



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

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8069

2018/2019

First Quarterly Report

CONTENTS

Corporate Information	3
Management Discussion and Analysis	4
Other Information	7
Unaudited Condensed Consolidated Statement of Comprehensive Income	11
Unaudited Condensed Consolidated Statement of Changes in Equity	12
Notes to the Unaudited Condensed Consolidated Financial Information	13

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Mr. Yuen Sze Keung (*Chairman*)
Ms. Chan Suk Mei
Mr. Yuen Chun Ning (*Chief Executive Officer*)

Independent Non-executive Directors:

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

AUDIT COMMITTEE

Mr. Lam Yiu Kin (*Chairman*)
Mr. Ho Wing Huen
Mr. Yen Yuen Ho Tony

REMUNERATION COMMITTEE

Mr. Yen Yuen Ho Tony (*Chairman*)
Mr. Ho Wing Huen
Mr. Lam Yiu Kin
Mr. Yuen Sze Keung

NOMINATION COMMITTEE

Mr. Ho Wing Huen (*Chairman*)
Mr. Lam Yiu Kin
Mr. Yen Yuen Ho Tony
Mr. Yuen Sze Keung

COMPANY SECRETARY

Ms. Ng Ka Man, *ACS, ACIS*

COMPLIANCE OFFICER

Mr. Yuen Chun Ning

AUTHORISED REPRESENTATIVES

Mr. Yuen Sze Keung
Mr. Yuen Chun Ning

REGISTERED OFFICE

P.O. Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 706-8, 7/F., Lippo Sun Plaza
28 Canton Road
Tsim Sha Tsui
Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Estera Trust (Cayman) Limited
P.O. Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

COMPLIANCE ADVISER

Lego Corporate Finance Limited

LEGAL ADVISER TO THE COMPANY AS TO HONG KONG LAW

Fairbairn Catley Low & Kong

PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking Corporation
Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

STOCK CODE

8069

COMPANY'S WEBSITE

<http://www.wwwpkg.com.hk>

MANAGEMENT DISCUSSION AND ANALYSIS

The board of Directors of the Company (the "Board") is pleased to announce the unaudited first quarterly financial results of the Group for the three months ended 30 June 2018, together with the comparative figures for the corresponding period in 2017, 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 air tickets and/or hotel accommodations (the "FIT products"); and (iii) the sales 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.

For the three months ended 30 June 2018, the Group recorded a loss as compared to a profit recorded for the three months ended 30 June 2017. Such turnaround from profit to loss was mainly attributable to the significant decrease in gross profit as a result of the following:

- sales performance (in terms of both number of tour participants and selling prices) for Japan-bound package tours during April 2017 was remarkable as the Easter holidays' period coincided with the cherry blossom season;
- outbreak of measles in Okinawa, Japan and Taiwan that began in late March 2018 posed major negative impacts on customers' desire to travel to the affected countries, hence leading to decreased revenues for the months of May and June 2018, including the Golden Week holiday; and
- cost of sales increased due to increase in land costs, air fare costs and forfeiture incurred on flights operated during the three months ended 30 June 2018.

On 25 May 2018, the Group completed an acquisition of 20% of the issued share capital of Airbare.com Limited by way of cash consideration of HK\$600,000. Airbare.com Limited is a start-up company that principally engages in the business of travel metasearch engines, which enables users to (i) search for information on flight tickets; (ii) navigate through multiple booking options simultaneously and compare prices and; (iii) direct users to respective service providers to complete the booking process. A loss of approximately HK\$33,000 representing the Group's share of results of this joint venture was recorded for the three months ended 30 June 2018.

On 12 June 2018, the Company entered into a cornerstone investment agreement with CTEH INC. (as issuer), pursuant to which the Company agreed to subscribe for the shares of CTECH INC. (the "Investor Shares") at the offer price under and as part of CTEH INC.'s international offering. Further details of this cornerstone investment were set out in the announcement of the Company dated 12 June 2018. Offer price for the Investor Shares was determined at HK\$0.36. As of 30 June 2018, the total number of shares subscribed by the Company amounted to 27,770,000 shares and a fair value gain of approximately HK\$139,000 was recorded as other gains/(losses), net.

The management of the Company considers that the above-mentioned investments are in line with the Group's investment strategy and will bring returns to the Group. The Group also believes that the investments will provide business development opportunities, and that the investees and the Group will offer complementary advantages to each other on strategic development in the future.

FINANCIAL REVIEW

Revenue and gross profit

The following table sets out the Group's revenue and gross profit by major category of products/services:

	Three months ended 30 June					
	2018			2017		
	Revenue HK\$'million	Gross profit HK\$'million	Gross profit margin %	Revenue HK\$'million	Gross profit HK\$'million	Gross profit margin %
Package tours	85.7	4.9	5.7	121.2	14.2	11.7
FIT products ^{Note}	0.2	0.2	N/A	0.6	0.6	N/A
Ancillary travel related products and services ^{Note}	1.2	1.2	N/A	2.1	2.1	N/A
Total/overall	87.1	6.3	7.2	123.9	16.9	13.6

Note: The Group's revenue from sales of the 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 decreased by 29.3% from approximately HK\$121.2 million for the three months ended 30 June 2017 to approximately HK\$85.7 million for the three months ended 30 June 2018, mainly due to the decrease in both number of tour participants and selling prices as discussed in the sub-section headed "Business Review" above. Gross profit margin from package tours decreased from 11.7% for the three months ended 30 June 2017 to 5.7% for the three months ended 30 June 2018, mainly due to (i) decrease in selling prices; (ii) increase in cost of sales as a result of the increase in land costs, air fare costs and forfeiture incurred on flights; and (iii) the operation of the Group's certain relatively low-priced tours with lower profit margins that were supported by the charter flights destined for Kumamoto in Japan launched since November 2017.

FIT products

The Group's revenue from the sales of the FIT products decreased from approximately HK\$0.6 million for the three months ended 30 June 2017 to approximately HK\$0.2 million for the three months ended 30 June 2018, mainly due to continuous keen competition from online agencies, booking platforms of hotels and budget airlines.

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, overseas transportation such as rail passes, car rental, prepaid telephone and internet cards and travel visa applications. The Group's revenue from the sales of ancillary travel related products and services decreased from approximately HK\$2.1 million for the three months ended 30 June 2017 to approximately HK\$1.2 million for the three months ended 30 June 2018, mainly due to (i) decrease in margin income from insurance companies for the sales of travel insurance to customers; and (ii) decrease in sales of rail passes as a result of keen competition from online agencies.

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 decreased by 16.7% from approximately HK\$5.4 million for the three months ended 30 June 2017 to approximately HK\$4.5 million for the three months ended 30 June 2018, mainly due to decrease in advertising and marketing expenses on the Group's traditional advertisements in newspapers and hardcopy magazines, and decrease in credit card charges as a result of decreased sales transactions.

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) 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) other miscellaneous administrative expenses. Administrative expenses increased by 6.9% from approximately HK\$10.1 million for the three months ended 30 June 2017 to approximately HK\$10.8 million for the three months ended 30 June 2018, mainly due to (i) brokerage, transaction levy and trading fee incurred in connection with the cornerstone investment agreement with CTEH INC. as discussed in the sub-section headed "Business Review" above; and (ii) increase in general administrative costs, including depreciation charge on property, plant and equipment and repair and maintenance expenses.

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

The Group turned around from a profit and total comprehensive income of approximately HK\$1.0 million for the three months ended 30 June 2017 to a loss and total comprehensive loss of approximately HK\$7.9 million for the three months ended 30 June 2018, mainly due to the decrease in gross profit of approximately HK\$10.6 million for reasons as discussed in the sub-sections headed "Business Review" and "Revenue and gross profit" above.

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 put forth its best efforts to drive business performance and growth by:

- 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 programmes, social media and other conventional media advertisements such as newspapers and television commercials;
- continuing to (i) evaluate and optimise the Group's online sales platform to improve user experience; (ii) revamp the customer relationship management system to boost customer loyalty; and (iii) consider the development of a mobile application;
- 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; and
- exploring investment opportunities including those that could create operating synergies.

The Group will try its best endeavor to implement the above strategic initiatives that will enable the Group to grow and move forward.

OTHER INFORMATION

DISCLOSURE OF INTERESTS

A. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 30 June 2018, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such director or chief executive is taken or deemed to have under such provision of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register of members of the Company, or which were required, pursuant to standard of dealings by Directors as referred to the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) Long Positions in the Company's Shares

Name of Director	Capacity/Nature	Number of Shares held/ interested in	Percentage of shareholding
Ms. Chan Suk Mei ("Ms. Chan") (Note)	Interest in a controlled corporation	300,000,000	75%
Mr. Yuen Sze Keung ("Mr. SK Yuen") (Note)	Interest in a controlled corporation	300,000,000	75%

Note: WWPKG Investment Holdings Limited ("WWPKG Investment") is an investment holding company incorporated in the British Virgin Islands ("BVI") and is owned as to 68.02%, 23.42% and 8.56% by Ms. Chan, Mr. SK Yuen and Mr. Yuen Chun Ning ("Mr. CN Yuen") respectively. Ms. Chan and Mr. SK Yuen are parties acting jointly and are therefore deemed to be interested in all the shares of the Company (the "Shares") held by WWPKG Investment under the SFO.

(ii) Long Positions in the Ordinary Shares of Associated Corporations

Name of Director	Name of associated corporation	Capacity/Nature	Number of Shares held/ interested in	Percentage of shareholding
Ms. Chan	WWPKG Investment	Beneficial owner	6,802	68.02%
		Interest of spouse	2,342	23.42%
Mr. SK Yuen	WWPKG Investment	Beneficial owner	2,342	23.42%
		Interest of spouse	6,802	68.02%
Mr. CN Yuen	WWPKG Investment	Beneficial owner	856	8.56%

Save as disclosed above, as at 30 June 2018, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required pursuant to Section 352 of the SFO, to be entered in the register of members of the Company or which were required to be notified to the Company and the Stock Exchange, pursuant to standard of dealings by Directors as referred to the GEM Listing Rules.

B. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2018, the interest and short positions of the persons (other than the Directors or chief executive of the Company) in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long Position in the Company's Shares

Name of Shareholder	Capacity/Nature	Number of Shares held/ interested in	Percentage of shareholding
WWPKG Investment (<i>Note</i>)	Beneficial owner	300,000,000	75%

Note: WWPKG Investment is an investment holding company incorporated in the BVI and is owned as to 68.02%, 23.42% and 8.56% by Ms. Chan, Mr. SK Yuen and Mr. CN Yuen respectively. Ms. Chan and Mr. SK Yuen are parties acting jointly and are therefore deemed to be interested in all the Shares held by WWPKG Investment under the SFO.

Save as disclosed above, as at 30 June 2018, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the shares, underlying shares or debentures of the Company which would fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed in the sub-section headed "Disclosure of Interests" above, at no time during the three months ended 30 June 2018 was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company (including their spouses or children under 18 years of age) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

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 and enhance the business growth of the Group.

During the three months ended 30 June 2018, 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 2018.

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 2018.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' COMPETING INTERESTS

For the three months ended 30 June 2018, 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 any of 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 June 2018.

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. No share option was granted, lapsed, exercised or cancelled by the Company under the Share Option Scheme during the three months ended 30 June 2018 and there was no outstanding share option as at the date of this report.

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 first quarterly financial results of the Group for the three months ended 30 June 2018 have been reviewed by the Audit Committee together with the Group's management.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 June 2018

	Note	Three months ended 30 June	
		2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Revenue	3	87,072	123,893
Cost of sales	5	(80,821)	(107,030)
Gross profit		6,251	16,863
Other income and other (losses)/gains, net	4	(180)	(24)
Selling expenses	5	(4,515)	(5,415)
Administrative expenses	5	(10,759)	(10,087)
Operating (loss)/profit		(9,203)	1,337
Finance (costs)/income, net	6	(1)	20
Share of results of a joint venture		(33)	–
(Loss)/profit before income tax		(9,237)	1,357
Income tax credit/(expense)	7	1,361	(335)
(Loss)/profit and total comprehensive (loss)/income for the period		(7,876)	1,022
(Loss)/profit and total comprehensive (loss)/income attributable to:			
Owners of the Company		(7,789)	1,042
Non-controlling interests		(87)	(20)
		(7,876)	1,022
Basic and diluted (loss)/earnings per share (<i>expressed in HK cents</i>)	8	(1.90)	0.26

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2018

	Attributable to owners of the Company					Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000 <i>(Note)</i>	Retained earnings HK\$'000	Sub-total HK\$'000		
Balance at 1 April 2018	4,000	56,667	11,371	25,618	97,656	601	98,257
Total comprehensive loss (unaudited)							
Loss for the three months ended 30 June 2018	–	–	–	(7,789)	(7,789)	(87)	(7,876)
Balance at 30 June 2018 (unaudited)	4,000	56,667	11,371	17,829	89,867	514	90,381
Balance at 1 April 2017	4,000	69,166	11,371	34,876	119,413	622	120,035
Total comprehensive income (unaudited)							
Profit for the three months ended 30 June 2017	–	–	–	1,042	1,042	(20)	1,022
Balance at 30 June 2017 (unaudited)	4,000	69,166	11,371	35,918	120,455	602	121,057

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 (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.

The Shares were listed on GEM on 12 January 2017.

The ultimate holding company of the Group is WWPKG Investment, a company incorporated in the 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

The unaudited condensed consolidated financial information for the three months ended 30 June 2018 has been prepared in accordance with the same accounting policies adopted in the Company’s annual consolidated financial statements for the year ended 31 March 2018, except for the adoption of the new Hong Kong Financial Reporting Standards (“HKFRSs”) and amendments to HKFRSs that are relevant and effective for the annual period beginning on 1 April 2018. 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 Company’s annual consolidated financial statements for the year ended 31 March 2018.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

3 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 recognised are as follows:

	Three months ended 30 June	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Sales of package tours	85,701	121,192
Margin income from sales of FIT products	221	562
Margin income from sales of ancillary travel related products and services	1,150	2,139
	87,072	123,893

(b) Segment information

The Board 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 maker has been identified as the executive Directors of the Company. The only component in internal reporting to the chief operating decision maker is the Group's travel and travel-related services business for the three months ended 30 June 2018 (three months ended 30 June 2017: 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 more than 10% revenue of the Group for the three months ended 30 June 2018 (three months ended 30 June 2017: 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 June 2018 and 31 March 2018, all non-current assets were located in Hong Kong.

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

	Three months ended 30 June	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Other income		
Referral income	131	13
Other (losses)/gains, net		
Exchange (losses), net	(430)	(107)
Fair value (losses)/gains on derivative financial instruments	(20)	70
Fair value gains on financial assets held at fair value through profit or loss	139	–
	(311)	(37)
Other income and other (losses)/gains, net	(180)	(24)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

5 EXPENSES BY NATURE

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

	Three months ended 30 June	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Land costs (<i>Note</i>)	43,171	61,991
Air fare costs	37,510	44,819
Operating lease rentals of:		
— Office and branches premises	2,427	2,499
— Equipment rental	107	95
Advertising and promotion	1,774	2,189
Credit card fees	958	1,204
Employee benefits expenses, excluding Directors' benefits and interests		
— Salaries, discretionary bonuses and allowances	5,339	5,384
— Pension costs – defined contribution plan	328	336
— Other employee benefits	123	65
	5,790	5,785
Directors' benefits and interests	1,204	1,207
Depreciation of property, plant and equipment	619	555
Office, telecommunication and utility expenses	321	432
Exchange (gains)/losses, net	(81)	15
Legal and professional fees	664	602
Auditor's remuneration		
— Audit services	264	275
Others	1,367	864
	96,095	122,532

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(CONTINUED)

6 FINANCE (COSTS)/INCOME, NET

	Three months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Finance income		
Bank interest income	1	23
Finance costs		
Interest expense on obligations under finance leases	(2)	(3)
Finance (costs)/income, net	(1)	20

7 INCOME TAX CREDIT/(EXPENSE)

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the three months ended 30 June 2018 (three months ended 30 June 2017: 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 credit/(expense) credited/(charged) to the unaudited condensed consolidated statement of comprehensive income represents:

	Three months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current income tax credit/(expense)	68	(660)
Deferred income tax credit	1,293	325
	1,361	(335)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

8 BASIC AND DILUTED (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per Share is calculated by dividing the (loss)/earnings 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	
	2018 (unaudited)	2017 (unaudited)
(Loss)/profit attributable to owners of the Company (<i>HK\$'000</i>)	(7,789)	1,042
Weighted average number of ordinary shares in issue ('000)	400,000	400,000
Basic (loss)/earnings per Share (<i>HK cents per Share</i>)	(1.90)	0.26

(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 three months ended 30 June 2018 (three months ended 30 June 2017: same).

9 DIVIDENDS

The Board does not recommend the payment of any dividend for the three months ended 30 June 2018 (three months ended 30 June 2017: same).

10 RELATED PARTY TRANSACTIONS

The ultimate parent of the Company is WWPKG Investment Holdings Company Limited, a company incorporated in the BVI.

The Directors are of the view that the following individuals and companies were related parties that had transactions or balances with the Group as at and for the three months ended 30 June 2018 and 2017:

Name of related party	Relationship with the Group
Ms. Chan Suk Mei	Director of the Company
Mr. Yuen Sze Keung	Director of the Company
Mr. Yuen Chun Ning	Director of the Company
Sky Right Investment Limited	Controlled by a Director of the Company
HCNY Consultancy Limited	Controlled by a Director of the Company
JCS Limited	Controlled by a connected person of the Director of the Company
Y's Japan Limited	Controlled by a connected person of the Director of the Company

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

10 RELATED PARTY TRANSACTIONS (CONTINUED)

Other than those transactions and balances disclosed elsewhere in the unaudited condensed consolidated financial information, the following transactions were carried out with related parties during the three months ended 30 June 2018 and 2017:

(a) Transactions with related parties

	Three months ended 30 June	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Rental expenses		
Sky Right Investment Limited	705	705
Venue fee		
HCNY Consultancy Limited	61	89
Tour bus services fee		
JCS Limited	2,240	2,547
Booking services fee		
Y's Japan Limited	647	629

All of the above transactions with related parties were conducted in the ordinary course of the business of the Group based on the terms mutually agreed between the relevant parties.

(b) Key management compensation

The remuneration of the Directors and other members of key management, who have the responsibility for planning, directing and controlling the activities of the Group, are set out below.

	Three months ended 30 June	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Salaries and allowances	1,704	1,643
Pension costs — defined contribution plan	14	17
	1,718	1,660

11 CONTINGENCIES

As at 30 June 2018, the Group did not have any significant contingent liabilities (30 June 2017: same).