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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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2022

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 presents the unaudited third quarterly financial results of the Group for the nine months ended 31 December 2022, together with the comparative figures for the corresponding period in 2021, as set out below.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 31 December 2022

	Note	Nine months ended 31 December		Three months ended 31 December	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue	3	86,593	1,536	65,307	570
Cost of sales	5	<u>(68,607)</u>	<u>(558)</u>	<u>(50,951)</u>	<u>(283)</u>
Gross profit		17,986	978	14,356	287
Other income and other (losses)/gains, net	4	900	4,395	509	324
Selling expenses	5	<u>(5,763)</u>	<u>(1,991)</u>	<u>(3,289)</u>	<u>(380)</u>
Administrative expenses	5	<u>(19,247)</u>	<u>(12,893)</u>	<u>(8,220)</u>	<u>(4,410)</u>
Operating (loss)/profit		(6,124)	(9,511)	3,356	(4,179)
Finance costs, net	6	<u>(444)</u>	<u>(197)</u>	<u>(103)</u>	<u>(54)</u>
Share of results of a joint venture		<u>(123)</u>	<u>(41)</u>	<u>(69)</u>	<u>(43)</u>
(Loss)/profit before income tax		(6,691)	(9,749)	3,184	(4,276)
Income tax expense	7	<u>(25)</u>	<u>–</u>	<u>(8)</u>	<u>–</u>
(Loss)/profit and total comprehensive (loss)/profit for the period		<u>(6,716)</u>	<u>(9,749)</u>	<u>3,176</u>	<u>(4,276)</u>
(Loss)/profit and total comprehensive (loss)/profit for the period attributable to:					
Owners of the Company		<u>(6,139)</u>	(9,458)	<u>3,275</u>	(4,117)
Non-controlling interests		<u>(577)</u>	<u>(291)</u>	<u>(99)</u>	<u>(159)</u>
		<u>(6,716)</u>	<u>(9,749)</u>	<u>3,176</u>	<u>(4,276)</u>
Basic and diluted (loss)/earnings per Share (expressed in HK cents)	8	<u>(1.28)</u>	<u>(2.36)</u>	<u>0.62</u>	<u>(1.03)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2022

	Attributable to owners of the Company					Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Other reserve	Accumulated losses			
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2022	4,000	56,667	12,004	2,500	(65,522)	9,649	4	9,653
Loss for the period	-	-	-	-	(6,139)	(6,139)	(577)	(6,716)
Total comprehensive loss for the period (unaudited)	-	-	-	-	(6,139)	(6,139)	(577)	(6,716)
Issue of Shares upon placing	1,681	35,775	-	-	-	37,456	-	37,456
Transaction costs on placing of Shares	-	(277)	-	-	-	(277)	-	(277)
Waiver of loans from a shareholder	-	-	4,625	-	-	4,625	-	4,625
Non-controlling interests arising from acquisition of a subsidiary	-	-	-	-	-	-	(373)	(373)
At 31 December 2022 (unaudited)	5,681	92,165	16,629	2,500	(71,661)	45,314	(946)	44,368
At 1 April 2021	4,000	56,667	11,371	2,500	(50,022)	24,516	2	24,518
Loss for the period	-	-	-	-	(9,458)	(9,458)	(291)	(9,749)
Total comprehensive loss for the period (unaudited)	-	-	-	-	(9,458)	(9,458)	(291)	(9,749)
Capital injection from non-controlling interests of a subsidiary	-	-	-	-	-	-	600	600
At 31 December 2021 (unaudited)	4,000	56,667	11,371	2,500	(59,480)	15,058	311	15,369

Note: As at 31 December 2022, 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 and deemed capital contribution arising from waiver of non-current interest-free loans from a shareholder.

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, 7th Floor, 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 include:

- the design, development and sales of 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”);
- investments in tourism and travel technology related businesses (the “Tourism and Travel Technology Investments”);
- the engagement in the process of gaining cryptocurrencies by solving cryptographic equations through verifying data blocks and adding transaction records to a public ledger known as a blockchain (the “Cryptocurrency Mining”);
- the sales of lifestyle and healthcare products and services via retail stores and/or e-commerce (the “Retail Operations”), which commenced in June 2022; and
- the catering business of selling food and drinks in Hong Kong and any other business ancillary thereto (the “Catering Business”), which is expected to commence in the second half of 2023.

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 BASIS OF PREPARATION AND ADOPTION OF HKFRSs

(a) Basis of preparation

The unaudited condensed consolidated financial information for the nine months ended 31 December 2022 has been prepared in accordance with the applicable disclosure provisions of the GEM Listing Rules. This 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 2022 and interim condensed consolidated financial information for the six months ended 30 September 2022.

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 2022, except for the amended Hong Kong Financial Reporting Standards ("HKFRSs") effective for the first time for periods beginning on or after 1 April 2022. Details of the amended standards adopted and their effect on the Group's accounting policies are set out below.

(b) Adoption of HKFRSs

The Group has applied for the first time the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants for the accounting period beginning on 1 April 2022:

- Annual Improvements to HKFRSs 2018–2020
- Amendments to HKFRS 3, Reference to the Conceptual Framework
- Amendments to HKFRS 16, Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to HKAS 37, Onerous Contracts – Cost of Fulfilling a Contract

The adoption of these amendments to HKFRSs did not have any significant impact on the Group's accounting policies.

The Group has not early adopted any new or amended HKFRSs that have been issued but are not yet effective.

3 REVENUE AND SEGMENT INFORMATION

(a) Revenue

	Nine months ended		Three months ended	
	31 December		31 December	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales of package tours	58,803	1,481	51,008	552
Margin income from sales of FIT products	707	–	545	4
Margin income from sales of ancillary travel related products and services	793	55	705	14
Sales of lifestyle and healthcare products	26,095	–	13,049	–
Revenue from Cryptocurrency Mining	195	–	–	–
	<u>86,593</u>	<u>1,536</u>	<u>65,307</u>	<u>570</u>

(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. They review the Group's internal reporting in order to assess performance and allocate resources.

During the nine months ended 31 December 2022, Retails Operations that commenced operations in June 2022 and Catering Business that is expected to commence its operations in the second half of 2023 were added as new reportable segments.

The Group is organised into five reporting segments:

- (i) Travel Related Products and Services;
- (ii) Tourism and Travel Technology Investments;
- (iii) Retail Operations;
- (iv) Cryptocurrency Mining; and
- (v) Catering Business.

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 information.

Segment results and other segment items are as follows:

	Nine months ended 31 December 2022					
	Travel Related Products and Services HK\$'000	Tourism and Travel Technology Investments HK\$'000	Retail Operations HK\$'000	Cryptocurrency Mining HK\$'000	Catering Business HK\$'000	Total HK\$'000
Reportable segment revenue	<u>60,303</u>	<u>-</u>	<u>26,095</u>	<u>195</u>	<u>-</u>	<u>86,593</u>
Reportable segment loss	<u>(252)</u>	<u>(123)</u>	<u>(613)</u>	<u>(1,457)</u>	<u>(120)</u>	<u>(2,565)</u>
Unallocated (expenses)/gains, net						(3,682)
Finance income						5
Finance costs						(449)
Loss before income tax						(6,691)
Income tax expense						(25)
Loss and total comprehensive loss for the period						<u>(6,716)</u>
Share of results of a joint venture	<u>-</u>	<u>(123)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(123)</u>
Depreciation of property, plant and equipment	(259)	-	(203)	(313)	-	(775)
Depreciation of right-of-use assets	(2,338)	-	(595)	(71)	(66)	(3,070)
Impairment loss on cryptocurrencies	-	-	-	(751)	-	(751)
	<u>-</u>	<u>(123)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(123)</u>
	<u>(259)</u>	<u>-</u>	<u>(203)</u>	<u>(313)</u>	<u>-</u>	<u>(775)</u>
	<u>(2,338)</u>	<u>-</u>	<u>(595)</u>	<u>(71)</u>	<u>(66)</u>	<u>(3,070)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(751)</u>	<u>-</u>	<u>(751)</u>
	<u>-</u>	<u>(123)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(123)</u>
	<u>(259)</u>	<u>-</u>	<u>(203)</u>	<u>(313)</u>	<u>-</u>	<u>(775)</u>
	<u>(2,338)</u>	<u>-</u>	<u>(595)</u>	<u>(71)</u>	<u>(66)</u>	<u>(3,070)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(751)</u>	<u>-</u>	<u>(751)</u>
	<u>-</u>	<u>(41)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41)</u>
	<u>(513)</u>	<u>-</u>	<u>-</u>	<u>(367)</u>	<u>-</u>	<u>(880)</u>
	<u>(610)</u>	<u>-</u>	<u>-</u>	<u>(119)</u>	<u>-</u>	<u>(729)</u>
	<u>-</u>	<u>(41)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41)</u>
	<u>(513)</u>	<u>-</u>	<u>-</u>	<u>(367)</u>	<u>-</u>	<u>(880)</u>
	<u>(610)</u>	<u>-</u>	<u>-</u>	<u>(119)</u>	<u>-</u>	<u>(729)</u>

	Nine months ended 31 December 2021					
	Travel Related Products and Services HK\$'000	Tourism and Travel Technology Investments HK\$'000	Retail Operations HK\$'000	Cryptocurrency Mining HK\$'000	Catering Business HK\$'000	Total HK\$'000
Reportable segment revenue	<u>1,536</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,536</u>
Reportable segment loss	<u>(9,910)</u>	<u>(41)</u>	<u>-</u>	<u>(1,073)</u>	<u>-</u>	<u>(11,024)</u>
Unallocated gains/(expenses), net						1,472
Finance income						6
Finance costs						(203)
Loss before income tax						(9,749)
Income tax expense						-
Loss and total comprehensive loss for the period						<u>(9,749)</u>
Share of results of a joint venture	<u>-</u>	<u>(41)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41)</u>
Depreciation of property, plant and equipment	(513)	-	-	(367)	-	(880)
Depreciation of right-of-use assets	(610)	-	-	(119)	-	(729)
	<u>-</u>	<u>(41)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41)</u>
	<u>(513)</u>	<u>-</u>	<u>-</u>	<u>(367)</u>	<u>-</u>	<u>(880)</u>
	<u>(610)</u>	<u>-</u>	<u>-</u>	<u>(119)</u>	<u>-</u>	<u>(729)</u>

Three months ended 31 December 2022

	Travel Related Products and Services HK\$'000	Tourism and Travel Technology Investments HK\$'000	Retail Operations HK\$'000	Cryptocurrency Mining HK\$'000	Catering Business HK\$'000	Total HK\$'000
Reportable segment revenue	52,258	-	13,049	-	-	65,307
Reportable segment profit/(loss)	5,969	(70)	(135)	(257)	(120)	5,387
Unallocated (expenses)/gains, net						(2,100)
Finance income						5
Finance costs						(108)
Profit before income tax						3,184
Income tax expense						(8)
Profit and total comprehensive profit for the period						3,176
Share of results of a joint venture	-	(69)	-	-	-	(69)
Depreciation of property, plant and equipment	(87)	-	(88)	(104)	-	(279)
Depreciation of right-of-use assets	(780)	-	(269)	(11)	(66)	(1,126)
Impairment loss on cryptocurrencies	-	-	-	(64)	-	(64)

Three months ended 31 December 2021

	Travel Related Products and Services HK\$'000	Tourism and Travel Technology Investments HK\$'000	Retail Operations HK\$'000	Cryptocurrency Mining HK\$'000	Catering Business HK\$'000	Total HK\$'000
Reportable segment revenue	570	-	-	-	-	570
Reportable segment loss	(3,172)	(43)	-	(653)	-	(3,868)
Unallocated (expenses)/gains, net						(354)
Finance income						1
Finance costs						(55)
Loss before income tax						(4,276)
Income tax expense						-
Loss and total comprehensive loss for the period						(4,276)
Share of results of a joint venture	-	(43)	-	-	-	(43)
Depreciation of property, plant and equipment	(148)	-	-	(235)	-	(383)
Depreciation of right-of-use assets	(204)	-	-	(77)	-	(281)

For the nine months ended 31 December 2022, unallocated (expenses)/gains, net represent corporate (expenses)/gains.

(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

	Nine months ended		Three months ended	
	31 December		31 December	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Other income				
Management services fee income	108	108	36	36
Rent concessions	1,092	1,058	352	353
Subsidies ^{(Note (i))}	–	600	–	–
Others	44	–	15	–
	<u>1,244</u>	<u>1,766</u>	<u>403</u>	<u>389</u>
Other (losses)/gains, net				
Exchange losses, net	(377)	(52)	(46)	(43)
Fair value (losses)/gain on derivative financial instruments	(53)	(27)	66	(22)
Gain on disposal of listed equity securities in Hong Kong ^{(Note (ii))}	–	2,658	–	–
Gain on disposal of cryptocurrencies	–	50	–	–
Gain on lease modification	86	–	86	–
	<u>(344)</u>	<u>2,629</u>	<u>106</u>	<u>(65)</u>
Other income and other (losses)/gains, net	<u>900</u>	<u>4,395</u>	<u>509</u>	<u>324</u>

Notes:

- (i) Subsidies mainly represent grants received from the Hong Kong SAR government. There are no unfulfilled conditions or contingencies relating to these grants.
- (ii) Gain on disposal of listed equity securities represents the fair value gains up to the date of disposal.

5 EXPENSES BY NATURE

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

	Nine months ended		Three months ended	
	31 December		31 December	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Land costs <i>(Note)</i>	23,949	671	19,468	282
Air fare costs/(income)	20,900	(119)	19,373	–
Cost of inventories	23,611	–	11,982	–
Short-term lease expenses	–	680	–	240
Low-value assets leases expenses/(income)	172	(10)	58	66
Advertising and promotion	577	46	121	16
Credit card fees	1,059	24	867	7
Employee benefits expenses, excluding				
Directors' benefits and interests				
— Salaries, discretionary bonuses and allowances	9,283	4,992	4,923	1,662
— Pension costs – defined contribution plan	385	722	160	68
— Termination benefits	–	1,246	–	299
— Other employee benefits	129	82	9	1
	9,797	7,042	5,092	2,030
Directors' benefits and interests	1,683	1,410	683	470
Depreciation of property, plant and equipment	775	880	279	383
Depreciation of right-of-use assets	3,070	729	1,126	281
Impairment loss on cryptocurrencies	751	–	64	–
Office, telecommunication and utility expenses	718	596	224	270
Legal and professional fees	3,418	995	2,011	258
Auditor's remuneration				
— Audit services	615	585	205	235
Others	2,522	1,913	907	535
	93,617	15,442	62,460	5,073

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 COSTS, NET

	Nine months ended		Three months ended	
	31 December		31 December	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Finance income				
Bank interest income	5	6	5	1
Finance costs				
Imputed interest on loans from a shareholder	(121)	–	–	–
Interest expense on lease liabilities	(265)	(76)	(91)	(18)
Interest expense on bank borrowings	(63)	(127)	(17)	(37)
	<u>(449)</u>	<u>(203)</u>	<u>(108)</u>	<u>(55)</u>
Finance costs, net	<u>(444)</u>	<u>(197)</u>	<u>(103)</u>	<u>(54)</u>

7 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the nine months ended 31 December 2022 (nine months ended 31 December 2021: 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 charged represents:

	Nine months ended		Three months ended	
	31 December		31 December	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current income tax expense	<u>25</u>	<u>–</u>	<u>8</u>	<u>–</u>

8 BASIC AND DILUTED (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per Share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective periods.

	Nine months ended 31 December		Three months ended 31 December	
	2022 (unaudited)	2021 (unaudited)	2022 (unaudited)	2021 (unaudited)
(Loss)/profit attributable to owners of the Company (<i>HK\$'000</i>)	(6,139)	(9,458)	3,275	(4,117)
Weighted average number of ordinary shares in issue	479,317,709	400,000,000	524,047,500	400,000,000
Basic (loss)/earnings per Share (<i>HK cents per share</i>)	<u>(1.28)</u>	<u>(2.36)</u>	<u>0.62</u>	<u>(1.03)</u>

(b) Diluted

Diluted (loss)/earnings per Share is the same as basic (loss)/earnings per Share due to the absence of potential dilutive ordinary shares during the nine months ended 31 December 2022 (nine months ended 31 December 2021: same).

For the nine months ended 31 December 2022, the weighted average number of ordinary shares for the purpose of basic (loss)/earnings per Share and diluted (loss)/earnings per Share have been adjusted for the share placements undertaken by the Group on 24 May 2022 and 16 November 2022.

9 DIVIDENDS

The Board does not recommend the payment of dividend for the nine months ended 31 December 2022 (nine months ended 31 December 2021: nil).

10 EVENTS AFTER THE REPORTING PERIOD

Reference is made to the announcement of the Company dated 3 January 2023 in relation to the acquisition of a travel agency brand in Hong Kong. The Group acquired 65% equity interest in Guyguide Limited, a company principally engages in the sales of FIT products to retail customers in Hong Kong under the brand “Guyguide”, at a consideration of HK\$80,000. Guyguide Limited shall be accounted for as a subsidiary of the Company.

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, Tourism and Travel Technology Investments, Cryptocurrency Mining, Retail Operations and Catering Business.

BUSINESS REVIEW

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 package tours to various global destinations with particular focus on Japan-bound tours. The coronavirus disease 2019 (“COVID-19”) pandemic has been casting severe implications for many business sectors. In particular, it has brought the global tourism industry to a screeching halt since year 2020. The Group's business operations have been profoundly disrupted by restrictions on cross-boundary/border travel and anti-epidemic measures implemented by nations of its own and across the world. Nonetheless, owing to the Omicron subvariants' perceived milder infections and high national vaccination rates, an increasing number of countries have started/are pushing to lift restrictions and measures, in whole or in part, including rules that govern travel, quarantine, mask wearing and socialising. In particular,

- for Japan, on 10 June 2022, the Japan government first eased its borders for foreign tourists from selected countries and regions, including Hong Kong, and began accepting visa applications for those on officially sanctioned package tours. The government later fully opened its doors to overseas visitors and reinstated visa-free short-term travel on 11 October 2022; and
- for Hong Kong, on 26 September 2022, the Hong Kong SAR government relaxed the boarding requirements and quarantine arrangements for inbound persons, especially when the quarantine regime was changed from “3+4” to “0+3”, i.e. no compulsory quarantine at designated quarantine hotels would be required. The “0+3” regime was later lifted on 14 December 2022, and on 29 December 2022, all local anti-epidemic measures except for mask-wearing were lifted, including removing the definition of close contacts and ceasing issuance of quarantine orders, removing the Vaccine Pass requirement and lifting social distancing measures.

Following the eased pandemic controls across the world, tourism recovery has been gaining momentum. On the supply side, the Group's airline suppliers have since resumed their international flights, while on the demand side, leisure travel sentiment has been improving. As a result, the Group's revenue generated from the Travel Related Products and Services segment for the nine months ended 31 December 2022 recorded a staggering forty-fold increase as compared to the corresponding period in 2021.

As the nine-month period ended 31 December 2022 was adversely affected by the COVID-19 pandemic, the Group continued to mitigate its operating loss through adopting the following cost-saving measures:

- implemented salary reduction for certain 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 landlord; and
- obtained subsidies from the Hong Kong SAR government via the 2022 Employment Support Scheme.

The Group had been striving to explore opportunities and seek to diversify its business portfolio in other industries in order to broaden its source of income and future earning capability and potential. Following its setup of the Cryptocurrency Mining in July 2021, the Group has commenced the Retail Operations at outlets located at prime locations in Hong Kong and online in June 2022. For the nine months ended 31 December 2022, the Retail Operations recorded segment revenue of approximately HK\$26.1 million and segment loss of approximately HK\$0.6 million.

Furthermore, on 13 December 2022, Awesome Catering Holdings Limited (“Awesome Catering”), a wholly-owned subsidiary of the Company, Mr. Chan Chun Hong (“Mr. Chan”), Ms. Ng Cheuk Nam (“Ms. Ng”) and Well Fed International Limited (“Well Fed”) entered into the joint venture agreement, pursuant to which, Awesome Catering subscribed for 5,100 shares of Well Fed, which represented 51% of the enlarged issued share capital of Well Fed at a subscription price of HK\$5,100. Well Fed is expected to carry out its Catering Business in the second half of 2023 at a leased property located in the prime district of Tsim Sha Tsui, Hong Kong. For the purpose of the Catering Business operations, Well Fed forecasted a capital need of HK\$10 million, of which (i) Awesome Catering has agreed to procure the funding of approximately HK\$5.1 million; and (ii) Mr. Chan and Ms. Ng have agreed to procure the funding of a total sum of approximately HK\$4.9 million (inclusive of approximately HK\$1.8 million that has been paid), respectively, on or before 31 December 2023. Well Fed has been accounted for as a subsidiary of the Company and hence, its financial statements have been consolidated into the unaudited third quarterly financial results of the Group for the nine months ended 31 December 2022. A segment loss of approximately HK\$0.1 million was recorded mainly due to the recognition of depreciation of right-of-use assets arisen from the lease.

To ensure the sufficiency of general working capital, the Company completed its placing of 80,000,000 new ordinary shares (the “First Placing Share(s)”) to not less than six places at the placing price of HK\$0.281 per First Placing Share on 24 May 2022. The placing price of HK\$0.281 per First Placing Share represented a discount of 19.7% to the closing price of HK\$0.350 per Share as quoted on the Stock Exchange on 5 May 2022, being the date on which the terms of the placing were fixed. The net proceeds (after deduction of commission and other expenses of the placing) from the placing of the First Placing Shares amounted to approximately HK\$21.9 million, representing a net issue price of HK\$0.274 per First Placing Share, which have been used for the general working capital of the Group and general corporate purposes to support the Group’s strategies.

For the purpose of supporting the working capital of the Group’s new Retail Operations, the Company attempted to place up to an aggregate of 96,000,000 new ordinary shares (the “Second Placing Share(s)”) at the placing price of HK\$0.150 per Second Placing Share under the placing agreement entered into on 23 September 2022 (the “Second Placing Agreement”). The Second Placing Agreement lapsed as the conditions as set out in the agreement were not fully fulfilled by 14 October 2022, hence the placing of the Second Placing Shares did not proceed.

Furthermore, to support the working capital of the Group’s new Retail Operations, the Company completed its placing of 88,095,000 new ordinary shares (the “Third Placing Share(s)”) to not less than six places at the placing price of HK\$0.170 per Third Placing Share on 16 November 2022. The placing price of HK\$0.170 per Third Placing Share was equivalent to the closing price of HK\$0.170 per Share as quoted on the Stock Exchange on 25 October 2022, being the date on which the terms of the placing were fixed. The net proceeds (after deduction of commission and other expenses of the placing) from the placing of the Third Placing Shares amounted to approximately HK\$13.7 million, representing a net issue price of HK\$0.156 per Third Placing Share, which have been used for the working capital of the Retail Operations, including procurement expenses, staff costs, general and administration expenses, rental expenses and advertising and marketing expenses.

FINANCIAL REVIEW

Revenue and gross profit

The following table sets out the Group's revenue and gross profit by business categories:

	Nine months ended 31 December				Three months ended 31 December			
	2022		2021		2022		2021	
	Revenue HK\$' million	Gross profit HK\$' million	Revenue HK\$' million	Gross profit HK\$' million	Revenue HK\$' million	Gross profit HK\$' million	Revenue HK\$' million	Gross profit HK\$' million
Package tours	58.8	13.8	1.5	0.9	51.0	12.1	0.5	0.3
FIT products ^{Note}	0.7	0.7	-	-	0.5	0.5	-	-
Ancillary travel related products and services ^{Note}	0.8	0.8	-	-	0.7	0.7	-	-
Travel Related Products and Services	60.3	15.3	1.5	0.9	52.2	13.3	0.5	0.3
Retail Operations	26.1	2.5	-	-	13.1	1.1	-	-
Cryptocurrency Mining	0.2	0.2	-	-	-	-	-	-
Total	86.6	18.0	1.5	0.9	65.3	14.4	0.5	0.3

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

For the nine months ended 31 December 2022, revenue from package tours increased by 3,820% to approximately HK\$58.8 million as compared with approximately HK\$1.5 million for the corresponding period in 2021, owing to the re-launch of the Group's tours bound for Japan on 24 June 2022 since its suspension in March 2020, and the number of tour participants, hence revenue from package tours, spiked since October 2022 when the Japan government resumed its visa-free tourist travel.

FIT products

The Group resumed its sales of FIT products as national governments started to lift their border controls, quarantine rules and vaccination requirements. For the nine months ended 31 December 2022, sales of FIT products covered global destinations including Japan, United States, Canada, Australia and countries in Asia.

Ancillary travel related products and services

Ancillary travel related products and services generally include (i) travel insurance; (ii) admission tickets to attractions such as theme parks and shows; (iii) guided overseas day tours and excursions; (iv) local transportation such as airport transportation; (v) overseas transportation such as rail passes; (vi) car rental; (vii) prepaid telephone and internet cards; (viii) travel visa applications; and (ix) trading of merchandise.

The Group resumed its sales of ancillary travel related products and services as national governments started to lift their border controls, quarantine rules and vaccination requirements. For the nine months ended 31 December 2022, revenue mainly represented (i) margin income from insurance companies for the sales of travel insurance to tour participants; and (ii) sales of admission tickets to theme parks and shows and day tours in Japan.

Retail Operations

For the nine months ended 31 December 2022, revenue represented the Group's sales of lifestyle and healthcare products at retail stores and online. Products that were in high demand included (i) the Bearbrick (stylised as Be@rbrick) figures, which have been prominent in the designer and art toy collector community; (ii) unused and second-hand luxury handbags and watches; and (iii) health supplements supporting fertility and reproductive wellness in women and men.

Cryptocurrency Mining

For the nine months ended 31 December 2022, revenue represented the quantity of Ethereum earned and received based on its fair value.

Selling expenses

Selling expenses mainly consist of (i) advertising and promotion expenses, such as sponsoring television travel programs and films, online and offline media advertisements, participating in tourism fairs and organizing travel seminars; (ii) credit card and debit card charges in respect of payments from customers with credit cards and electronic payment services (EPS); (iii) staff costs, representing the salaries and benefits for the Group's tour escorts and the sales associates of its Retail Operations; (iv) short-term lease expenses and depreciation of right-of-use assets for the Group's travel agency branches and retail stores; and (v) depreciation of property, plant and equipment.

For the nine months ended 31 December 2022, selling expenses increased by 189.5% to approximately HK\$5.8 million as compared with approximately HK\$2.0 million for the corresponding period in 2021, mainly due to (i) the increase in credit card charges arising from the sales of Travel Related Products and Services; (ii) the increase in salaries and benefits for the Group's tour escorts; and (iii) advertising and promotion, staff costs of the sales associates and depreciation of right-of-use assets incurred for the new Retail Operations.

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) depreciation of property, plant and equipment; (iv) office, telecommunication and utility expenses incurred in the Group's daily operations; (v) legal and professional fees; and (vi) other miscellaneous administrative expenses.

For the nine months ended 31 December 2022, administrative expenses increased by 49.3% to approximately HK\$19.2 million as compared with approximately HK\$12.9 million for the corresponding period in 2021, mainly due to (i) legal and professional fees incurred in connection with the Company's completed placings of the First and Third Placing Shares; (ii) the increase in salaries and benefits as a result of increase in headcount of administrative and operational staff and reduction in no-pay leave taken; (iii) the increase in depreciation of right-of-use assets as a result of renewal of leases in April 2022; (iv) staff costs of the administrative personnel, depreciation of property, plant and equipment and other administrative expenses incurred for the new Retail Operations; and (v) recognition of impairment loss on cryptocurrencies.

(Loss)/profit and total comprehensive (loss)/profit for the period

The Group's loss and total comprehensive loss for the nine months ended 31 December 2022 decreased by 31.1% to approximately HK\$6.7 million as compared with approximately HK\$9.7 million for the corresponding period in 2021, which was mainly attributable to the following:

- the increase in selling expenses by approximately HK\$3.8 million for reasons as discussed in the sub-section headed "Financial Review — Selling expenses" above;
- the increase in administrative expenses by approximately HK\$6.4 million for reasons as discussed in the sub-section headed "Financial Review — Administrative expenses" above;
- in respect of the Company's investment in the shares of CTEH INC. ("CTEH"), a gain on disposal of the shares of CTEH of approximately HK\$2.7 million was recognised during the corresponding period in 2021; and

- receipt of subsidies from the Hong Kong SAR government under the Anti-epidemic Fund for supporting the tourism industry in the amount of HK\$0.6 million during the corresponding period in 2021, which was partially offset by:
- gross profit of approximately HK\$2.5 million contributed by the new Retail Operations; and
- the increase in gross profit of the Travel Related Products and Services by approximately HK\$14.4 million mainly due to re-launch of the Group’s tours bound for Japan.

FUTURE PROSPECTS

As discussed in the sub-section headed “Business Review”, an increasing number of countries have started/are pushing to lift restrictions and measures concerning international travel due to the Omicron subvariants’ perceived milder infections and high national vaccination rates. Together with the airlines gradually resuming their international flights and the growing sentiment and improved confidence levels in leisure travel, the pace and scope of tourism recovery is growing. According to the data published in the UNWTO Tourism Recovery Tracker launched by the World Tourism Organisation, tourism saw a strong rebound through December 2022, with international tourist arrivals reaching 63% of pre-pandemic levels in the 2022 calendar year. Monthly arrivals climbed from 34% (versus 2019) in January 2022 to 73% (versus 2019) in December 2022, confirming the rapid and sustained recovery of international travel throughout the year. The Group hence takes an optimistic view and is confident in tourism recovery.

Nevertheless, neither the exact impact of the ongoing COVID-19 pandemic and its variants/subvariants for the year ending 31 March 2023 and subsequent financial periods nor magnitude of tourism recovery could be predicted, as there remains a significant degree of uncertainty over:

- COVID-19 case trends;
- duration and severity of new variant(s)/subvariant(s), if any, that might be more aggressive, highly transmissible, vaccine-resistant and/or able to cause more severe disease as compared to the original strain of the virus;
- trajectory of the economic recovery;
- level of consumer confidence and sentiment for leisure travel; and
- supply and pricing of corresponding flights.

Although short-term operating cash flows and financial performance will likely remain under pressure in the near term, the Group remains confident in its strategy and has full faith that its outbound travel, tourism and hospitality activities will bounce back to surpass the pre-pandemic levels in the medium term. Furthermore, by incorporating the new business activities of the Retail Operations and Catering Business, the Group seeks to diversify its business in other industries in order to expand its revenue and income sources.

OTHER INFORMATION

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 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 nine months ended 31 December 2022, the Company has complied with all the code provisions as set out in the CG Code, except for the following:.

According to code provision C.2.1 of the CG Code, the roles of the chairman and chief executive of a listed issuer should be separate and should not be performed by the same individual. For the period from 1 April 2022 to 29 September 2022, the role of the chairman of the Board (the "Chairman") was separated from that of the Chief Executive Officer. During this period, the Chairman and the Chief Executive Officer was Mr. Yuen Sze Keung ("Mr. SK Yuen") and Mr. Yuen Chun Ning ("Mr. CN Yuen"), respectively. Following the resignation of Mr. SK Yuen as the Chairman on 30 September 2022, Mr. CN Yuen has been appointed as the Chairman on the same date, who assumes the dual roles of the Chairman and the Chief Executive Officer. Notwithstanding the above, the Board is of the view that vesting the roles of both the Chairman and the Chief Executive Officer in Mr. CN Yuen has the benefit of ensuring consistent leadership, continuous planning and effective execution of the Group's strategies. The Board considers that the balance of power and authority under the present structure will not be compromised. The Board will continue to regularly review the effectiveness of this structure to ensure that it is appropriate to the Group's circumstances.

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 nine months ended 31 December 2022.

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 nine months ended 31 December 2022.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' COMPETING INTERESTS

For the nine months ended 31 December 2022, 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 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 31 December 2022, 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 third quarterly financial results of the Group for the nine months ended 31 December 2022 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 Chun Ning
Chairman and Executive Director

Hong Kong, 14 February 2023

As at the date of this announcement, the executive Directors are Mr. Yuen Chun Ning, Ms. Shawlain Ahmin and Mr. Choi Kam Yan Simon; and the independent non-executive Directors are Mr. Lee Hing Cheung Eric, Mr. Lee Kwong Ming and Ms. Gao Lili.

This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk for at least seven days from the date of its posting and on the Company’s website at www.wwpkg.com.hk.