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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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2020

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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") hereby announces the unaudited first quarterly financial results of the Group for the three months ended 30 June 2020, together with the comparative figures for the corresponding period in 2019, as set out below.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 June 2020

		Three months ended 30 June	
		2020	2019
	Note	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	*3*	**1,333**	73,576
Cost of sales	*5*	**(552)**	(62,095)
Gross profit		**781**	11,481
Other income and other (losses)/gains, net	*4*	**(1,248)**	(342)
Selling expenses	*5*	**(458)**	(3,703)
Administrative expenses	*5*	**(5,052)**	(10,404)
Operating loss		**(5,977)**	(2,968)
Finance income and finance costs, net	*6*	**(69)**	(133)
Share of results of a joint venture		**(33)**	(110)
Loss before income tax		**(6,079)**	(3,211)
Income tax expense	*7*	**–**	–
Loss and total comprehensive loss for the period		**(6,079)**	(3,211)
Loss and total comprehensive loss attributable to:			
Owners of the Company		**(6,029)**	(3,198)
Non-controlling interests		**(50)**	(13)
		(6,079)	(3,211)
Basic and diluted loss per Share *(expressed in HK cents)*	*8*	**(1.51)**	(0.80)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2020

	Attributable to owners of the Company							
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Capital reserve** *(Note)* *HK$'000*	**Other reserve** *HK$'000*	**(Accumulated losses)/ retained earnings** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total equity** *HK$'000*
Balance at 1 April 2020	**4,000**	**56,667**	**11,371**	**2,500**	**(33,548)**	**40,990**	**137**	**41,127**
Total comprehensive loss (unaudited)								
Loss for the three months ended 30 June 2020	**–**	**–**	**–**	**–**	**(6,029)**	**(6,029)**	**(50)**	**(6,079)**
Balance at 30 June 2020 (unaudited)	**4,000**	**56,667**	**11,371**	**2,500**	**(39,577)**	**34,961**	**87**	**35,048**
Balance at 1 April 2019, as originally presented	**4,000**	**56,667**	**11,371**	**2,500**	**(7,498)**	**67,040**	**320**	**67,360**
Impact on initial application of HKFRS 16	–	–	–	–	(191)	(191)	1	(190)
Balance at 1 April 2019, as restated (unaudited)	**4,000**	**56,667**	**11,371**	**2,500**	**(7,689)**	**66,849**	**321**	**67,170**
Total comprehensive loss (unaudited)								
Loss for the three months ended 30 June 2019	–	–	–	–	(3,198)	(3,198)	(13)	(3,211)
Balance at 30 June 2019 (unaudited)	**4,000**	**56,667**	**11,371**	**2,500**	**(10,887)**	**63,651**	**308**	**63,959**

Note: Capital reserve represents the difference between the value of net assets of the subsidiaries acquired by the Company and the share capitals in acquired subsidiaries under common control.

NOTES TO THE UNAUDITED 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 the design, development and sales of outbound package tours, the sales of air tickets and/or hotel accommodations (the "FIT products") and the sales of ancillary travel related products and services (collectively, the "Travel Related Products and Services") and investments in tourism and travel technology related businesses (the "Tourism and Travel Technology Investments").

The shares of the Company (the "Shares") were listed on GEM on 12 January 2017.

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

The unaudited 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. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The unaudited condensed consolidated financial information for the three months ended 30 June 2020 has been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") (which include all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Hong Kong Financial Reporting Interpretations Committee Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the GEM Listing Rules. The accounting policies used in the preparation of this unaudited condensed consolidated financial information are consistent with those used in the preparation of the Group's audited consolidated financial statements for the year ended 31 March 2020, except for the adoption of the new and amended HKFRSs that are effective for accounting periods beginning on or after 1 April 2020. The unaudited 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 Group's audited consolidated financial statements for the year ended 31 March 2020.

(b) New and amended standards adopted by the Group

The following new and amended standards have been adopted by the Group for the first time for the financial period commencing 1 April 2020:

HKAS 1 and HKAS 8 (Amendments)	Definition of Material
HKAS 39, HKFRS 7 and HKFRS 9	Hedge Accounting
HKFRS 3 (Revised) (Amendments)	Definition of a Business
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

The adoption of the above new and amended standards has had no material effect on the amounts reported and/or disclosures set in this unaudited condensed consolidated financial information. The Group has not early adopted any new and amended HKFRSs that have been issued but are not yet effective.

3. REVENUE AND SEGMENT INFORMATION

(a) Revenue

	Three months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Sales of package tours	**37**	72,207
Margin (loss)/income from sales of FIT products	**(54)**	412
Margin income from sales of ancillary travel related products and services	**1,350**	957
	1,333	73,576

(b) Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker that are used for making strategic decisions. The chief operating decision-maker has been identified as the executive Directors of the Company. They review the Group's internal reporting in order to assess performance and allocate resources.

The Group is organised into two reportable segments:

(i) Travel Related Products and Services; and

(ii) Tourism and Travel Technology Investments.

The chief operating decision-maker assesses the performance of the operating segments based on a measure of profit before interest and tax. Information provided to the chief operating decision-maker is measured in a manner consistent with that in the consolidated financial statements.

Segment results and other segment items are as follows:

	Three months ended 30 June					
	2020			2019		
	Travel Related Products and Services	**Tourism and Travel Technology Investments**	**Total**	Travel Related Products and Services	Tourism and Travel Technology Investments	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Reportable segment revenue	**1,333**	**–**	**1,333**	73,576	–	73,576
Reportable segment loss	**(4,293)**	**(33)**	**(4,326)**	(1,882)	(110)	(1,992)
Unallocated expenses			**(1,684)**			(1,086)
Finance income			**14**			16
Finance costs			**(83)**			(149)
Loss before income tax			**(6,079)**			(3,211)
Income tax expense			**–**			–
Loss and total comprehensive loss			**(6,079)**			(3,211)
Share of results of a joint venture	**–**	**(33)**	**(33)**	–	(110)	(110)
Depreciation of property, plant and equipment	**448**	**–**	**448**	599	–	599
Depreciation of right-of-use assets	**304**	**–**	**304**	1,946	–	1,946

For the three months ended 30 June 2020 and 2019, unallocated expenses represent corporate expenses.

(c) Geographic information

The Group's business is domiciled in Hong Kong and all revenue was generated from customers located in Hong Kong and Macau.

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

	Three months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Other income		
Referral income	**–**	122
Management services fee income	**36**	36
Aviation business cooperation income	**–**	75
Dividend income	**–**	197
Subsidies	**2**	9
	38	439
Other (losses)/gains, net		
Exchange losses, net	**(1)**	(111)
Fair value (losses)/gains on derivative financial instruments	**(2)**	5
Fair value losses on listed equity securities in Hong Kong	**(1,283)**	(675)
	(1,286)	(781)
Other income and other (losses)/gains, net	**(1,248)**	(342)

5. EXPENSES BY NATURE

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

	Three months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Land costs *(Note)*	**564**	34,512
Air fare costs	**–**	27,486
Operating lease rentals of:		
— Equipment rental	**–**	99
Short-term lease expenses	**112**	–
Low-value assets leases expenses	**100**	–
Advertising and promotion	**58**	1,076
Credit card fees	**75**	721
Employee benefits expenses, excluding Director's benefits and interests		
— Salaries, discretionary bonuses and allowances	**1,760**	5,283
— Pensions costs — defined contribution plan	**117**	296
— Other employee benefits	**23**	112
	1,900	5,691
Directors' benefits and interests	**575**	1,204
Depreciation of property, plant and equipment	**448**	599
Depreciation of right-of-use assets	**304**	1,946
Office, telecommunication and utility expenses	**154**	313
Exchange (gains)/losses, net	**(20)**	33
Legal and professional fees	**343**	477
Auditor's remuneration		
— Audit services	**203**	250
Others	**1,246**	1,795
	6,062	76,202

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, admission tickets costs and booking services fees.

6. FINANCE INCOME AND FINANCE COSTS, NET

	Three months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Finance income		
Bank interest income	**14**	16
Finance costs		
Interest expense on lease liabilities/finance lease liabilities	**(80)**	(149)
Interest expense on bank borrowings	**(3)**	–
Finance income and finance costs, net	**(69)**	(133)

7. INCOME TAX EXPENSE

The applicable rate of Hong Kong profits tax is 16.5% (three months ended 30 June 2019: 16.5%). No provision for Hong Kong profits tax has been made in the unaudited condensed consolidated financial information as the Group did not have any assessable profit arising in Hong Kong during the three months ended 30 June 2020 (three months ended 30 June 2019: same).

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.

8. 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.

	Three months ended 30 June	
	2020	2019
	(unaudited)	(unaudited)
Loss attributable to owners of the Company *(HK$'000)*	**(6,029)**	(3,198)
Weighted average number of ordinary shares in issue *('000)*	**400,000**	400,000
Basic loss per Share *(HK cents per share)*	**(1.51)**	(0.8)

(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 three months ended 30 June 2020 (three months ended 30 June 2019: same).

9. DIVIDENDS

The Board does not recommend the payment of any dividend for the three months ended 30 June 2020 (three months ended 30 June 2019: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Founded in 1979, the Group is one of the long-established and well-known travel agents in Hong Kong. The Group's businesses include the sales of Travel Related Products and Services and Tourism and Travel Technology Investments. The Group markets its Travel Related Products and Services under the brand "縱橫遊 WWPKG". Its major Travel Related Products and Services is the provision of outbound package tours to various destinations with particular focus on Japan-bound tours.

BUSINESS REVIEW

The Group's loss and total comprehensive loss increased from approximately HK$3.2 million for the three months ended 30 June 2019 to approximately HK$6.1 million for the three months ended 30 June 2020, amid the coronavirus disease 2019 ("COVID-19") pandemic.

As disclosed in the Company's annual report for the year ended 31 March 2020, the unprecedented pandemic has taken a heavy toll on the economy and made the Group's operating environment extremely difficult. The Group's business operations have been disrupted by the travel restrictions imposed by nations of its own and across the world. Owing to the pandemic, on the supply side, majority of the Group's airline suppliers have been operating bare skeleton or limited passenger flight schedules, while on the demand side, leisure travel sentiment has remained low. The Group began to cancel its outbound package tours, starting with those departing for China on 26 January 2020, while package tours bound for Japan have been cancelled since 9 March 2020. As a result, revenue and gross profit for the three months ended 30 June 2020 decreased by 98.2% and 93.0% respectively, as compared to the corresponding period in 2019.

The following cost-saving measures were adopted by the Group to mitigate its loss for the three months ended 30 June 2020:

- implemented salary reduction for the Directors;
- streamlined workflows and eliminated non-value added positions or activities;
- encouraged employees to take no-pay leave and/or annual leave;
- obtained rent concessions on certain branch and office premise leases from the landlords;
- reduced advertising and promotion expenses; and
- applied for the Employment Support Scheme (the "ESS") under the Anti-epidemic Fund launched by the Hong Kong SAR Government.

FINANCIAL REVIEW

Revenue and gross profit

The following table sets out the Group's revenue and gross profit by major category of Travel Related Products and Services:

	Three months ended 30 June					
	2020			2019		
	Revenue *HK$'million*	**Gross (loss)/profit** *HK$'million*	**Gross profit margin** *%*	Revenue *HK$'million*	Gross profit *HK$'million*	Gross profit margin *%*
Package tours	**0.0**	**(0.5)**	**N/A**	72.2	10.1	14.0
FIT products [Note]	**(0.1)**	**(0.1)**	**N/A**	0.4	0.4	N/A
Ancillary travel related products and services [Note]	**1.4**	**1.4**	**N/A**	1.0	1.0	N/A
Total	**1.3**	**0.8**	**61.5**	73.6	11.5	15.6

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

Minimal revenue from package tours was recorded during the three months ended 30 June 2020, as all tours were cancelled or suspended by the Group amid the COVID-19 pandemic. Corresponding gross loss of approximately HK$0.5 million mainly resulted from booking services fees charged to cost of sales at a fixed amount on monthly basis in accordance with the terms of the contract.

FIT products

No sale of FIT products was conducted during the three months ended 30 June 2020 amid the pandemic. Corresponding gross loss of approximately HK$0.1 million mainly resulted from the reversal of net revenue arising from refunds processed for customers due to cancellation of air ticket and hotel accommodation bookings.

Ancillary travel related products and services

Ancillary travel related products and services generally include travel insurance, admission tickets to attractions such as theme parks and shows, guided local tours and experiences, local transportation such as airport transportation, overseas transportation such as rail passes, car rental, prepaid telephone and internet cards and travel visa applications. The Group's revenue and gross profit from ancillary travel related products and services both increased by 40.0% respectively to approximately HK$1.4 million for the three months ended 30 June 2020, mainly due to revenue from new business activities involving the trading of imported health related products and food items online, offset by the decrease in margin income from insurance companies for the sales of travel insurance and sales of admission tickets to theme parks and shows.

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) short-term lease expense and depreciation of right-of-use assets for the Group's branches. Selling expenses decreased by 86.5% to approximately HK$0.5 million for the three months ended 30 June 2020, mainly due to (i) the decrease in credit card charges; (ii) the decrease in depreciation of right-of-use assets; (iii) termination of tenancy for one of the Group's branches; and (iv) adoption of cost-saving measures as discussed in sub-section headed "Business Review" above, including rent concessions on branch premise leases and reduction in advertising and promotion expenses.

Administrative expenses

Administrative expenses mainly consist of (i) staff costs, representing the Directors' remuneration and the salaries and benefits for the Group's administrative and operational staff; (ii) depreciation of right-of-use assets 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) other miscellaneous administrative expenses. Administrative expenses decreased by 51.0% to approximately HK$5.1 million for the three months ended 30 June 2020, mainly due to (i) the decrease in depreciation of right-of-use assets; and (ii) adoption of cost-saving measures as discussed in sub-section headed "Business Review" above, including salary reduction for the Directors, reduction in staff costs as a result of no-pay leave and/or annual leave taken by the Group's staff and subsidies obtained from the ESS and rent concession on an office premise lease.

Loss and total comprehensive loss for the period

The Group's loss and total comprehensive loss increased by 90.6% to approximately HK$6.1 million for the three months ended 30 June 2020, which was mainly attributable to the following:

— the decrease in gross profit by 93.0% from approximately HK$11.5 million for the three months ended 30 June 2019 to approximately HK$0.8 million for the three months ended 30 June 2020, for reasons as discussed in the sub-section headed "Financial Review — Revenue and gross profit" above; and

— the increase in the fair value loss on the Company's investment in the shares of CTEH INC. by approximately HK$0.6 million; offset by

— the decrease in selling expenses and administrative expenses as discussed in the sub-sections headed "Financial Review — Selling expenses" and "Financial Review — Administrative expenses" above respectively.

FUTURE PROSPECTS

The ongoing pandemic has been casting severe implications for many business sectors including tourism. A number of governments have issued entry restrictions, visa suspensions and quarantine measures that are impacting international travel. For Hong Kong, the government announced on 22 July 2020 that the Compulsory Quarantine of Persons Arriving at Hong Kong from Foreign Places Regulation (Cap. 599E) would be extended further from 18 September 2020 to 31 December 2020. In Japan, the visa-free policy that applies to Hong Kong and Macau passport holders continues to be suspended until the end of August 2020. Moreover, on the supply side, majority of the Group's airline suppliers have been operating bare skeleton or limited passenger flight schedules. Given the Group derives a majority of its revenue from the provision of outbound package tours and with its particular focus on Japan-bound tours, the above-mentioned restrictions, together with the low sentiment for leisure travel, are expected to have significant adverse impact on the Group's revenue and financial performance for the second quarter ending 30 September 2020 and the third quarter ending 31 December 2020.

The Group is closely monitoring the development of the pandemic and continues to adopt necessary measures to control costs and to enhance cash flow and operational efficiency. Whilst the situation relating to the spread and containment of COVID-19 remains uncertain and fluid, the Group remains confident in its strategy. The Group will put forth its best endeavor to drive business performance on its road to recovery and profitability when the pandemic recedes.

CORPORATE GOVERNANCE PRACTICES AND COMPLIANCE

The Company's corporate governance practices are based on the 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 (the "Shareholders") and enhance the business growth of the Group.

During the three months ended 30 June 2020, 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 three months ended 30 June 2020.

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 three months ended 30 June 2020.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' COMPETING INTERESTS

For the three months ended 30 June 2020, each of the Directors, the controlling Shareholders 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.

SHARE OPTION SCHEME

The share option scheme of the Company (the "Share Option Scheme") was adopted pursuant to a resolution passed by the Company's then shareholders on 16 December 2016 (the "Adoption Date"). No share option had been granted, exercised, lapsed or cancelled under the Share Option Scheme from the Adoption Date to 30 June 2020 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") 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 currently comprises three independent non-executive Directors. The unaudited first quarterly financial results of the Group for the three months ended 30 June 2020 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, 12 August 2020

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. Lam Yiu Kin, Mr. Ho Wing Huen and Mr. Yen Yuen Ho Tony.

This announcement will remain on the GEM website at http://www.hkgem.com on the "Latest Listed Company Information" 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.