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WWPKG Holdings Company Limited

縱橫遊控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8069)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

CHARACTERISTIC OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

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

This announcement, for which the directors (the "Directors") of WWPKG Holdings Company Limited (the "Company", together with its subsidiaries, the "Group") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.

The board of Directors of the Company (“the “Board”) is pleased to announce the unaudited interim financial results of the Group for the six months ended 30 September 2017, together with the comparative figures for the corresponding period in 2016, as set out below.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2017

	<i>Note</i>	For the six months ended 30 September		For the three months ended 30 September	
		2017	2016	2017	2016
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	5	217,508	167,515	93,615	85,128
Cost of sales	7	(188,956)	(148,095)	(81,926)	(76,535)
Gross profit		28,552	19,420	11,689	8,593
Other income and other (losses)/ gains, net	6	(67)	926	(43)	240
Selling expenses	7	(8,906)	(8,812)	(3,491)	(4,137)
Administrative expenses	7	(20,324)	(27,881)	(10,237)	(12,755)
Operating loss		(745)	(16,347)	(2,082)	(8,059)
Finance income/(costs), net	8	43	(10)	23	(4)
Loss before income tax		(702)	(16,357)	(2,059)	(8,063)
Income tax (expense)/credit	9	(140)	1,079	195	656
Loss and total comprehensive loss for the period		(842)	(15,278)	(1,864)	(7,407)
Loss and total comprehensive loss attributable to:					
Owners of the Company		(818)	(15,065)	(1,860)	(7,294)
Non-controlling interests		(24)	(213)	(4)	(113)
		(842)	(15,278)	(1,864)	(7,407)
Basic and diluted loss per share for loss attributable to owners of the Company (<i>expressed in HK cents</i>)	10	(0.20)	(5.02)	(0.47)	(2.43)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2017

		As at 30 September 2017 <i>HK\$'000</i> (unaudited)	As at 31 March 2017 <i>HK\$'000</i> (audited)
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		6,558	7,655
Prepayments, deposits and other receivables		1,281	650
Deferred income tax assets		872	510
		<u>8,711</u>	<u>8,815</u>
Current assets			
Inventories		1,912	1,698
Trade receivables	12	8	199
Prepayments, deposits and other receivables		41,908	30,933
Derivative financial assets		—	38
Current income tax recoverable		3,446	3,986
Cash and cash equivalents		102,793	138,588
		<u>150,067</u>	<u>175,442</u>
Total assets		<u><u>158,778</u></u>	<u><u>184,257</u></u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	13	4,000	4,000
Reserves		80,537	80,537
Retained earnings		14,058	34,876
		<u>98,595</u>	<u>119,413</u>
Non-controlling interests		<u>598</u>	<u>622</u>
Total equity		<u><u>99,193</u></u>	<u><u>120,035</u></u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

As at 30 September 2017

		As at 30 September 2017 <i>HK\$'000</i> (unaudited)	As at 31 March 2017 <i>HK\$'000</i> (audited)
	<i>Note</i>		
LIABILITIES			
Non-current liabilities			
Obligations under finance leases		65	107
Other non-current liabilities		657	743
Deferred income tax liabilities		—	38
		<u>722</u>	<u>888</u>
Current liabilities			
Trade payables	14	4,914	6,556
Accruals and other payables		52,380	55,361
Dividend payable to minority shareholders of a subsidiary		—	105
Obligations under finance leases		83	151
Derivative financial liabilities		51	—
Amounts due to related companies		1,435	1,161
		<u>58,863</u>	<u>63,334</u>
Total liabilities		<u>59,585</u>	<u>64,222</u>
Total equity and liabilities		<u><u>158,778</u></u>	<u><u>184,257</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 8 June 2016 as an exempted company with limited liability under Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered address of the Company is at P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business in Hong Kong is located at Unit 706–8, 7/F, Lippo Sun Plaza, 28 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The Company is an investment holding company. The principal activities of the Group are (i) the design, development and sales of package tours; (ii) the sales of air tickets and hotel accommodations (“FIT products”); and (iii) the sales of ancillary travel related products and services.

The shares of the Company (the “Shares”) were listed on GEM of the Stock Exchange (the “Listing”) on 12 January 2017.

The ultimate holding company of the Group is WWPKG Investment Holdings Limited, a company incorporated in the British Virgin Islands (“BVI”).

The interim condensed consolidated financial information is presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company, and all values are rounded to the nearest thousand except when otherwise indicated.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 September 2017 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual consolidated financial statements for the year ended 31 March 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

3. ACCOUNTING POLICIES

Except as described below, the accounting policies adopted are consistent with those adopted in the Company’s annual consolidated financial statements for the year ended 31 March 2017.

(a) New standards and amendments to standards adopted by the Group

The Group has adopted, for the first time, the following new HKFRSs and amendments to HKAS which are mandatory for the accounting periods beginning on or after 1 April 2017:

- Amendments to HKAS 7 — Disclosure Initiative
- Amendment to HKAS 12 — Recognition of Deferred Tax Assets for Unrealised Losses
- Annual Improvement Project — Annual Improvement 2014 — 2016 Cycle

The adoption of these new standards and amendments to standards did not have any impact on the interim condensed consolidated financial information or result in any significant changes in the Group’s significant accounting policies.

(b) New standards and amendments to standards not yet adopted by the Group

The following are new standards and amendments to standards that have been issued, but are not effective for the annual period beginning on 1 April 2017 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKAS 40 (Amendment)	Investment Property	1 April 2018
HK (IFRIC) Int 22	Foreign Currency Transactions and Advance Consideration	1 April 2018
HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions	1 April 2018
HKFRS 4 (Amendment)	Insurance Contracts	1 April 2018
HKFRS 9	Financial Instruments	1 April 2018
HKFRS 15	Revenue from Contracts with Customers	1 April 2018
HKFRS 15 (Amendment)	Clarification to HKFRS 15 Revenue from Contracts with Customers	1 April 2018
HKFRS 16	Leases	1 April 2019
HK (IFRIC) Int 23	Uncertainty over Income Tax Treatment	1 April 2019
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not yet established by HKICPA

Under HKAS 17, lessees were required to make a distinction between a finance lease (on the interim condensed consolidated statement of financial position) and an operating lease (off balance sheet). HKFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a right-of-use asset for virtually all lease contracts. The new standard will impact both the consolidated statement of financial position and related ratios (capital adequacy ratio and leverage ratio), but the impact will not be material. If the Group early adopts HKFRS 16, as at 30 September 2017, the amount of operating lease commitment amounted to HK\$5,386,000 (31 March 2017: HK\$7,522,000) would be recognised on the interim condensed consolidated statement of financial position as asset and liability. It would have immaterial influences on total assets and liabilities. The impact on capital adequacy ratio and leverage ratio will also be immaterial.

HKFRS 15 replaces the previous revenue standards: HKAS 18 Revenue and HKAS 11 Construction Contracts, and the related Interpretations on revenue recognition. HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract; (3) Determine the transaction price; (4) Allocate transaction price to performance obligations; and (5) Recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an “earnings processes” to an “asset-liability” approach based on transfer of control. HKFRS 15 provides specific guidance on capitalisation of contract cost, license arrangements and principal versus agent commissions. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers. HKFRS 15 is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group does not plan to early adopt HKFRS 15. The Group assessed the impact of the adoption of HKFRS 15 by analysing the Group’s key revenue streams against the 5-step approach and did not expect the adoption would have a material impact other than presenting more disclosures.

HKFRS 9, “Financial Instruments”, addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss.

For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. The Group assessed that adopting HKFRS 9 would not have a material impact on the Group's results of operations and financial position.

Management is in the process of making an assessment on the impact of other new standards and amendments to standards and is not yet in a position to state whether they will have a significant impact on the Group's results of operations and financial position.

4.1. ESTIMATES

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 March 2017.

4.2. FAIR VALUE ESTIMATION

The table below analyses the Group's financial instruments carried at fair value by level of the inputs to valuation techniques used to measure fair value.

	Level 2 <i>HK\$'000</i>
As at 30 September 2017	
Liabilities	
Forward exchange contracts	<u>51</u>
As at 31 March 2017	
Assets	
Forward exchange contracts	<u>38</u>

The fair value of financial instruments in level 2 that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. As at 30 September 2017 and 31 March 2017, instruments included in level 2 represent forward exchange contracts issued by a financial institution and foreign currency services company in Hong Kong, which were classified as financial assets/liabilities at fair value through profit or loss, and the fair values were determined using forward exchange rates at the date of the consolidated statement of financial position.

There were no transfers between levels 1, 2 and 3 during the six months ended 30 September 2017.

5. REVENUE AND SEGMENT INFORMATION

(a) Revenue

The Group's businesses include (i) the design, development and sales of package tours; (ii) the sales of FIT products; and (iii) the sales of ancillary travel related products and services. Revenue recognized are as follows:

	For the six months ended 30 September		For the three months ended 30 September	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales of package tours	213,365	163,748	92,173	83,449
Margin income from sales of FIT products	1,013	1,408	451	656
Margin income from sales of ancillary travel related products and services	3,130	2,359	991	1,023
	<u>217,508</u>	<u>167,515</u>	<u>93,615</u>	<u>85,128</u>

(b) Segment information

Management has identified the Group's operating segments based on the reports reviewed by the chief operating decision makers that are used for making strategic decisions. The chief operating decision makers are identified as the executive Directors of the Company. The only component in internal reporting to the chief operating decision makers are the Group's travel and travel-related services business for the six months and the three months ended 30 September 2017 (six months and three months ended 30 September 2016: same). In this regard, management considers there is only one operating segment under the requirements of HKFRS 8 Operating Segments.

There is no single external customer that contributed to more than 10% revenue of the Group's revenue for the six months and the three months ended 30 September 2017 (six months and three months ended 30 September 2016: same).

The Group's business is domiciled in Hong Kong and all revenue was generated from customers located in Hong Kong and Macau. As at 30 September 2017 and 31 March 2017, all non-current assets were located in Hong Kong.

6. OTHER INCOME AND OTHER (LOSSES)/GAINS, NET

	For the six months ended 30 September		For the three months ended 30 September	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Other income				
Referral income	33	75	20	49
Other (losses)/gains, net				
Exchange (losses)/gains, net	(136)	669	(29)	27
Fair value gains/(losses) on derivative financial instruments	37	184	(33)	166
Loss on disposal of property, plant and equipment	(1)	(2)	(1)	(2)
	<u>(100)</u>	<u>851</u>	<u>(63)</u>	<u>191</u>
Other income and other (losses)/gains, net	<u>(67)</u>	<u>926</u>	<u>(43)</u>	<u>240</u>

7. EXPENSES BY NATURE

The Group's loss is stated after charging/(crediting) the following cost of sales, selling expenses and administrative expenses:

	For the six months ended 30 September		For the three months ended 30 September	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Land costs (<i>Note</i>)	109,016	83,883	47,025	42,276
Air fare costs	79,493	62,716	34,674	34,097
Auditor's remuneration				
— Audit service	573	300	298	150
Employee benefits expenses, excluding Directors' benefits and interests				
— Salaries, discretionary bonuses and allowances	10,707	11,045	5,322	5,317
— Pensions costs — defined contribution plan	652	689	316	335
— Other employee benefits	106	149	42	69
	11,465	11,883	5,680	5,721
Directors' benefits and interests	2,411	2,157	1,204	1,078
Depreciation of property, plant and equipment	1,085	610	530	313
Office, telecommunication and utility expenses	837	693	405	380
Operating lease rentals of:				
— Office and branches premises	5,083	4,096	2,584	2,054
— Equipment rental	139	212	44	100
Advertising and promotion	3,349	3,704	1,160	1,594
Credit card fees	1,688	1,747	484	839
Exchange losses/(gains), net	51	1,184	36	(7)
Legal and professional fees	1,420	213	818	12
Professional expenses incurred in connection with the Listing	—	9,818	—	4,086
Others	1,576	1,572	712	734
	218,186	184,788	95,654	93,427

Note:

Land costs mainly consist of direct costs incurred in the provision of package tours services such as land operator services, hotel accommodations, transportation expenses, meal expenses and admission tickets costs.

8. FINANCE INCOME/(COSTS), NET

	For the six months ended 30 September		For the three months ended 30 September	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Finance income				
Bank interest income	48	—	25	—
Finance costs				
Interest expense on obligations under finance leases	(5)	(9)	(2)	(4)
Bank overdraft	—	(1)	—	—
	<u>(5)</u>	<u>(10)</u>	<u>(2)</u>	<u>(4)</u>
Finance income/(costs), net	<u>43</u>	<u>(10)</u>	<u>23</u>	<u>(4)</u>

9. INCOME TAX (EXPENSE)/CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the six months and the three months ended 30 September 2017 (six months and three months ended 30 September 2016: 16.5%).

No overseas profits tax has been calculated as the Group companies are incorporated in the BVI or the Cayman Islands and are exempted from tax.

Income tax (expense)/credit (charged)/credited to the interim condensed consolidated statement of comprehensive income represents:

	For the six months ended 30 September		For the three months ended 30 September	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current income tax (expense)/credit	(540)	(245)	120	(245)
Deferred income tax credit	400	1,324	75	901
	<u>(140)</u>	<u>1,079</u>	<u>195</u>	<u>656</u>

10. BASIC AND DILUTED LOSS PER SHARE

(a) Basic

Basic loss per Share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective periods. In determining the weighted average number of ordinary shares, the additional 299,990,000 Shares issued pursuant to the capitalization issue in respect of the Listing were treated as if they had been in issue since 1 April 2016.

	For the six months ended 30 September 2017 (unaudited)		For the three months ended 30 September 2017 (unaudited)	
		2016 (unaudited)		2016 (unaudited)
Loss attributable to owners of the Company (HK\$'000)	(818)	(15,065)	(1,860)	(7,294)
Weighted average number of ordinary shares in issue ('000)	400,000	299,995	400,000	300,000
Basic loss per Share (HK cents per Share)	<u>(0.20)</u>	<u>(5.02)</u>	<u>(0.47)</u>	<u>(2.43)</u>

(b) Diluted

Diluted loss per Share is the same as basic loss per Share due to the absence of potential dilutive ordinary shares during the six months and the three months ended 30 September 2017 (six months and three months ended 30 September 2016: same).

11. DIVIDENDS

The Board does not recommend the payment of any dividend for the six months ended 30 September 2017 (six months ended 30 September 2016: nil). A final dividend in respect of the year ended 31 March 2017 of HK5 cents per ordinary Share, amounting to a total dividend of HK\$20,000,000, was declared on 29 June 2017 and paid on 22 September 2017.

12. TRADE RECEIVABLES

Trade receivables represent income receivables from travel agents. The credit terms granted by the Group generally ranged up to 90 days.

The carrying amounts of trade receivables approximate their fair values as at 30 September 2017 and 31 March 2017.

As at 30 September 2017 and 31 March 2017, the ageing analysis of trade receivables based on invoice date were as follows:

	As at 30 September 2017 HK\$'000 (unaudited)	As at 31 March 2017 HK\$'000 (audited)
1 to 30 days	8	148
31 to 60 days	<u>—</u>	<u>51</u>
	<u>8</u>	<u>199</u>

As at 30 September 2017 and 31 March 2017, no trade receivables were considered past due nor impaired.

The maximum exposure to credit risk is the carrying amounts of trade receivables and the Group does not have any collateral as security.

13. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Authorised:		
<i>Ordinary Shares of HK\$0.01 each</i>		
As at 30 September 2017 and 31 March 2017	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
<i>Ordinary Shares of HK\$0.01 each</i>		
As at 30 September 2017 and 31 March 2017	<u>400,000,000</u>	<u>4,000</u>

14. TRADE PAYABLES

As at 30 September 2017 and 31 March 2017, the ageing analysis of trade payables based on invoice date were as follows:

	As at 30 September 2017 HK\$'000 (unaudited)	As at 31 March 2017 HK\$'000 (audited)
1 to 30 days	4,202	4,773
31 to 60 days	148	1,390
61 to 90 days	290	200
91 to 120 days	155	29
Over 120 days	119	164
	<u>4,914</u>	<u>6,556</u>

The carrying amounts of trade payables approximate their fair values as at 30 September 2017 and 31 March 2017.

15. EVENTS AFTER THE REPORTING PERIOD

On 6 November 2017, the Company noted that an unauthorised party accessed the Group's customer database on its system (the "Issue"). Further details of the Issue are set out in the announcement of the Company dated 7 November 2017. As at the date of this announcement, the Directors consider that the Issue does not have material adverse impact on the Group's operation and financial condition. The Group will continue to assess the potential impact arising from the Issue and will notify investors and shareholders through issue of announcements when any material change in circumstances is identified.

MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to announce the unaudited interim financial results of the Group for the six months ended 30 September 2017, together with the comparative figures for the corresponding period in 2016, as set out below.

BUSINESS REVIEW

Founded in 1979, the Group is one of the long-established and well-known travel agents in Hong Kong. The Group markets its travel related products under the brand “縱橫遊”. The Group’s businesses include (i) the design, development and sales of outbound package tours; (ii) the sales of FIT products; and (iii) the provision of ancillary travel related products and services. The Group’s major business is the provision of outbound package tours to various destinations with particular focus on Japan bound tours.

The Shares were successfully listed on GEM of the Stock Exchange by way of placing and public offer (collectively, the “Share Offer”) on 12 January 2017.

For the six months ended 30 September 2017, the Group recorded an increase in revenue of 29.9% as compared to the corresponding period in 2016, which was mainly due to the following:

- sales of package tours for the six months ended 30 September 2017 improved substantially, when the number of tour participants increased by 30.7% and that the Group was able to adjust the selling prices of certain package tours upwards, especially during the Easter holidays’ period coupled with the cherry blossom season in Japan in April 2017, as compared to the corresponding period in 2016; and
- sales of package tours bound for Japan during the six months ended 30 September 2016 was first negatively impacted by the Kumamoto Earthquake that occurred in April 2016, when the Group’s package tours bound for Kyushu during the period from 15 April 2016 to 27 June 2016 were completely suspended, and then the appreciation of JPY against HK\$ during the second quarter ended 30 September 2016 led to the decrease in demand of customers who were cost conscious of the Group’s Japan bound tours, especially during the summer holidays’ months of July and August.

The increased revenue, coupled with the fact that no Listing expenses were charged for the six months ended 30 September 2017 (six months ended 30 September 2016: approximately HK\$9.8 million), mainly contributed to the significant decrease in the Group’s loss from approximately HK\$15.3 million for the six months ended 30 September 2016 to approximately HK\$0.8 million for the six months ended 30 September 2017.

Going forward, the Directors expect that the overall financial performance of the Group for the year ending 31 March 2018 will continue to improve given the upcoming peak holiday seasons of Christmas and Chinese New Year as well as benefit from the absence of the adversities affecting the Group’s operations in the previous year (namely, natural disasters and substantial appreciation of JPY against HK\$) and the non-recurring Listing expenses.

On 6 November 2017, the Company noted that an unauthorised party accessed the Group’s customer database on its system (the “Issue”). Further details of the Issue are set out in the announcement of the Company dated 7 November 2017. As at the date of this announcement, the Directors consider that the Issue does not have material adverse impact on the Group’s operation and financial condition. The Group will continue to assess the potential impact arising from the Issue and will notify investors and shareholders through issue of announcements when any material change in circumstances is identified.

FINANCIAL REVIEW

Revenue and gross profit

For the six months ended 30 September 2017 and 2016 and the three months ended 30 September 2017 and 2016, the Group's revenue was approximately HK\$217.5 million, HK\$167.5 million, HK\$93.6 million and HK\$85.1 million respectively. The tables below show the breakdown of the Group's revenue, gross profit and gross profit margin by major category of services/products:

	Six months ended 30 September				Three months ended 30 September			
	2017		2016		2017		2016	
	Revenue		Revenue		Revenue		Revenue	
	HK\$ million	%	HK\$ million	%	HK\$ million	%	HK\$ million	%
Package tours	213.4	98.1	163.7	97.8	92.2	98.5	83.4	98.0
FIT products ^{Note}	1.0	0.5	1.4	0.8	0.4	0.4	0.7	0.8
Ancillary travel related products and services ^{Note}	3.1	1.4	2.4	1.4	1.0	1.1	1.0	1.2
Total	<u>217.5</u>	<u>100.0</u>	<u>167.5</u>	<u>100.0</u>	<u>93.6</u>	<u>100.0</u>	<u>85.1</u>	<u>100.0</u>

	Six months ended 30 September				Three months ended 30 September			
	2017		2016		2017		2016	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	HK\$ million	%	HK\$ million	%	HK\$ million	%	HK\$ million	%
Package tours	24.5	11.5	15.6	9.5	10.3	11.2	6.9	8.3
FIT products ^{Note}	1.0	N/A	1.4	N/A	0.4	N/A	0.7	N/A
Ancillary travel related products and services ^{Note}	3.1	N/A	2.4	N/A	1.0	N/A	1.0	N/A
Total	<u>28.6</u>	<u>13.1</u>	<u>19.4</u>	<u>11.6</u>	<u>11.7</u>	<u>12.5</u>	<u>8.6</u>	<u>10.1</u>

Note: The Group's revenue from sales of FIT products and ancillary travel related products and services are recognised on net basis as the Group renders its services as an agent.

Package tours

The Group's revenue from package tours increased by 30.4% from approximately HK\$163.7 million for the six months ended 30 September 2016 to approximately HK\$213.4 million for the six months ended 30 September 2017. As discussed in the sub-section headed "Business Review" above, the increase in revenue was mainly due to increases in both the number of tour participants and the selling prices of the Group's certain package tours during the six months ended 30 September 2017, as well as the absence of the negative impact imposed by the Kumamoto Earthquake and the comparatively high HK\$:JPY rate on the corresponding period in 2016. For the six months ended 30 September 2017, the depreciation of JPY against HK\$ also contributed to the reduction in land costs, being one of the major components of the Group's package tours' cost of sales, as compared to the corresponding period in 2016. As a result, gross profit margin improved from 9.5% for the six months ended 30 September 2016 to 11.5% for the six months ended 30 September 2017, and from 8.3% for the three months ended 30 September 2016 to 11.2% for the three months ended 30 September 2017.

FIT products

FIT products generally include air tickets, hotel accommodations and combination of both. The Group's revenue from the sales of FIT products decreased from approximately HK\$1.4 million for the six months ended 30 September 2016 to approximately HK\$1.0 million for the six months ended 30 September 2017 mainly due to continuous keen competition from online agencies, booking platforms of hotels and budget airlines, as well as the fact that the Group's new online sales platform, one of the key purposes for which is to cater for the increasing trend of booking air tickets and hotel accommodations online, was subject to further major enhancements to be completed by the end of 2017.

Ancillary travel related products and services

Ancillary travel related products and services mainly include travel insurance, admission tickets to attractions such as theme parks and shows, local transportation such as airport transportation, railway tickets and transportation passes. The Group's revenue from the sales of ancillary travel related products and services increased from approximately HK\$2.4 million for the six months ended 30 September 2016 to approximately HK\$3.1 million for the six months ended 30 September 2017 mainly due to (i) the increase in sales of Japan rail passes; (ii) the Group's appointment as the exclusive ticketing agency for Legoland Japan in Hong Kong with admission ticket sales commenced in February 2017; and (iii) the increase in margin income from insurance companies for the sales of travel insurance to customers.

Selling expenses

Selling expenses mainly consist of (i) advertising and promotion expenses, such as sponsoring television travel programmes and films, online and offline media advertisements, participating in tourism fairs and organising travel seminars; (ii) credit card and debit card charges in respect of payments from customers with credit cards and electronic payment services (EPS); and (iii) rental and related expenses for the Group's branches. Selling expenses for the six months ended 30 September 2017 remained consistent as compared to the corresponding period in 2016, as the increase in the branches' rental expenses, particularly as a result of the Group's expansion of its Shatin branch in October 2016, was offset by the decrease in advertising and marketing expenses due to recognition of non-recurring expense on the Group's sponsored television travel programme "Kansai Raider" for the six months ended 30 September 2016.

Administrative expenses

Administrative expenses mainly consist of (i) staff costs, representing the Directors' remuneration and the salaries and benefits for the Group's administrative staff; (ii) rental and related expenses for the Group's office premises; (iii) office, telecommunication and utility expenses incurred in the Group's daily operations; (iv) legal and professional fees; and (v) non-recurring Listing expenses and other miscellaneous administrative expenses. Administrative expenses decreased by 27.2% from approximately HK\$27.9 million for the six months ended 30 September 2016 to approximately HK\$20.3 million for the six months ended 30 September 2017 mainly due to the recognition of non-recurring Listing expenses of approximately HK\$9.8 million during the corresponding period in 2016, partially offset by the increase in legal and professional fees and auditor's remuneration incurred following the Listing and the increase in depreciation of property, plant and equipment.

Loss and total comprehensive loss for the period

The Group's loss and total comprehensive loss for the six months and the three months ended 30 September 2017 decreased significantly by 94.8% to approximately HK\$0.8 million and by 74.3% to approximately HK\$1.9 million respectively as compared to the corresponding periods in 2016. The significant decrease in the Group's loss for the six months ended 30 September 2017 was mainly due to the increase in gross profit of approximately HK\$9.2 million because of the increase in revenue as discussed in the sub-section headed "Revenue and gross profit" above and the decrease in administrative expenses of approximately HK\$7.6 million for reasons as discussed in the sub-section headed "Administrative expenses" above, partially offset by the charge of income tax expense amounting to approximately HK\$0.1 million (six months ended 30 September 2016: tax credit of approximately HK\$1.1 million).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2017, the Group's cash and cash equivalents represented cash and bank balances of approximately HK\$102.8 million (31 March 2017: HK\$138.6 million), which included unutilised net proceeds from the Share Offer of approximately HK\$48.6 million. The cash and bank balances of the Group were mainly denominated in HK\$, which accounted for 96.1% (31 March 2017: 98.3%) of the total balances.

The Group's current ratio (current assets/current liabilities) as at 30 September 2017 was approximately 2.5 times, which was comparable to that as at 31 March 2017 (2.8 times). Management considers the financial position of the Group is healthy with adequate working capital for daily operations.

As at 30 September 2017, the Company provided unlimited guarantee to financial institutions in connection with banking facilities granted to one of its subsidiaries (31 March 2017: nil).

USE OF PROCEEDS

As stated in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 30 December 2016, the Group intends to use the proceeds from the Share Offer (i) to promote its brand recognition and awareness; (ii) to strengthen and enhance its sales channels; (iii) to improve its operational efficiency; and (iv) for general corporate and working capital purposes.

The net proceeds from the Share Offer, after deducting underwriting commissions and all related expenses, was approximately HK\$57.0 million (the "Net Proceeds"). As at 30 September 2017, the unutilised Net Proceeds amounted to HK\$48.6 million and the Group intends to continue to apply the remaining Net Proceeds in accordance with the proposed applications set out above.

The following table sets out the status of the use of the Net Proceeds as at 30 September 2017:

	Allocation of the Net Proceeds HK\$ million	Amount utilised up to 30 September 2017 HK\$ million	Balance as at 30 September 2017 HK\$ million
Promoting brand recognition and awareness	25.4	(2.4)	23.0
Strengthening and enhancing sales channels	14.2	(2.3)	11.9
Improving operational efficiency	11.7	(2.0)	9.7
General corporate and working capital purposes	5.7	(1.7)	4.0
	<u>57.0</u>	<u>(8.4)</u>	<u>48.6</u>

FOREIGN EXCHANGE EXPOSURE

The Group's revenue was mainly denominated in HK\$. However, the settlement of substantial portion of its land costs, such as hotel tariffs, transportation costs, meal expenses and admission ticket costs, is denominated in JPY. The Group is therefore exposed to foreign exchange risk primarily with respect to JPY. The Group has implemented foreign exchange risk management procedures to manage exposure to foreign exchange risk in relation to JPY. The procedures were established to control the foreign exchange risk to an acceptable level by ensuring that the Group is able to obtain sufficient amount of JPY at acceptable exchange rates for meeting its payment obligations arising from business operations and at the same time do not purchase unnecessary amounts of JPY more than it requires. The purchase amounts were limited to the corresponding costs of the travel elements payable in JPY for the Japan bound tours for the coming four weeks (or eight weeks during peak seasons). Such amounts were estimated based on the actual enrolment data (i.e. headcount enrolled for the Group's Japan bound tours) and the costs of travel elements payable in JPY per headcount, of which such costs were determined with reference to the historical spending and the effect of general inflation.

Although the Group may enter into foreign exchange forward contracts with major and reputable financial institutions and foreign currency services companies of long establishment history to manage its exposure to foreign exchange risk, it does not intend to speculate on the future direction of foreign exchange fluctuation. As at 30 September 2017, the Group had outstanding foreign exchange forward contracts denominated in JPY of notional principal amounts of approximately HK\$3.5 million (31 March 2017: approximately HK\$4.8 million). Management will continue to evaluate the Group's foreign exchange risk management procedures and take actions as appropriate to minimise the Group's exposure whenever necessary.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2017, the Group had a workforce of 157 employees (31 March 2017: 159), excluding the Directors. Salaries of employees are maintained at competitive levels. The Group operates a defined contribution mandatory provident fund scheme for all its employees. The Group also offers discretionary bonuses to its employees by reference to the performance of individual employees and the overall performance of the Group. Total employee benefits expenses, excluding Directors' emoluments, incurred by the Group for the six months ended 30 September 2017 amounted to approximately HK\$11.5 million (six months ended 30 September 2016: approximately HK\$11.9 million).

The Company has adopted a share option scheme on 16 December 2016 with a term of 10 years (the "Share Option Scheme"). The Share Option Scheme is designed to motivate eligible participants, including executives and key employees, who may make a contribution to the Group, and enables the Group to attract and retain individuals with experience and ability and to reward them for their contributions. During the six months ended 30 September 2017, no share options had been granted, exercised, lapsed or cancelled under the Share Option Scheme.

FUTURE PROSPECTS

With its long-established brand name, well-maintained business relationship with suppliers, ability to respond to adversities, and healthy net assets position, the Group will continue to execute its business strategy to expand both revenue streams and customer base. In particular, the Group has been offered a new exclusive flight route destined for Kumamoto in Japan for the period of departure between 16 November 2017 and 17 May 2018, which marked a new era for its business development. The Group will continue to put forth its best efforts to drive business performance and growth by:

- introducing new routes (including collaboration with airline suppliers to develop charter flights and/or charter routes), itineraries, activities and hotel accommodations from time to time in order to offer new and/or better travel experience to its customers;
- enhancing its integrated online sales platform through a number of further major enhancements so that such platform will eventually satisfy most of the travel needs of the Group's customers as a user-friendly and informative one-stop shop;
- boosting its marketing efforts (i) on digital marketing, including advertising on social media and search engine marketing, so as to increase online channel presence and online traffic and drive online inquiry to the Group's product offerings; and (ii) through collaboration with its spokesperson to raise the awareness of the Group's brand and enhance the popularity of its products through travel television programme, social media and other conventional media advertisements such as newspapers and television commercials; and
- exploring investment opportunities that could create operating synergies.

In response to the Issue, details of which are set out in the announcement of the Company dated 7 November 2017, the Group will implement appropriate upgrading of its systems to defend against further cyber attacks and continue to strengthen the security of its systems to safeguard its customers' information and privacy.

INTERIM DIVIDEND

The Board does not declare any interim dividend for the six months ended 30 September 2017 (six months ended 30 September 2016: nil).

CORPORATE GOVERNANCE PRACTICES AND COMPLIANCE

The Company's corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules (the "CG Code"). The Board and the management of the Company are committed to maintaining and achieving a high standard of corporate governance practices with an emphasis on a quality Board, an effective accountability system and a healthy corporate culture in order to safeguard the interests of the shareholders of the Company and enhance the business growth of the Group. During the six months ended 30 September 2017, the Company has complied with all the code provisions as set out in the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding Directors' securities transactions. Having been enquired by the Company, all Directors confirmed that they had complied with the required standard of dealings and the code of conduct concerning securities transactions by the Directors during the six months ended 30 September 2017.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2017.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' COMPETING INTERESTS

For the six months ended 30 September 2017, each of the Directors, the controlling shareholders of the Company and their respective close associates (as defined in the GEM Listing Rules) has confirmed that none of them had any business or interests in any company that competes or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Lego Corporate Finance Limited as its compliance adviser, which provides advices and guidance to the Company in respect of compliance with the GEM Listing Rules including various requirements relating to the Directors' duties. Except for the compliance adviser agreement entered into between the Company and the compliance adviser dated 5 July 2016, neither the compliance adviser nor its directors, employees or close associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules as at 30 September 2017.

SHARE OPTION SCHEME

The Share Option Scheme was adopted pursuant to a resolution passed by the Company's then shareholders on 16 December 2016. No share option was granted, lapsed, exercised or cancelled by the Company under the Share Option Scheme during the six months ended 30 September 2017 and there was no outstanding share option as at the date of this announcement.

AUDIT COMMITTEE

The Company has established an audit committee (the “Audit Committee”) on 16 December 2016 with written terms of reference in compliance with the requirements as set out in Rules 5.28 to 5.33 of the GEM Listing Rules and the CG Code. The Audit Committee reviews, amongst others, the financial information of the Group; the relationship with and terms of appointment of the external auditors; and the Group’s financial reporting system, risk management and internal control systems, and provides advices and comments to the Board. The Audit Committee consists of three independent non-executive Directors, chaired by Mr. Lam Yiu Kin, and the other two members are Mr. Ho Wing Huen and Mr. Yen Yuen Ho Tony. The unaudited interim financial results of the Group for the six months ended 30 September 2017 have been reviewed by the Audit Committee together with the Group’s management.

By Order of the Board
WWPKG Holdings Company Limited
縱橫遊控股有限公司
Yuen Sze Keung
Chairman and Executive Director

Hong Kong, 13 November 2017

As at the date of this announcement, the executive Directors are Mr. Yuen Sze Keung, Ms. Chan Suk Mei and Mr. Yuen Chun Ning; and the independent non-executive Directors are Mr. Ho Wing Huen, Mr. Lam Yiu Kin and Mr. Yen Yuen Ho Tony.

The announcement will remain on the Stock Exchange website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least seven days from the day of its posting and will also be published on the website of the Company at <http://www.wwpkg.com.hk>.