recognised in profit or loss. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.5 Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and any impairment losses.

Depreciation on property, plant and equipment is provided to write off the cost over their estimated useful lives, using the straight-line basis, at the following rates per annum:

Leasehold improvements	The shorter of the lease terms and 20%–50%
Office equipment	33.33%–50%
Furniture and fixtures	20%–50%
Motor vehicles	33.33%
Land and buildings	Over the lease terms

The assets' useful lives, depreciation methods and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period.

The gain or loss arising on retirement or disposal is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

2.6 Investment property

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

2.7 Impairment of non-financial assets

Property, plant and equipment, intangible asset and investments in subsidiaries are subject to an impairment test and are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Impairment loss recognised for cash-generating unit is charged on a pro rata basis to the assets in the cash-generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value in use, if determinable.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.8 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services, net of rebates and discounts. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

- (i) Service income is recognised upon services in respect of the sales of air tickets, hotel accommodation and other travel related products are provided;
- (ii) Service income from provision of package tours is recognised when the services are rendered;
- (iii) Rental income from investment property is recognised on a straight-line basis over the periods of the respective tenancy;
- (iv) Incentive income is recognised when the conditions specified in the relevant contracts are fulfilled;
- (v) Interest income is recognised on a time-proportion basis using the effective interest method; and
- (vi) Dividend is recognised when the right to receive payment is established.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

2.9 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses.

2.10 Financial assets

The Group's accounting policies for financial assets are set out below.

Classification of financial assets

Financial assets other than hedging instruments are classified into the following categories: (i) loans and receivables, (ii) financial assets at fair value through profit or loss; and (iii) cash and cash equivalents.

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at the end of each reporting period.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on the trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At the end of each reporting period, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

(ii) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

2.10 Financial assets *(Continued)*

Classification of financial assets *(Continued)*

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

Financial assets may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; (ii) the assets are part of a group of financial assets which is managed and its performance evaluated on a fair value basis according to a documented management strategy; or (iii) the financial asset contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss. Fair value is determined by reference to active market transactions or using a valuation technique where no active market exists. Fair value gain or loss does not include any dividend or interest earned on these financial assets. Dividend and interest income is recognised in accordance with the Group's accounting policies in note 2.8 to these financial statements.

Impairment of financial assets

At the end of each reporting period, financial assets are reviewed to determine whether there is any objective evidence of impairment.

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

- (i) significant financial difficulty of the debtor;
- (ii) a breach of contract, such as a default or delinquency in interest or principal payments;
- (iii) it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- (iv) significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- (v) a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

2.10 Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

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

(i) *Financial assets carried at amortised cost*

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

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

(ii) *Financial assets carried at cost*

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

2.11 Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

(i) **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

(ii) **Financial liabilities at amortised cost**

Financial liabilities at amortised cost including trade and other payables, bank and other borrowings, amount due to subsidiaries are subsequently measured at amortised cost, using the effective interest method.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash at bank and cash in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows presentation, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

2.13 Accounting for income taxes

Income tax comprises current and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the end of reporting period between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary difference, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

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

Deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in the profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

2.13 Accounting for income taxes *(Continued)*

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same tax authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.14 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of the total shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from the proceeds (net of any related income tax benefits) to the extent they are incremental costs directly attributable to the equity transaction.

2.15 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is improbable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of the economic benefits are remote.

2.16 Coupon liabilities

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

2.17 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

The Group as lessee

Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to profit or loss on a straight line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

2.18 Retirement benefit costs and short term employee benefits

Defined contribution plan

The Group operates a defined contribution retirement benefit plan (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the laws of Hong Kong), for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

2.19 Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of key management personnel of the Group or the Company's parent.
- (b) An entity is related to the Group if any of the following conditions apply:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

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

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

2.20 Share-based payment

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

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

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

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

2.21 Financial guarantee contract

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

2.22 Segment reporting

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

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

- (a) expenses related to share-based payments;
- (b) finance costs;
- (c) income tax; and
- (d) corporate income and expenses which are not directly attributable to the business activities of any operating segment;

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

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

3. ADOPTION OF NEW AND AMENDED STANDARDS

(a) Adoption of new/revised HKFRSs — effective 1 April 2014

In the current year, the Group has for the first time applied the following new standards, amendments and interpretations (the “new HKFRSs”) issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 April 2014.

Amendments to Hong Kong Accounting Standard (“HKAS”) 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures

Except as explained below, the adoption of these amendments has no material impact on the Group’s consolidated financial statements.

Amendments to HKAS 32 — Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities

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

The adoption of the amendments has no impact on the consolidated financial statements as the Group does not have any offsetting arrangements.

Amendments to HKAS 36 — Recoverable Amount Disclosures

The amendments limit the requirements to disclose the recoverable amount of an asset or cash generating unit (CGU) to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs of disposal. The amendments are applied retrospectively. The adoption of the amendments has no impact on the consolidated financial statements.

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

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

HKFRSs (Amendments)	Annual Improvements 2010–2012 Cycle ²
HKFRSs (Amendments)	Annual Improvements 2011–2013 Cycle ¹
HKFRSs (Amendments)	Annual Improvements 2012–2014 Cycle ³
Amendments to HKAS 1	Disclosure Initiative ³
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ³
Amendments to HKAS 27	Equity Method in Separate Financial Statements ³
HKFRS 9 (2014)	Financial Instruments ⁵
HKFRS 15	Revenue from Contracts with Customers ⁴

1 Effective for annual periods beginning on or after 1 July 2014

2 Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

3 Effective for annual periods beginning on or after 1 January 2016

4 Effective for annual periods beginning on or after 1 January 2017

5 Effective for annual periods beginning on or after 1 January 2018



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

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

Amendments to HKAS 16 and HKAS 38 — Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to HKAS 27 — Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

HKFRS 9 (2014) — Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit and loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

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

HKFRS 15 — Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors so far concluded that the application of these new/revised HKFRSs will have no material impact on the Group's financial statements.

(c) Amended Main Board Listing Rules (as below-mentioned) relating to the presentation and disclosures in financial statements

The amended Rules Governing the Listing of Securities on the Main Board of the Stock Exchange (the "Amended Main Board Listing Rules") in relation to the presentation and disclosures in financial statements, including the amendments with reference to the new Hong Kong Companies Ordinance, Cap. 622, will first apply to the Company in its financial year ending on 31 March 2016.

The directors consider that there will be no impact on the Group's financial position or performance. However the Amended Main Board Listing Rules would have impacts on the presentation and disclosures in the consolidated financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Depreciation

The Group depreciates the property, plant and equipment in accordance with the accounting policies stated in note 2.5 above. The estimated useful lives reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of these assets.

(ii) Impairment of receivables

The policy for the impairment of receivables is based on the evaluation of collectability and on the management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor.

(iii) Income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences, of course, will impact upon the income tax and deferred tax provision in the period in which such determination is made.

(iv) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of the reporting period. They are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows.

(v) Revenue recognition

The Group assesses its business relationships with customers and determines that it is acting as an agent in the majority of transactions relating to the sales of air-tickets, hotel accommodation and other travel related products, and accordingly to report those revenue on a net basis.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

(vi) Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures a number of items at fair value:

Investment property (note 13); and

Financial assets/liabilities at fair value through profit or loss (note 18)

For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable notes.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

5. REVENUE, OTHER INCOME AND GAINS, AND SEGMENT INFORMATION

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

	2015 HK\$'000	2014 HK\$'000
Turnover/Revenue		
Service income from sales of travel related products (<i>note</i>)	333,255	313,897
Sales of package tours	40,315	–
Rental income from investment property	2,004	1,930
	375,574	315,827
Other income and gains		
Interest income on deposits in banks and financial institutions stated at amortised cost	2,557	2,399
Interest income on debt securities	336	–
Dividend income from listed securities	68	2
Exchange gains	1,454	219
Sundry income	8,959	5,328
	13,374	7,948
Total revenue, other income and gains	388,948	323,775

Note:

Gross sales proceeds

Gross sales proceeds from the sales of air-tickets, hotel accommodation and other travel related products, which does not represent revenue, representing the price at which products have been sold inclusive of any service fees are as follows:

	2015 HK\$'000	2014 HK\$'000
Gross sales proceeds	1,987,317	1,873,270



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

5. REVENUE, OTHER INCOME AND GAINS, AND SEGMENT INFORMATION

(Continued)

Segment information

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

	Travel and travel related business		Rental income from investment property		Treasury activities		Total	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Revenue								
From external customers	373,570	313,897	2,004	1,930	–	–	375,574	315,827
Reportable segment revenue	373,570	313,897	2,004	1,930	–	–	375,574	315,827
Reportable segment profit/(loss)	52,666	52,989	818	1,784	2,940	(113)	56,424	54,660
Interest income	2,404	2,382	–	–	459	17	2,863	2,399
Finance cost	(43)	(54)	(454)	(503)	–	–	(497)	(557)
Dividend income	–	–	–	–	68	2	68	2
Depreciation	(8,162)	(6,496)	(4)	(3)	–	–	(8,166)	(6,499)
Bad debt written off	(1)	(182)	–	–	–	–	(1)	(182)
Provision for impairment of trade receivables	–	(98)	–	–	–	–	–	(98)
Gain/(loss) on disposal of financial assets at fair value through profit or loss	–	–	–	–	1,263	(218)	1,263	(218)
Fair value gain/(loss) on financial assets/liabilities through profit or loss	–	–	–	–	904	(187)	904	(187)
Reportable segment assets	303,484	266,897	62,042	62,047	77,807	20,000	443,333	348,944
Additions to non-current segment assets during the year	11,147	7,146	–	13	–	–	11,147	7,159
Reportable segment liabilities	208,903	190,593	20,335	22,662	34,310	317	263,548	213,572



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

5. REVENUE, OTHER INCOME AND GAINS, AND SEGMENT INFORMATION

(Continued)

Segment information (Continued)

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

	2015 HK\$'000	2014 HK\$'000
Reportable segment revenue	375,574	315,827
Group revenue	375,574	315,827
Reportable segment profit	56,424	54,660
Other corporate expenses	(2,567)	(1,748)
Profit before income tax expense	53,857	52,912
Reportable segment assets	443,333	348,944
Other corporate assets	930	20,914
Group assets	444,263	369,858
Reportable segment liabilities	263,548	213,572
Other corporate liabilities	3,007	1,540
Group liabilities	266,555	215,112

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

	Revenue from external customers		Non-current assets	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Hong Kong (domicile)	375,565	315,820	116,384	114,871
The People's Republic of China (the "PRC") excluding Hong Kong	9	7	642	100
	375,574	315,827	117,026	114,971

The geographical location of the non-current assets is based on the physical location of the asset. The country of domicile is determined by referring to the country which the Group regards as its home country, has the majority of operations and centre of management.

Most of the revenue of the Group are derived in Hong Kong. The Group has a large number of customers, and no significant revenue was derived from specific external customers for the years ended 31 March 2014 and 2015.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

6. PROFIT FROM OPERATIONS

	2015 HK\$'000	2014 HK\$'000
Profit from operations is arrived at after charging:		
Auditor's remuneration	580	565
Depreciation*	8,180	6,499
Loss on disposal of property, plant and equipment	206	–
Bad debt written off	1	182
Provision for impairment of trade receivables	–	98
Operating lease charges in respect of leasehold premises:		
— Minimum leases payments	49,320	45,821
— Contingent rents**	271	115
	49,591	45,936
Operating leases in respect of office equipment	1,986	1,691
Staff costs (excluding directors' remuneration (note 11)):		
— Salaries	169,861	153,672
— Retirement scheme contribution	7,094	6,150
— Share-based payment expenses	352	–
	177,307	159,822

* Depreciation expenses have been included in:

- selling and distribution costs of approximately HK\$3,319,000 for the year (2014: HK\$3,142,000); and
- administrative expenses of approximately HK\$4,861,000 for the year (2014: HK\$3,357,000).

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

7. FINANCE COST

	2015 HK\$'000	2014 HK\$'000
Interest on bank and other borrowings		
— not wholly repayable within five years	497	557



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

8. INCOME TAX EXPENSE

	2015 HK\$'000	2014 HK\$'000
Current tax — Hong Kong		
Tax for the year	10,120	9,449
(Over)/under provision in respect of prior year	(154)	195
	9,966	9,644

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

	2015 HK\$'000	2014 HK\$'000
Profit before income tax	53,857	52,912
Tax calculated at the rates applicable to profits in the tax jurisdiction concerned	8,886	8,712
Tax effect of non-deductible items	542	440
Tax effect of non-taxable items	(585)	(420)
Tax loss utilised for the year	(195)	(47)
Tax effect of tax losses not recognised	1,892	861
(Over)/under provision in prior year	(154)	195
Tax effect of deductible temporary differences not recognised	(311)	(97)
Effect of tax reduction	(109)	–
Income tax expense	9,966	9,644

Hong Kong profits tax is calculated at 16.5% (2014: 16.5%) on the estimated assessable profits for the year.

Subsidiaries of the Company established in the PRC is subjected to PRC enterprise income tax at the rate of 25%. No PRC enterprise income tax has been provided as there is no assessable profit arising in the PRC for the year.

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

The Group has unrecognised tax losses of approximately HK\$17,860,000 (2014: HK\$7,575,000) subject to the agreement by the Hong Kong Inland Revenue Department for the year to offset against future taxable income. These tax losses do not expire under current legislation.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

9. DIVIDEND

	2015 HK\$'000	2014 HK\$'000
Proposed final dividend	17,462	15,407
	17,462	15,407

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

	2015 HK\$'000	2014 HK\$'000
Final dividend proposed in the previous year	15,407	20,077
Interim dividend declared during the year	6,163	7,704
	21,570	27,781

The directors recommend a final dividend of HK3.4 cents (2014: HK 3.0 cents) for the year ended 31 March 2015, amounting to approximately HK\$17,462,000 (2014: HK\$15,407,000) which is subject to approval by the shareholders in the forthcoming annual general meeting. The proposed dividend is not reflected as a dividend payable in these financial statements, but reflected as an appropriation of retained earnings for the year.

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of approximately HK\$45,406,000 (2014: HK\$43,268,000) and 513,579,000 (2014: 509,595,000) weighted average number of ordinary shares in issue during the year.

No diluted earnings per share is presented for the years ended 31 March 2014 and 2015 as the exercise price of the Company's outstanding options was higher than the average market price for the year.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

11. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

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

	Fees HK\$'000	Salaries, allowances and other benefits HK\$'000	Discretionary bonuses HK\$'000	Retirement scheme contribution HK\$'000	Share-based payment expenses HK\$'000	Total HK\$'000
2015						
<i>Executive directors</i>						
Mr. Ko Wai Ming, Daniel	-	667	200	18	-	885
Ms. Cheng Hang Fan	-	655	522	18	-	1,195
Mr. Kam Tze Ming, Alfred	-	1,752	450	18	-	2,220
Mr. Chan Wan Fung	-	1,270	324	18	-	1,612
	-	4,344	1,496	72	-	5,912
<i>Independent non-executive directors</i>						
Mr. Yung Ha Kuk, Victor	158	-	-	-	-	158
Mr. Szeto Chi Man	126	-	-	-	-	126
Mr. Mak King Sau	126	-	-	-	-	126
	410	-	-	-	-	410
	410	4,344	1,496	72	-	6,322
2014						
<i>Executive directors</i>						
Mr. Ko Wai Ming, Daniel	-	636	180	15	-	831
Ms. Cheng Hang Fan	-	624	526	15	-	1,165
Mr. Kam Tze Ming, Alfred	-	1,692	457	15	-	2,164
Mr. Chan Wan Fung	-	1,210	378	15	30	1,633
	-	4,162	1,541	60	30	5,793
<i>Independent non-executive directors</i>						
Mr. Yung Ha Kuk, Victor	158	-	-	-	-	158
Mr. Szeto Chi Man	126	-	-	-	-	126
Mr. Mak King Sau	126	-	-	-	-	126
	410	-	-	-	-	410
	410	4,162	1,541	60	30	6,203



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

(b) Five highest paid individuals

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

	2015 Number of individuals	2014 Number of Individuals
Directors	3	3
Non-director, highest paid individuals	2	2
	5	5

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

	2015 HK\$'000	2014 HK\$'000
Salaries, allowances and other benefits	1,704	2,039
Discretionary bonuses	625	293
Retirement scheme contribution	35	30
Share-based payment expenses	352	–
	2,716	2,362

Their emoluments fell within the following emolument bands:

	2015 Number of individuals	2014 Number of Individuals
Nil–HK\$1,000,000	–	–
HK\$1,000,001–HK\$1,500,000	2	2

During the year, no emoluments were paid by the Group to any directors or any of the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office. There were no arrangements under which a director waived or agreed to waive any emolument during the year.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

12. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvements HK\$'000	Office equipment HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Land and buildings HK\$'000	Total HK\$'000
At 1 April 2013						
Cost	14,033	8,987	3,541	–	45,108	71,669
Accumulated depreciation	(9,132)	(6,420)	(2,131)	–	(1,675)	(19,358)
Net book amount	4,901	2,567	1,410	–	43,433	52,311
Year ended 31 March 2014						
Opening net book amount	4,901	2,567	1,410	–	43,433	52,311
Additions	3,289	2,737	1,133	320	–	7,479
Disposals	–	–	–	(320)	–	(320)
Depreciation	(3,154)	(1,572)	(517)	–	(1,256)	(6,499)
Closing net book amount	5,036	3,732	2,026	–	42,177	52,971
At 31 March 2014						
Cost	15,385	11,724	4,674	–	45,108	76,891
Accumulated depreciation	(10,349)	(7,992)	(2,648)	–	(2,931)	(23,920)
Net book amount	5,036	3,732	2,026	–	42,177	52,971
Year ended 31 March 2015						
Opening net book amount	5,036	3,732	2,026	–	42,177	52,971
Additions	1,646	8,087	708	–	–	10,441
Disposals	(122)	(2)	(82)	–	–	(206)
Depreciation	(3,187)	(3,082)	(655)	–	(1,256)	(8,180)
Closing net book amount	3,373	8,735	1,997	–	40,921	55,026
At 31 March 2015						
Cost	15,652	19,512	4,729	–	45,108	85,001
Accumulated depreciation	(12,279)	(10,777)	(2,732)	–	(4,187)	(29,975)
Net book amount	3,373	8,735	1,997	–	40,921	55,026

At 31 March 2015, land and buildings of approximately HK\$40,921,000 (2014: HK\$42,177,000) were pledged to secure a bank borrowing granted to the Group (note 23). The land and buildings is situated in Hong Kong with lease terms expiring in 2047.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

13. INVESTMENT PROPERTY

Group

	2015 HK\$'000	2014 HK\$'000
1 April 2013, 31 March 2014 and 31 March 2015	62,000	62,000

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

The fair value of the Group's investment property as at 31 March 2015 was arrived at on the basis of the valuation carried out as at that date by B.I. Appraisals Limited, an independent qualified professional valuer not connected to the Group. B.I. Appraisals Limited is a member of the Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experience in the valuation of properties in the relevant location.

The fair value of investment properties is a level 3 recurring fair value measurement.

The valuation was arrived at using the investment approach by taking into account the current net rents passing of the property being held under existing tenancy and the reversionary potential of the property and by making reference to comparable leasing evidence in the relevant market. The fair value measurement is positively correlated to the market monthly rental rate and negatively correlated to reversionary yield.

	Valuation technique	Significant unobservable inputs	Range
As at 31 March 2015			
Investment property	Investment method	Market monthly rental rate taking into account of individual factors such as location, environment, age, accessibility, floor, size, etc. (HK\$/square feet)	HK\$160 to HK\$464
		Reversionary yield	2.3% to 3.5%

There were no changes to the valuation techniques during the years.

The fair value measurement is based on the above property's highest and best use, which does not differ from their actual use.

The Group's investment property is pledged to a bank to secure a bank borrowing granted to the Group as at 31 March 2015 (note 23).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

14. INVESTMENTS IN SUBSIDIARIES

Company

	2015 HK\$'000	2014 HK\$'000
Non-current asset		
— Unlisted shares, at cost	36,900	36,900

Details of the subsidiaries at 31 March 2015 are as follows:

Name	Place and date of incorporation	Particular of issued capital/ paid-up Capital	Effective interest held by the Company	Principal activities
Interests held directly				
Travel Expert Enterprises (BVI) Limited	British Virgin Islands 2 March 2010	US\$0.01 at US\$0.01 per share	100%	Investment holding
Interests held indirectly				
Travel Expert Enterprises Limited (專業旅運企業有限公司)	Hong Kong 6 January 2006	HK\$1 ordinary share	100%	Investment holding
Travel Expert Limited (專業旅運有限公司, formerly known as 專業國際旅運有限公司)	Hong Kong 20 June 1986	HK\$18,000,000 ordinary shares	100%	Travel and travel related business
Travel Expert Business Services Limited (專業旅運商務有限公司)	Hong Kong 24 March 1994	HK\$750,000 ordinary shares	100%	Travel and travel related business
MICExpert Limited (專業旅程策劃有限公司)	Hong Kong 4 July 1989	HK\$500,000 ordinary shares	100%	Investment holding
Travel Expert Cruise Limited (專業旅運郵輪有限公司)	Hong Kong 13 October 1999	HK\$1,000,000 ordinary shares	100%	Travel and travel related business
Power Empire Investments Limited (專業旅運(香港)有限公司)	Hong Kong 5 August 2010	HK\$1 ordinary share	100%	Holding of the Group's trademark
Tailor Made Holidays Limited (度新假期有限公司)	Hong Kong 21 September 2010	HK\$1,250,000 ordinary shares	100%	Travel and travel related business
Champion Gate Limited (昌基有限公司)	Hong Kong 27 January 2011	HK\$1 ordinary share	100%	Investment holding and property holding



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

14. INVESTMENTS IN SUBSIDIARIES (Continued)

Name	Place and date of incorporation	Particular of issued capital/ paid-up Capital	Effective interest held by the Company	Principal activities
Interests held indirectly				
Travel Expert (Shenzhen) Limited (尊業旅行社(深圳)有限公司)	The PRC 21 December 2011	RMB3,500,000	100%	Travel and travel related business
Smart Elite Investments Limited (傑駿投資有限公司)	Hong Kong 23 August 2012	HK\$1 ordinary share	100%	Investment holding and property holding
Premium Holidays Limited ("Premium Holidays") (尊賞假期有限公司)	Hong Kong 13 July 2012	HK\$1,000,000 ordinary shares	70%*	Travel and travel related business
SHARExpert Travel Limited (專享旅遊策劃有限公司)	Hong Kong 6 September 2012	HK\$500,000 ordinary shares	100%	Investment holding
AppoMax Technology Limited (亞寶邁科技有限公司)	Hong Kong 7 March 2014	HK\$500,000 ordinary shares	70%	Holding of the Group's technology system
Travel Expert Asset Management Limited (專業旅運資產管理有限公司)	Hong Kong 25 October 2012	HK\$1 ordinary shares	100%	Investment in treasury activities
TE Nice Tour (Shenzhen) Limited ("TE Nice Tour") (尊業新景界旅行社(深圳)有限公司)	The PRC 8 April 2004	RMB4,000,000	55%**	Inactive
Bossfly Limited (總要飛有限公司, formerly known as 老總飛有限公司)	Hong Kong 9 August 2013	HK\$500,000 ordinary shares	100%	Travel and travel related business

* During the year, the Group disposed 30% of equity interests in Premium Holidays at the consideration of HK\$300,000. This transaction resulted as followings: (a) gain on disposal of interests in a subsidiary of HK\$1,304,000, which is included in "other reserve" in the equity and attributed to the owners of the Company; and (b) a debit balance of approximately HK\$1,004,000 included in "non-controlling interests".

** During the year, the Group acquired 55% of equity interests in TE Nice Tour at the consideration of RMB200,000 (equivalent to HK\$250,000). This transaction was accounted as acquisition of assets and liabilities.

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

15. INVENTORIES

Group

The inventories are carried at lower of cost and net realisable value and represent principally tickets and general stores which are to be utilised in the ordinary course of operations.

16. TRADE RECEIVABLES

Group

The directors of the Group consider that the fair values of trade receivables are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

The ageing analysis of trade receivables, based on the invoice dates, as at the end of each of the year, net of impairment provision, is as follows:

	2015 HK\$'000	2014 HK\$'000
0-30 days	7,879	9,641
31-90 days	459	1,087
Over 90 days	13	149
	8,351	10,877
Less: Provision of impairment loss	-	(98)
	8,351	10,779

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

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

	2015 HK\$'000	2014 HK\$'000
Neither past due nor impaired	7,853	6,938
Not more than 3 months past due	498	3,827
More than 3 months but less than 12 months past due	-	14
	8,351	10,779

Trade receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired related to a large number of diversified customers that had a good track record of credit with the Group. Based on past credit history, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of trade receivables past due but not impaired.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

16. TRADE RECEIVABLES *(Continued)*

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery amount is remote, in which case the impairment loss is written off against trade receivables directly. Based on this assessment, the bad debts written off against trade receivables directly during the year are approximately HK\$1,000 (2014: HK\$182,000).

The movement in the provision for impairment of trade receivables is as follows:

	2015 HK\$'000	2014 HK\$'000
At 1 April	98	–
Impairment loss recognised	(98)	98
At 31 March	–	98

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

	2015 HK\$'000	2014 HK\$'000
Prepayments (<i>note</i>)	43,211	4,940
Deposits	18,764	19,288
Other receivables	17,008	10,375
	78,983	34,603

Note:

As at 31 March 2015, the Group has recorded prepayment of approximately HK\$38,080,000 in respect of share purchase (the "Application Prepayment") through an application of public share offering (the "Share Purchase Application") of a company to be listed in Hong Kong in April 2015. Among the Application Prepayment, the Group has made cash prepayment of approximately HK\$3,808,000 and the remaining balance was made in term of loan of approximately HK\$34,272,000 offered by the broker as detailed in note 23.

Company

	2015 HK\$'000	2014 HK\$'000
Prepayments	173	331
Other receivables	–	66
	173	397

The financial assets included in the above balances relate to receivables for which there was no recent history of default. None of these financial assets is either past due or impaired.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

18. FINANCIAL ASSETS/(LIABILITIES) AT FAIR VALUE THROUGH PROFIT OR LOSS

Group

Financial assets at fair value through profit or loss:

	2015 HK\$'000	2014 HK\$'000
Equity securities held for trading, at fair value, listed in Hong Kong and the PRC (note a)	4,801	868
Debt securities held for trading, at fair value, listed in Hong Kong (note b)	12,126	–
Derivative financial instruments		
— Forward exchange contracts (note c)	–	18
— Commodity future contract, listed outside Hong Kong (note d)	–	65
— Put options on Hang Seng Index (note a)	7	–
	16,934	951

	2015 HK\$'000	2014 HK\$'000
Derivative financial instruments		
— Forward exchange contracts (note c)	–	104
— Currency future contracts, listed in Hong Kong (note d)	–	101
— Call options on Hang Seng Index (note a)	7	–
	7	205

Changes in fair values of financial assets/liabilities at fair value through profit or loss are recorded as net gain/loss in the consolidated statement of comprehensive income.

Notes:

- (a) Fair values of these investments have been determined by reference to their quoted bid prices at the reporting date.
- (b) The fair value of debt securities listed in Hong Kong, and traded on over-the-counter (“OTC”) are determined based on quoted market price available on the OTC market described in note 31.
- (c) The fair value of forward exchange contracts are determined based on the forward exchange rate at the reporting date. The forward exchange contracts entered into by the Group are not traded on active markets. The valuation is based on the underlying conditions in the contracts and the market information at the valuation date, with the assumptions that there will be no material change in the political, legal, fiscal, technological, market and economic conditions that will materially affect the price of the underlying currencies of the forward exchange contracts and the interest rates and exchange rates will not differ materially from those of present or expected.

There was no outstanding forward exchange contracts as at 31 March 2015. As at 31 March 2014, the notional amount of the outstanding forward exchange contracts was US\$1,268,000.
- (d) The Group invests in a commodity future contract listed outside Hong Kong and currency future contracts listed in Hong Kong. Fair values of these investments have been determined by reference to their quoted bid prices at the reporting date.

There was no outstanding commodity future contract as at 31 March 2015. As at 31 March 2014, the notional amount of the outstanding commodity future contract listed outside and inside Hong Kong was US\$137,000 and RMB6,170,000, respectively.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

19. TIME DEPOSITS, AND CASH AND CASH EQUIVALENTS

Group

	2015 HK\$'000	2014 HK\$'000
Cash deposits in banks and financial institutions	47,721	33,967
Short-term deposits in banks	168,565	171,170
	216,286	205,137
Time deposits with an original maturity of more than three months	(145,246)	(83,214)
Cash and cash equivalents	71,040	121,923

Cash at banks and financial institutions earn interest at floating rates based on daily deposit rates. Short-term deposits in banks and a financial institution are made for varying periods between three months and one year (2014: two weeks and six months) depending on the immediate cash requirement of the Group, and earn interest at respective short-term deposit rates, ranging from 0.98% to 4.00% (2014: from 0.5% to 3.23%) per annum.

The Group had cash and bank balances denominated in RMB of approximately RMB2,450,000 (2014: RMB75,000) and the remittance of these funds out of the PRC was subject to the exchange control restrictions imposed by the PRC government.

Company

	2015 HK\$'000	2014 HK\$'000
Cash deposits in banks	93	144
Short-term deposits in banks	–	20,083
	93	20,227
Time deposit with an original maturity of more than three months	–	(10,027)
Cash and cash equivalents	93	10,200

Cash at banks earn interest at floating rates based on daily deposit rates.

As at 31 March 2014, short-term deposits in banks were made for varying periods between three months and six months depending on the immediate cash requirement of the Company, and earned interest at respective short-term deposit rates, ranging from 1.12% to 1.34% per annum.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

20. PLEDGED DEPOSITS

Group

As at 31 March 2015, pledged deposits of approximately HK\$2,451,000 (2014: HK\$1,191,000) represented deposits pledged to a broker (2014: a bank and a broker) as securities for derivative financial instruments of the Group, which did not carry interest. As at 31 March 2014, the carrying amount of the Group's pledged deposits are denominated in USD and RMB, and the Group has pledged deposits denominated in RMB of approximately RMB116,000.

21. TRADE PAYABLES

Group

The Group was granted by its suppliers for credit periods normally within 30 days. The ageing analysis of the trade payables, based on the invoice dates, were as follows:

	2015 HK\$'000	2014 HK\$'000
0-30 days	106,937	115,966
31-90 days	37,809	27,615
Over 90 days	14,115	5,961
	158,861	149,542

The trade payables are short term and hence the carrying values of the Group's trade payables are considered to be a reasonable approximation of fair value.

22. ACCRUED CHARGES, DEPOSITS RECEIVED AND OTHER PAYABLES

Group

	2015 HK\$'000	2014 HK\$'000
Accrued charges	24,703	22,893
Deposits received	16,889	6,326
Other payables	9,038	8,301
	50,630	37,520

Company

	2015 HK\$'000	2014 HK\$'000
Accrued charges	1,641	1,471
Other payables	9	7
	1,650	1,478



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

23. BANK AND OTHER BORROWINGS

Group

	Notes	2015 HK\$'000	2014 HK\$'000
Secured bank borrowings			
Portion due for repayment within one year	(a)	2,926	2,876
Portion due for repayment after one year which contain a repayable on demand clause	(a)	18,786	21,712
		21,712	24,588
Unsecured other borrowings:			
Portion due for repayment within one year	(b)	34,272	–
		55,984	24,588

Notes:

- (a) The Group's interest-bearing bank borrowing of approximately HK\$1,880,000 (2014: HK\$2,429,000) bears interest at a floating rate of 1.75% per annum over 1 month HIBOR and is secured by the Group's land and buildings of approximately HK\$40,921,000 (2014: HK\$42,177,000) as at 31 March 2015 (note 12).

The Group's interest-bearing bank borrowing of approximately HK\$19,832,000 (2014: HK\$22,159,000) bears interest at a floating rate of 2.85% per annum below HKD prime and is secured by the Group's investment property of approximately HK\$62,000,000 (2014: HK\$62,000,000) as at 31 March 2015 (Note 13).

The current liabilities include bank borrowings of approximately HK\$18,786,000 (2014: HK\$21,712,000) that are not scheduled for repayment within one year. They are classified as current liabilities as the related loan agreement contains a clause that provides the lender with an unconditional right to demand repayment at any time at its own discretion.

- (b) The Group's interest-bearing other borrowings of approximately HK\$34,272,000 represent the payables due to a broker (the "Broker's Loan") for Share Purchase Application as detailed in note 17. The Broker's Loan was unsecured and bore interest at a fixed rate of 1.38% per annum. Subsequent to the year end date, the Broker's Loan has been fully repaid in April 2015.

24. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

Company

The amounts due from/(to) subsidiaries are unsecured and repayable on demand.

Apart from the Company's amounts due from subsidiaries totalling approximately HK\$68,430,000 (2014: Nil), which bear interest at fixed rates ranging from 1.5% to 2.2% per annum, other balances with subsidiaries are interest-free.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

25. SHARE CAPITAL

Company

	Number of shares '000	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
At 31 March 2014 and 31 March 2015	2,000,000	20,000

	2015		2014	
	Number of shares '000	Amount HK\$'000	Number of shares '000	Amount HK\$'000
Issued and fully paid:				
Ordinary shares of HK\$0.01 each				
At beginning of the year	513,579	5,136	501,936	5,019
Shares issued under share option scheme	–	–	11,643	117
At the end of the year	513,579	5,136	513,579	5,136

26. RESERVES

(a) Group

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

Share premium

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

Merger reserve

The merger reserve of the Group represents the difference between the investment cost in subsidiaries of Travel Expert Enterprises (BVI) Limited and the nominal value of the issued share capital of the Group's subsidiaries.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

26. RESERVES (Continued)

(b) Company

	Share premium HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Proposed final dividend HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2013	49,480	36,900	3,834	20,077	16,313	126,604
Share issued under share option scheme	8,299	–	(2,357)	–	–	5,942
Forfeiture of share-based payment expenses	–	–	(36)	–	36	–
Lapse of share-based payment expenses	–	–	(1,441)	–	1,441	–
Recognition of share-based payment expenses	–	–	30	–	–	30
Final dividend declared	–	–	–	(20,077)	(388)	(20,465)
Interim dividend	–	–	–	–	(7,704)	(7,704)
Final dividend proposed	–	–	–	15,407	(15,407)	–
Profit for the year	–	–	–	–	8,629	8,629
At 31 March 2014 and 1 April 2014	57,779	36,900	30	15,407	2,920	113,036
Lapse of share-based payment expenses	–	–	(30)	–	30	–
Recognition of share-based payment expenses	–	–	352	–	–	352
Final dividend declared	–	–	–	(15,407)	–	(15,407)
Interim dividend	–	–	–	–	(6,163)	(6,163)
Final dividend proposed	–	–	–	17,462	(17,462)	–
Profit for the year	–	–	–	–	49,147	49,147
At 31 March 2015	57,779	36,900	352	17,462	28,472	140,965

Note: The contributed surplus of the Company represented the difference between the net asset value of the subsidiaries acquired and the nominal value of the share capital of the Company issued in exchange thereof pursuant to the reorganisation in 2011.

Of the consolidated profit attributable to the owners of the Company of approximately HK\$45,406,000 (2014: HK\$43,268,000), a loss of approximately HK\$8,579,000 (2014: a loss of HK\$7,040,000), excluding the transactions with the Company's subsidiaries, has been dealt with in the financial statements of the Company.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

27. SHARE OPTION SCHEME

The Company operates an equity-settled share-based remuneration schemes for the employees.

On 6 September 2011, the Company granted to certain eligible persons a total of 23,704,000 share options to subscribe for ordinary shares of HK\$0.01 each in the share capital of the Company under the pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") adopted by the Company on 31 March 2011. The options vest within one to two years from the dates of grant and then are exercisable within a period of one year.

On 2 July 2014, the Company granted to an eligible person a total of 2,000,000 share options to subscribe for ordinary shares of HK\$0.01 each in the share capital of the Company under the share option scheme (the "Share Option Scheme") adopted on 6 September 2011. The options vest 6 months to 1.5 years from the date of grant and then are exercisable within a period of one year.

The following table discloses the movements of the outstanding share options under the Pre-IPO Share Option Scheme during the year.

Grantee	Exercisable period	Number of options					Balance at 31 March 2015	Exercise price per share (HK\$)
		Balance at 1 April 2014	Granted during the year	Exercised during the year	Forfeited during the year	Lapsed during the year		
Executive Directors								
Mr. Chan Wan Fung	30 September 2013 to 29 September 2014	1,250,000	-	-	-	(1,250,000)	-	1.260
		1,250,000	-	-	-	(1,250,000)	-	

The following table discloses the movements of the outstanding share options under the Share Option Scheme during the year.

Grantee	Exercisable period	Number of options					Balance at 31 March 2015	Exercise price per share (HK\$)
		Balance at 1 April 2014	Granted during the year	Exercised during the year	Forfeited during the year	Lapsed during the year		
Employee of the Group								
	1 January 2015 to 31 December 2015	-	1,000,000	-	-	-	1,000,000	1.002
	1 January 2016 to 31 December 2016	-	1,000,000	-	-	-	1,000,000	1.002
		-	2,000,000	-	-	-	2,000,000	



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FOR THE YEAR ENDED 31 MARCH 2015

27. SHARE OPTION SCHEME (Continued)

The following table discloses the movements of the outstanding share options under the Pre-IPO Share Option Scheme during the year ended 31 March 2014.

Grantee	Exercisable period	Number of options					Balance at 31 March 2014	Exercise price per share (HK\$)
		Balance at 1 April 2013	Granted during the year	Exercised during the year	Forfeited during the year	Lapsed during the year		
Executive Directors								
Mr. Ko Wai Ming, Daniel	30 September 2012 to 29 September 2013	500,000	-	(500,000)	-	-	-	0.5040
Ms. Cheng Hang Fan	30 September 2012 to 29 September 2013	500,000	-	(500,000)	-	-	-	0.5040
Mr. Kam Tze Ming, Alfred	30 September 2012 to 29 September 2013	4,500,000	-	(4,500,000)	-	-	-	0.5040
Mr. Chan Wan Fung	30 September 2012 to 29 September 2013	1,250,000	-	(300,000)	-	(950,000)	-	0.630
	30 September 2013 to 29 September 2014	1,250,000	-	-	-	-	1,250,000	1.260
Employees of the Group								
	30 September 2012 to 29 September 2013	11,372,000	-	(4,843,000)	(186,000)	(6,343,000)	-	0.5355
	30 September 2012 to 29 September 2013	1,000,000	-	(1,000,000)	-	-	-	0.5040
		20,372,000	-	(11,643,000)	(186,000)	(7,293,000)	1,250,000	

Share options granted during the year ended 31 March 2012

The fair value of options granted during the year ended 31 March 2012 was approximately HK\$4,594,000 and were determined at the grant date using the Binomial Model.

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

Share options granted during the year

The fair value of options granted during the year ended 31 March 2015 was approximately HK\$493,000 and was determined at the grant date using the Binomial Model.

Significant inputs into the calculation included the expected dividend yield of 4.50% and a volatility rate is 60.70%, based on expected share price. Risk-free annual interest rate was determined at 0.59%.

The share-based payment expenses of approximately HK\$352,000 (2014: HK\$30,000) is charged to the profit or loss during the year.

The options outstanding as at 31 March 2015 have a weighted average remaining contractual life of 1.25 year (2014: 0.5 year) and weighted average exercise price of HK\$1.002 (2014: HK\$1.26).

No option was exercised during the year. The options exercised during the year ended 31 March 2014 have a weighted average share price of HK\$0.62 at the date of options exercised during that year.



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FOR THE YEAR ENDED 31 MARCH 2015

28. FINANCIAL GUARANTEE CONTRACTS

Company

As at 31 March 2015, the Company provided corporate cross-guarantees of approximately HK\$77,000,000 (2014: HK\$57,000,000) to various banks in connection with the bank facilities granted to its subsidiaries. Under the guarantee contracts, the Company and its subsidiaries would be jointly and severally liable to pay the holders of these guarantees in the event of any default.

As at 31 March 2015, the Company provided corporate guarantees of approximately HK\$55,000,000 (2014: HK\$76,000,000) to various banks in connection with the bank facilities granted to its subsidiaries. Under the guarantee contracts, the Company would be liable to pay the holders of these guarantees in the event of any default.

As at 31 March 2014 and 2015, no provision for the Company's obligation under the guarantee contracts have been made as the directors considered that it was not probable that the repayment of the loan would be in default.

29. BANKING FACILITIES

As at 31 March 2015, the Group's banking facilities are approximately HK\$233,823,000 (2014: HK\$196,591,000) with approximately HK\$65,371,000 (2014: HK\$69,145,000) being utilised. The Group's banking facilities were secured by:

- (i) the land and buildings with carrying amount of approximately HK\$40,921,000 as at 31 March 2015 (2014: HK\$42,177,000);
- (ii) the investment property with carrying amount of approximately HK\$62,000,000 as at 31 March 2015 (2014: HK\$62,000,000); and
- (iii) the corporate guarantee or cross-guarantees provided by the Company and/or certain subsidiaries to the extent of approximately HK\$239,000,000 as at 31 March 2015 (2014: HK\$240,000,000).

30. COMMITMENTS

Operating lease commitments

Group as lessee

The Group leases certain premises and office equipment under operating lease commitments for terms ranging from one to four years. Certain leases contain an option to renew the lease and renegotiated the terms at the expiry dates or at dates mutually agreed between the Group and the landlords. In addition to the fixed rentals, pursuant to the terms of certain rental agreements, the Group has to pay a rental based on certain percentage of the gross sales proceeds of the relevant shop when the sales meet certain specified level.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

30. COMMITMENTS *(Continued)*

Operating lease commitments *(Continued)*

Group as lessee *(Continued)*

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

	2015 HK\$'000	2014 HK\$'000
Buildings:		
— Within one year	39,088	35,798
— In the second to fifth years, inclusive	17,033	22,280
	56,121	58,078
Other assets:		
— Within one year	600	635
— In the second to fifth years, inclusive	1,100	1,700
	1,700	2,335

Group as lessor

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

	2015 HK\$'000	2014 HK\$'000
— Within one year	2,234	2,004
— In the second to fifth years, inclusive	2,660	334
	4,894	2,338

Company

As at 31 March 2014 and 2015, the Company did not have any operating lease commitment.

Capital commitments

Group and Company

As at 31 March 2014 and 2015, the Group and the Company did not have any significant capital commitments.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

The main risks arising from the Group's financial instruments are market risk (including principally changes in interest rates and currency exchange rates), credit risk and liquidity risk. The board of directors reviews and agrees policies each of these risks and they are summarised below. Generally, the Group employs conservative strategy regarding its risk management.

(i) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group.

The Company has entered into financial guarantee contracts in which it has guaranteed the banks for the repayment of loan by its subsidiaries. The Company has the obligation to compensate the banks for the loss it would suffer if the subsidiaries fail to repay. The Company's maximum exposure under the financial guarantee contracts was stated in note 28.

In the opinion of the directors, the Group and the Company do not have significant credit risk exposure because:

- The cash balances of the Group and the Company are mainly deposited with the banks and reputable financial institutions; and
- The Group has no significant concentration of credit risk arising from its ordinary course of business due to its large customer base and the counterparties are creditworthy which have low risk of default in repayment.

In general, there is no requirement for collateral by the Group or the Company.

(ii) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk mainly arises on deposits in banks and financial institution (note 19) and bank and other borrowings (note 23) which are at floating rates. The Group's policy is to manage its interest cost using a mix of fixed and floating rate borrowings. Derivative contracts may be used to hedge the Group's exposure to interest rate risk, when and where appropriate.

Interest rate sensitivity

The following table illustrates the sensitivity of the Group's profit for the year and equity to a possible change in the following interest rates with effect from the beginning of the year. The assumed changes have no impact on the Group's other components of equity.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

(ii) Interest rate risk *(Continued)*

Interest rate sensitivity *(Continued)*

Group

	Effect on profit for the year and retained earnings			
	Possible change in interest rates	Increase in profit and retained profits HK\$'000	Possible change in interest rates	Decrease in profit and retained profits HK\$'000
31 March 2014	+1%	94	-1%	(94)
31 March 2015	+1%	285	-1%	(285)

Company

	Effect on profit for the year and retained earnings			
	Possible change in interest rates	Increase in profit and retained profits HK\$'000	Possible change in interest rates	Decrease in profit and retained profits HK\$'000
31 March 2014	+1%	1	-1%	(1)
31 March 2015	+1%	1	-1%	(1)

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

(iii) Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has foreign currency exposures. Such exposures arise from the balance of assets and liabilities in currencies other than the functional currency of the Group's entities. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date that are considered significant by the directors of the Company are stated as follows:

Group

	2015 HK\$'000	2014 HK\$'000
Assets:		
JPY	10,038	2,067
USD	–	1,399
AUD	728	734
SGD	3,414	1,627
RMB	24,909	18,462
EUR	1,369	67
	40,458	24,356
Liabilities:		
JPY	(15,676)	(9,211)
USD	(6,937)	(1,405)
EUR	(315)	(62)
AUD	(283)	(414)
SGD	(3,716)	(6,030)
MYR	(1,142)	(1,703)
PHP	(7)	(71)
THB	(1,149)	(1,456)
RMB	(241)	(131)
MOP	(610)	(3,039)
	(30,076)	(23,522)
Net exposure to foreign currency risk	10,382	834

The Group's policy requires the management monitors foreign exchange exposure by closely monitoring the movement of foreign currency rate and may enter into foreign currency options or forward contract, when and where appropriate.

As US\$ is pegged to HK\$, at a range of US\$1:HK\$7.75 – 7.85, the Group does not expect any significant movements in the US\$/HK\$ exchange rates. No sensitivity analysis in respect of the Group's financial assets denominated in US\$ is disclosed as in the opinion of directors, such sensitivity analysis does not give additional value in view of insignificant movement in the US\$/HK\$ exchange rates as at the end of reporting period.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

(iii) Foreign currency risk *(Continued)*

The following table illustrates the sensitivity of the Group's profit after tax for the year and equity during the year in regard to a 5% appreciation in the functional currencies of the Group's entities against the foreign currencies. These rates are the rates used when reporting foreign currency risk internally to key management personnel and represents management's best assessment of the possible change in foreign exchange rates.

The sensitivity analysis of the Group's exposure to foreign currency risk at the end of the year has been determined based on the assumed percentage changes in foreign currency exchange rates taking place at the beginning of the year and held constant throughout the year.

	Effect on profit for the year and equity	
	2015 HK\$'000	2014 HK\$'000
JPY	303	298
SGD	42	184
AUD	(12)	(13)
RMB	(579)	(765)
MYR	(48)	71
PHP	–	3
THB	(48)	61
EUR	(4)	–
MOP	25	127
TWD	(6)	–
	(327)	(34)

The same percentage depreciation in the functional currencies of the Group's entities against the respective foreign currencies would have the same magnitude on the Group's profit for the year and equity but of opposite effect.

Company

The Company's exposure to foreign currency risk is minimal as the Company holds most of its financial assets/liabilities in its own functional currency.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

(iv) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its current financial liabilities. The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations, mitigate the effects of fluctuations in cash flows and compliance with its covenants of the credit and banking facilities. The Group relies on internally generated funding and available banking facilities to the Group as significant sources of liquidity.

The maturity profile of the Group's financial liabilities at the end of the year, based on the contracted undiscounted payments, were as follows:

Group

	On demand HK\$'000	Less than three months HK\$'000	Total HK\$'000
At 31 March 2015			
Trade payables	36,621	122,240	158,861
Bank and other borrowings	55,984	–	55,984
Other payables	9,038	–	9,038
Financial liabilities at fair value through profit or loss	7	–	7
	101,650	122,240	223,890
At 31 March 2014			
Trade payables	33,578	115,964	149,542
Bank borrowings	24,588	–	24,588
Other payables	8,301	–	8,301
Financial liabilities at fair value through profit or loss	205	–	205
	66,672	115,964	182,636

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

(iv) Liquidity risk *(Continued)*

Group *(Continued)*

	Carrying amount HK\$'000	Total contractual undiscounted cash flow HK\$'000	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but not less than 5 years HK\$'000	More than 5 years HK\$'000
At 31 March 2015						
Bank and other borrowings	55,984	59,524	38,078	3,703	9,868	7,875
At 31 March 2014						
Bank borrowings	24,588	29,039	3,827	3,766	10,600	10,846

Company

	On demand HK\$'000
At 31 March 2015	
Amounts due to subsidiaries	15,549
Other payables	9
	15,558
Financial guarantees issued	
Maximum amount guaranteed	132,000
At 31 March 2014	
Other payables	7
Financial guarantees issued	
Maximum amount guaranteed	133,000

(v) Price risk

Equity price risk relates to the risk that the fair values of equity securities will fluctuate because of changes in the levels of equity indices and the values of individual securities. The Group is mainly exposed to equity price risk arising from the investments in listed equity securities classified as financial assets at fair value through profit or loss as at 31 March 2015 as mentioned in note 18 which are valued at quoted market prices at the reporting date. The Group's investments in listed equity securities are publicly traded in the Stock Exchange.

For the equity securities listed on the Stock Exchange, an average volatility of 1.63% has been observed in the Hang Seng Index during the year ended 31 March 2015.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

(v) Price risk *(Continued)*

The table below summaries the impact of increase/decrease of the Hang Seng Index on the Group's profit for the year and retained profits. The analysis is based on the assumption that the Hang Seng Index had increased/decreased by 10% with all other variables held constant and all the Group's listed equity securities moved according to the historical correlation with the Hang Seng Index.

Group

	Effect on profit for the year and retained earnings			
	Possible change in market price	Increase in profit and retained profits HK\$'000	Possible change in market price	Decrease in profit and retained profits HK\$'000
31 March 2015	+10%	12	-10%	(12)
31 March 2014	+10%	87	-10%	(87)

(vi) Summary of financial assets and liabilities by category

The carrying amounts of the Group's financial assets and liabilities as recognised at the end of the year are analysed into the following categories. See notes 2.10 and 2.11 for explanations about how the category of financial instruments affects their subsequent measurement.

Group

	2015 HK\$'000	2014 HK\$'000
Financial assets		
Measured at fair value through profit or loss		
— Financial assets at fair value through profit or loss	16,934	951
Loans and receivables		
— Trade receivables	8,351	10,779
— Other receivables	17,008	10,375
	25,359	21,154
Cash and cash equivalents	71,040	121,923
Time deposits over three months	145,246	83,214
	258,579	227,242



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

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

Group *(Continued)*

	2015 HK\$'000	2014 HK\$'000
Financial liabilities		
Measured at fair value through profit or loss		
— Financial liabilities at fair value through profit or loss	7	205
Measured at amortised cost		
— Trade payables	158,861	149,542
— Bank and other borrowings	55,984	24,588
— Other payables	9,039	8,301
	223,884	182,431
	223,891	182,636

Company

	2015 HK\$'000	2014 HK\$'000
Financial assets		
Loans and receivables		
— Amounts due from subsidiaries	97,411	62,144
— Other receivables	—	66
	97,411	62,210
Cash and cash equivalents	93	10,200
Time deposits over three months	—	10,027
	97,504	82,437
Financial liabilities		
Measured at amortised cost		
— Amounts due to subsidiaries	15,549	—
— Other payables	9	7
	15,558	7



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

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

HKFRS 13 Improving Disclosures about Financial Instruments introduced a three-level hierarchy for fair value measurement disclosures and additional disclosures about the relative reliability of fair value measurements.

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial asset and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

	2015			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Financial assets at fair value through profit or loss				
— Listed debt securities	12,126	—	—	12,126
— Listed equity investments	4,801	—	—	4,801
— Derivatives	7	—	—	7
	16,934	—	—	16,934
Financial liabilities at fair value through profit or loss				
— Derivatives	7	—	—	7



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

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

(Continued)

	2014			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Financial assets at fair value through profit or loss				
— Listed equity investments	868	—	—	868
— Derivatives	65	18	—	83
	933	18	—	951
Financial liabilities at fair value through profit or loss				
— Derivatives	101	104	—	205

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

32. CAPITAL MANAGEMENT

The Group's objectives when managing capital include:

- (i) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
- (ii) To support the Group's stability and growth; and
- (iii) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristic of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or raise new debts. No changes were made in the objectives, policies or processes for managing capital during the year.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

32. CAPITAL MANAGEMENT *(Continued)*

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

	2015 HK\$'000	2014 HK\$'000
Capital:		
Total equity	177,708	154,746
Overall financing:		
Bank and other borrowings	55,984	24,588
Capital-to-overall financing ratio	3.17 times	6.29 times

33. RELATED PARTY TRANSACTIONS

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

(i) Significant related party transactions during the years

	2015 HK\$'000	2014 HK\$'000
Rental expenses paid to related companies (<i>note 1(a)</i>)	2,246	3,474
Disposal of property, plant and equipment to a related company	–	320
Rental deposit paid to related companies included in prepayments, deposits and other receivables (<i>note 1(b)</i>)	548	518

Notes:

1. Mr. Ko Wai Ming, Daniel and/or Ms. Cheng Hang Fan, the directors of the Company, are directors and/or ultimate beneficial owners of the related companies.
 - (a) During the year ended 31 March 2015, except for the rental expenses paid to related companies of approximately HK\$1,004,000 (2014: HK\$828,000), the remaining rental expenses paid to related companies constitute continuing connected transactions as defined in Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
 - (b) For the deposits paid to related companies, the maximum balance outstanding during the years ended 31 March 2015 and 2014 were approximately HK\$641,000 and HK\$1,427,000 respectively.
2. The terms of the above transactions are mutually agreed by the Group and the related companies. The directors are of the opinion that the terms were made in the ordinary course of business on normal commercial basis.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

33. RELATED PARTY TRANSACTIONS *(Continued)*

(ii) Compensation of key management personnel

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

	2015 HK\$'000	2014 HK\$'000
— Short term employee benefits	6,250	6,113
— Retirement scheme contribution	72	60
— Share-based payment expenses	—	30
	6,322	6,203

34. ACQUISITION OF A COMPANY

On 26 March 2015, the Group has made an announcement in relation to a possible acquisition of a company, the principal business of which is the operation of wedding planning and event management in Hong Kong. On 25 March 2015, The Group has entered into a share transfer and shareholders agreement with an independent third party, whom is the sole director and sole shareholder of I'm Yours Event Limited ("I'm Yours"), pursuant to which the Group has conditionally agreed to purchase and the independent third party has agreed to sell 60% equity interests of I'm Yours for a consideration of HK\$500,000 (the "IYEL Acquisition"). Upon completion of the acquisition, the Group and the existing sole shareholder will own as to 60% and 40% equity interests in I'm Yours, respectively. I'm Yours has been renamed as Take My Hand Limited on 19 May 2015. The IYEL Acquisition has been completed subsequent to reporting date in April 2015. As the IYEL Acquisition was completed close to the date of approval of these financial statements, it is not practicable to disclose further details in relation to the acquisition as at the date of the approval of these financial statements.

35. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 24 June 2015.



FIVE-YEAR FINANCIAL SUMMARY

	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000
Gross sales proceeds	1,987,317	1,873,270	1,604,767	1,433,879	1,285,036
Revenue	375,574	315,827	264,263	229,188	204,842
Cost of sale	(35,093)	–	–	–	–
Gross profit	340,481	315,827	264,263	229,188	204,842
Other income	13,374	7,948	6,903	5,870	2,250
Increase in fair value of investment property	–	–	8,549	–	–
Selling and distribution costs	(234,509)	(217,664)	(186,273)	(152,498)	(138,418)
Administrative expenses	(67,159)	(52,237)	(45,885)	(45,666)	(30,345)
Gain/(Loss) on disposal of financial assets at fair value through profit or loss	1,263	(218)	–	–	–
Fair value gain/(loss) on financial assets/ liabilities at fair value through profit or loss	904	(187)	–	–	–
Profit from operations	54,354	53,469	47,557	36,894	38,329
Finance cost	(497)	(557)	(223)	(90)	–
Profit before income tax	53,857	52,912	47,334	36,804	38,329
Income tax expense	(9,966)	(9,644)	(5,995)	(6,465)	(7,220)
Profit for the year	43,891	43,268	41,339	30,339	31,109
Other comprehensive income for the year, net of tax	(48)	(1)	9	33	(33)
Total comprehensive income for the year	43,843	43,267	41,348	30,372	31,076
ASSETS AND LIABILITIES					
Non-current assets	117,026	114,971	114,311	53,135	14,407
Current assets	327,237	254,887	200,135	199,428	135,285
TOTAL ASSETS	444,263	369,858	314,446	252,563	149,692
TOTAL LIABILITIES	(266,555)	(215,112)	(180,887)	(145,167)	(128,244)
	177,708	154,746	133,559	107,396	21,448

Note:

The consolidated results of the Group for each of the years ended 31 March 2014 and 2015 and the consolidated assets and liabilities of the Group as at 31 March 2014 and 2015 are those set out on page 33 to 34 of this annual report. Such summary was prepared as if the current structure of the Group had been in existence throughout these financial years.