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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)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2018**

#### **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”) is pleased to announce the audited consolidated results of the Group for the year ended 31 March 2018, together with the comparative figures for the corresponding period in 2017, as set out below.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 March 2018*

	<i>Note</i>	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Revenue	3	<b>421,105</b>	390,820
Cost of sales	5	<b>(361,081)</b>	(331,327)
Gross profit		<b>60,024</b>	59,493
Other income and other gains, net	4	<b>799</b>	815
Selling expenses	5	<b>(18,548)</b>	(19,857)
Administrative expenses	5	<b>(43,888)</b>	(54,908)
<b>Operating loss</b>		<b>(1,613)</b>	(14,457)
Finance income, net	6	<b>50</b>	18
<b>Loss before income tax</b>		<b>(1,563)</b>	(14,439)
Income tax (expense)/credit	7	<b>(215)</b>	132
<b>Loss and total comprehensive loss for the year</b>		<b>(1,778)</b>	(14,307)
<b>Loss and total comprehensive loss attributable to:</b>			
Owners of the Company		<b>(1,757)</b>	(14,232)
Non-controlling interests		<b>(21)</b>	(75)
		<b>(1,778)</b>	(14,307)
Basic and diluted loss per share <i>(expressed in HK cents)</i>	8	<b>(0.44)</b>	(4.42)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Note	2018 HK\$'000	2017 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		7,838	7,655
Prepayments, deposits and other receivables		2,654	650
Deferred income tax assets		816	510
		<u>11,308</u>	<u>8,815</u>
<b>Current assets</b>			
Inventories		452	1,698
Trade receivables	10	622	199
Prepayments, deposits and other receivables		51,896	30,933
Derivative financial assets		–	38
Current income tax recoverable		3,124	3,986
Short-term fixed deposit		5,000	–
Cash and cash equivalents		76,043	138,588
		<u>137,137</u>	<u>175,442</u>
<b>Total assets</b>		<u><u>148,445</u></u>	<u><u>184,257</u></u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	11	4,000	4,000
Reserves		68,038	80,537
Retained earnings		25,618	34,876
		<u>97,656</u>	<u>119,413</u>
Non-controlling interests		601	622
<b>Total equity</b>		<u><u>98,257</u></u>	<u><u>120,035</u></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Obligations under finance leases		22	107
Other non-current liabilities		621	743
Deferred income tax liabilities		43	38
		<u>686</u>	<u>888</u>
<b>Current liabilities</b>			
Trade payables	12	5,176	6,556
Accruals and other payables		42,743	55,361
Dividend payable to minority shareholders of a subsidiary		–	105
Obligations under finance leases		85	151
Amounts due to related companies		1,498	1,161
		<u>49,502</u>	<u>63,334</u>
<b>Total liabilities</b>		<u><u>50,188</u></u>	<u><u>64,222</u></u>
<b>Total equity and liabilities</b>		<u><u>148,445</u></u>	<u><u>184,257</u></u>

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

### 1. GENERAL INFORMATION AND REORGANISATION

#### 1.1 GENERAL INFORMATION

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

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

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

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

The 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.

#### 1.2 REORGANISATION

Prior to the incorporation of the Company and the completion of the reorganisation (the “Reorganisation”) as described below, the Business was carried out by Package Tours (Hong Kong) Limited (“Package Tours”) and Worldwide Package Travel Service Limited (“Worldwide Package”) (collectively, the “Operating Companies”). The Operating Companies were controlled by Ms. Chan Suk Mei (“Ms. Chan”) immediately before and after the Reorganisation prior to the Listing.

In preparation for the Listing, the following transactions were carried out:

- (i) On 12 May 2016, Ms. Chan and an independent third party, a minority shareholder of Package Tours, entered into a sale and purchase agreement, pursuant to which Ms. Chan acquired 180 shares in Package Tours, representing 0.18% of the issued share capital of Package Tours, from the independent third party at the consideration of approximately HK\$72,000 which represented fair value.
- (ii) On 7 June 2016, WWPKG Investment was incorporated in the BVI with authorised share capital of US\$50,000. Upon incorporation, 6,802 shares, 2,342 shares and 856 shares were allotted and issued at par to Ms. Chan, Mr. Yuen Sze Keung (“Mr. SK Yuen”) and Mr. Yuen Chun Ning (“Mr. CN Yuen”), respectively. As a result, Ms. Chan, Mr. SK Yuen and Mr. CN Yuen became the shareholders of WWPKG Investment, holding 68.02%, 23.42% and 8.56% of the issued share capital of WWPKG Investment, respectively.
- (iii) On 8 June 2016, the Company was incorporated in the Cayman Islands with authorised share capital of HK\$380,000, 1 Share of which was allotted and issued at par to the first subscriber, who then transferred the Share to WWPKG Investment on 8 June 2016 at par. Upon completion of the transfer, the Company became a wholly-owned subsidiary of WWPKG Investment.
- (iv) On 10 June 2016, WWPKG Management Company Limited (“WWPKG Management”) was incorporated in the BVI with authorised share capital of US\$50,000. Upon incorporation, 1 share was allotted and issued at par to the Company. As a result, WWPKG Management became a wholly-owned subsidiary of the Company.

- (v) On 5 July 2016, WWPKG Management acquired 98,710 shares in Package Tours, being 98.71% of its then entire issued share capital, from Ms. Chan and Mr. SK Yuen. The consideration for the aforesaid acquisition was satisfied by WWPKG Management procuring the Company to allot and issue, at the direction of Ms. Chan and Mr. SK Yuen, 4,863 Shares to WWPKG Investment credited as fully paid. After the aforesaid acquisition, Package Tours became owned as to 98,710 shares by WWPKG Management and 1,290 shares by three independent third parties, representing 98.71% and 1.29% of the issued capital of Package Tours respectively. After the aforesaid share transfer, Package Tours became a subsidiary of WWPKG Management.
- (vi) On 5 July 2016, WWPKG Management acquired 15,000 shares in Worldwide Package, being its then entire issued capital, from Ms. Chan and Mr. CN Yuen. The consideration for the aforesaid acquisition was satisfied by WWPKG Management procuring the Company to allot and issue, at the direction of Ms. Chan and Mr. CN Yuen, 5,136 shares to WWPKG Investment credited as fully paid. After the aforesaid acquisition, Worldwide Package became a wholly- owned subsidiary of WWPKG Management.

After the completion of the Reorganisation steps as described above, the Company became the holding company of the Operating Companies now comprising the Group.

On 16 December 2016, the authorised share capital of the Company was increased from HK\$380,000 to HK\$100,000,000 by creation of an additional 9,962,000,000 Shares. Prior to the share premium account of the Company being credited with the proceeds from the Share Offer (as defined below), the Company capitalised an amount of HK\$2,999,900 by charging to the share premium account of the Company and that the said sum be applied in paying up in full for 299,990,000 Shares. Such Shares were allotted and issued, credited as fully paid to WWPKG Investment.

On the Listing Date, the Shares were listed on GEM by way of placing and public offer (collectively, the “Share Offer”). Upon Listing, 100,000,000 new Shares were allotted and issued at a price of HK\$0.80 per Share.

## 2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all applicable HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, which are carried at fair value.

The Group has applied the following amendments to standards for the first time for their annual period commencing 1 April 2017:

HKAS 7 (Amendment)	Statement of Cash Flows
HKAS 12 (Amendment)	Recognition of Deferred Tax Assets for Unrealised Losses
HKFRS 12 (Amendment)	Disclosure of interest in other entities

The adoption of these amendments had no impact on the consolidated financial statement, except for the amendments to HKAS 7 requiring the disclosures of changes in liabilities arising from financing activities in the annual report for the year ended 31 March 2018 to be published in due course. The Group has not early adopted any other standard, amendment to standard or interpretation that has been issued but is not yet effective.

### 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:

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Sales of package tours	<b>413,932</b>	382,054
Margin income from sales of FIT products	<b>1,472</b>	2,768
Margin income from sales of ancillary travel related products and services	<b>5,701</b>	5,998
	<b>421,105</b>	390,820

#### (b) Segment information

The board of Directors has identified the Group's operating segments based on the reports reviewed by 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. The only component in internal reporting to the chief operating decision maker is the Group's travel and travel-related services business for the year ended 31 March 2018 (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 to more than 10% revenue of the Group's revenue for the year ended 31 March 2018 (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 31 March 2018 and 2017, all non-current assets were located in Hong Kong.

### 4. OTHER INCOME AND OTHER GAINS, NET

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
<b>Other income</b>		
Referral income	<b>120</b>	177
Subsidies	<b>384</b>	784
Write back of other payables	<b>–</b>	86
	<b>504</b>	1,047
<b>Other gains/(losses), net</b>		
Exchange gains/(losses), net	<b>206</b>	(45)
Fair value gains/(losses) on derivative financial instruments	<b>90</b>	(535)
(Loss)/gain on disposal of property, plant and equipment	<b>(1)</b>	348
	<b>295</b>	(232)
<b>Other income and other gains, net</b>	<b>799</b>	815

## 5. EXPENSES BY NATURE

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

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Land costs ( <i>Note</i> )	<b>197,734</b>	177,437
Air fare costs	<b>162,563</b>	151,579
Auditor's remuneration		
— Audit services	<b>1,155</b>	900
— Non-audit services	<b>260</b>	57
Employee benefits expenses, excluding Directors' benefits and interests	<b>24,816</b>	25,729
Directors' benefits and interests	<b>4,819</b>	4,466
Depreciation of property, plant and equipment	<b>2,404</b>	1,652
Office, telecommunication and utility expenses	<b>1,485</b>	1,397
Operating lease rentals of:		
— Office and branches premises	<b>8,885</b>	7,908
— Equipment rental	<b>25</b>	374
Advertising and promotion	<b>7,082</b>	8,474
Credit card fees	<b>3,846</b>	3,872
Exchange losses, net	<b>66</b>	1,666
Legal and professional fees	<b>3,082</b>	950
Professional expenses incurred in connection with the Listing	<b>—</b>	15,007
Others	<b>5,295</b>	4,624
	<b>423,517</b>	406,092

*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 ticket costs.

## 6. FINANCE INCOME, NET

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
<b>Finance income</b>		
Bank interest income	<u>57</u>	<u>37</u>
<b>Finance costs</b>		
Interest expense on obligations under finance leases	<u>(7)</u>	<u>(17)</u>
Bank overdraft	<u>—</u>	<u>(2)</u>
	<u>(7)</u>	<u>(19)</u>
<b>Finance income, net</b>	<b>50</b>	<b>18</b>

## 7. INCOME TAX (EXPENSE)/CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the year ended 31 March 2018 (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 (expense)/credited (charged)/credited to the consolidated statement of comprehensive income represents:

	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
Current income tax expense	(535)	(667)
Over-provision in prior years	19	380
Deferred income tax credit	301	419
	<u>(215)</u>	<u>132</u>

## 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. In determining the weighted average number of ordinary shares for the year ended 31 March 2017, the additional 299,990,000 Shares issued pursuant to the capitalisation issue in respect of the Listing were treated as if they had been in issue since 1 April 2016.

	<b>2018</b>	2017
Loss attributable to owners of the Company (HK\$'000)	(1,757)	(14,232)
Weighted average number of ordinary shares in issue ('000)	400,000	321,641
Basic loss per Share (HK cents per Share)	<u>(0.44)</u>	<u>(4.42)</u>

### (b) Diluted

Diluted loss per Share is the same as basic loss per Share due to the absence of potential dilutive ordinary shares during the year ended 31 March 2018 (2017: same).

## 9. DIVIDENDS

The Board did not recommend the payment of final dividend for the year ended 31 March 2018. A final dividend in respect of the year ended 31 March 2017 of HK5.0 cents per Share, amounting to a total dividend of HK\$20,000,000, was declared on 30 August 2017 and paid on 22 September 2017.

## 10. TRADE RECEIVABLES

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

The carrying amounts of trade receivables approximate their fair values as at 31 March 2018 and 2017.



As at 31 March 2018 and 2017, the ageing analysis of trade receivables based on invoice date were as follows:

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
1 to 30 days	<b>381</b>	148
31 to 60 days	<b>241</b>	51
	<u><b>622</b></u>	<u>199</u>

As at 31 March 2018 and 2017, no trade receivables were considered past due nor impaired.

The maximum exposure to credit risk is the carrying amounts of trade receivables and the Group does not have any collateral or other credit enhancements over the trade receivables. The Group's trade receivables are denominated in HK\$.

## 11. SHARE CAPITAL

	<b>Number of Shares</b>	<b>Share capital</b> <i>HK\$'000</i>
<b>Authorised:</b>		
<i>Ordinary Shares of HK\$0.01 each</i>		
As at 8 June 2016 (date of incorporation)	38,000,000	380
Increase in authorised share capital	9,962,000,000	99,620
	<u>10,000,000,000</u>	<u>100,000</u>
As at 1 April 2017 and 31 March 2018	<u>10,000,000,000</u>	<u>100,000</u>
<b>Issued and fully paid:</b>		
<i>Ordinary Shares of HK\$0.01 each</i>		
As at 8 June 2016 (date of incorporation)	1	–
Allotment of Shares pursuant to the Reorganisation	9,999	–
Capitalisation of Shares	299,990,000	3,000
Issues of Shares pursuant to the Share Offer	100,000,000	1,000
	<u>400,000,000</u>	<u>4,000</u>
As at 1 April 2017 and 31 March 2018	<u>400,000,000</u>	<u>4,000</u>

## 12. TRADE PAYABLES

As at 31 March 2018 and 2017, the ageing analysis of trade payables based on invoice date were as follows:

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
1 to 30 days	<b>3,961</b>	4,773
31 to 60 days	<b>991</b>	1,390
61 to 90 days	<b>140</b>	200
91 to 120 days	<b>44</b>	29
Over 120 days	<b>40</b>	164
	<u><b>5,176</b></u>	<u>6,556</u>

The carrying amount of trade payables approximate their fair values as at 31 March 2018 and 2017.

## CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to present the annual results of the Group for the financial year ended 31 March 2018.

## OUR PERFORMANCE

For the year ended 31 March 2018, the Group recorded an increase in revenue of 7.8% as compared to the year ended 31 March 2017, which was mainly due to the increase in revenue from package tours by 8.4% led by the increase in the number of tour participants by 8.7%. Despite the aforementioned overall increase in revenue, the Group recorded a loss and total comprehensive loss for the year ended 31 March 2018 of approximately HK\$1.8 million, as compared to a profit and total comprehensive income for the previous year, excluding the non-recurring Listing expenses, of approximately HK\$0.7 million. Such loss was mainly attributable to (i) a decrease in gross profit from package tours during the fourth quarter ended 31 March 2018 as compared to the corresponding period in 2017, as a result of the decrease in sales of package tours, the increase in land costs due to the appreciation of Japanese Yen and the increase in forfeiture incurred for flights operated during the Chinese New Year period; (ii) non-recurring advisory fees to cyber security consultants and repair and maintenance costs on information technology ("IT") systems incurred during the year ended 31 March 2018, in connection with an unauthorised party accessing the Group's customer database on 6 November 2017 (the "Issue"), of which further details were set out in the announcement of the Company dated 7 November 2017; and (iii) an increase in the Group's administrative and operating expenses for the year ended 31 March 2018 as compared to the previous year because of higher legal and professional fees incurred subsequent to the Listing.

## BUSINESS REVIEW

During the year ended 31 March 2018, much efforts were spent to uphold the Group's market share in the travel service industry as well as to promote our brand recognition and awareness:

- The Group engaged with one of its major airline suppliers on a new exclusive flight route, whereby charter flights destined for Kumamoto in Japan had been launched on a bi-weekly basis since 16 November 2017. It also marked a close collaboration with the Kumamoto prefectural government when the Group received appreciation for playing a vital role in the recovery of Kumamoto's tourism after the Earthquake in April 2016. Over eight new kinds of package tours via this exclusive flight route were launched, which received great reviews.
- A number of major enhancements to the Group's online sales platform, in particular the FIT-air tickets module, the FIT-hotel accommodations module and the ancillary travel related products and services (當地享樂) module, were deployed and subsequently completed in April 2018. Together with the package tours module, our website has now become a one-stop shop that was able to satisfy most of the travel needs of our customers.

- The Group kept a keen focus on effective marketing. Following the success of the two series of television travel programme, titled “Kansai Raider I” and “Kansai Raider II”, sponsored by the Group in 2016, our spokesperson hosted another series of television travel programme, titled “Kyushu Raider”, in October 2017 that once again became highly rated. The Group continued to engage in an effective digital marketing campaign to promote its brand and travel products through various online social media and search engines to reach out to wider spectrum of potential customers.

With regard to the Issue, appropriate immediate remedial procedures have been completed and we will upgrade our IT systems to defend against any further cyberattack on a continual basis.

## **PROSPECTS**

Subsequent to those remedial measures taken associating with the Issue, we are entering the planning phase of achieving the accredited certification to ISO 27001. This is to demonstrate that the Group is following information security best practice and aims to provide an independent, expert verification that information security is managed in line with international best practice and business objectives.

We will continue to focus on marketing efforts to enhance our brand awareness and popularity of our products through digital marketing as well as collaboration with our spokesperson. In view of the keen competition from online agencies, booking platforms of hotels, budget airlines and other competitors, we will continue to optimise our online sales platform to improve user experience and revamp our customer relationship management (“CRM”) system to boost customer loyalty. We will continue to introduce new routes, itineraries, activities and hotel accommodations from time to time with the view of bringing new and/or better travel experience to our customers.

## **APPRECIATION**

On behalf of the Board, I would like to extend my sincere appreciation to all of our business partners, customers and shareholders of the Company (the “Shareholders”) for their support. I would also like to thank our management team and staff for their hard work and contribution. With the unfailing faith and effort of our staff of all levels, I have every confidence that the Group will be able to create more values for our investors, and delightful travel experiences for our customers.

**Yuen Sze Keung**

*Chairman and Executive Director*

Hong Kong, 11 June 2018

## 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 markets its travel related products under the brand “縱橫遊”. The Group’s businesses include (i) the design, development and sales of outbound package tours; (ii) the sales of FIT products; and (iii) the 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.

The Shares were successfully listed on GEM (the “Listing”) on the Listing Date.

## FINANCIAL REVIEW

### Revenue and Gross Profit

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

	Year ended 31 March 2018			Year ended 31 March 2017		
	Revenue HK\$' million	Gross profit HK\$' million	Gross profit margin %	Revenue HK\$' million	Gross profit HK\$' million	Gross profit margin %
Package tours	413.9	52.8	12.8	382.0	50.7	13.3
FIT products <sup>Note</sup>	1.5	1.5	N/A	2.8	2.8	N/A
Ancillary travel related products and services <sup>Note</sup>	5.7	5.7	N/A	6.0	6.0	N/A
Total/overall	<u>421.1</u>	<u>60.0</u>	14.2	<u>390.8</u>	<u>59.5</u>	15.2

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

### Package Tours

The Group’s revenue from package tours increased by 8.4% from approximately HK\$382.0 million for the year ended 31 March 2017 to approximately HK\$413.9 million for the year ended 31 March 2018, mainly due to the increase in the number of tour participants by 8.7%.

Gross profit margin from package tours decreased from 13.3% for the year ended 31 March 2017 to 12.8% for the year ended 31 March 2018, mainly due to (i) the operation of the Group’s certain relatively low-priced tours with lower profit margins that were supported by the new charter flights destined for Kumamoto in Japan (details of which are set out in the section headed “Chairman’s Statement — Business Review”); and (ii) the increase in forfeiture incurred for flights operated during the Chinese New Year period.

### *FIT products*

The Group's revenue from the sales of the FIT products decreased from approximately HK\$2.8 million for the year ended 31 March 2017 to approximately HK\$1.5 million for the year ended 31 March 2018 mainly due to continuous keen competition from online agencies, booking platforms of hotels and budget airlines, as well as the fact that major enhancements to the Group's online sales platform, one of the key purposes for which is to cater for the increasing trend of booking air tickets and hotel accommodations online, were only completed in April 2018.

### *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 slightly from approximately HK\$6.0 million for the year ended 31 March 2017 to approximately HK\$5.7 million for the year ended 31 March 2018 due to the decrease in margin income from insurance companies for the sales of travel insurance to customers.

### **Selling Expenses**

Selling expenses mainly consist of (i) advertising and promotion expenses, such as sponsoring television travel programmes and films, online and offline media advertisements, participating in tourism fairs and organising travel seminars; (ii) credit card and debit card charges in respect of payments from customers with credit cards and electronic payment services (EPS); and (iii) rental and related expenses for the Group's branches. Selling expenses decreased by 7.0% from approximately HK\$19.9 million for the year ended 31 March 2017 to approximately HK\$18.5 million for the year ended 31 March 2018. Such decrease was due to the offsetting effects between the increase in the branches' rental expenses and the decrease in advertising and marketing expenses on the Group's sponsored television travel programmes as well as traditional advertisements in newspapers and hardcopy magazines.

### **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) non-recurring Listing expenses and other miscellaneous administrative expenses. Administrative expenses decreased by 20.0% from approximately HK\$54.9 million for the year ended 31 March 2017 to approximately HK\$43.9 million for the year ended 31 March 2018, mainly due to the recognition of non-recurring Listing expenses of approximately HK\$15.0 million during the year ended 31 March 2017, partially offset by (i) the increase in legal and professional fees and auditor's remuneration incurred following the Listing; (ii) the increase in depreciation of property, plant and equipment; and (iii) recognition of advisory fees to cyber security consultants and repair and maintenance costs on IT systems associated with the Issue.

## **Loss and Total Comprehensive Loss Attributable to Owners of the Company**

Loss and total comprehensive loss attributable to owners of the Company decreased by 87.3% from approximately HK\$14.2 million for the year ended 31 March 2017 to approximately HK\$1.8 million for the year ended 31 March 2018, mainly due to the decrease in selling and administrative expenses (including the non-recurring Listing expenses of approximately HK\$15.0 million) totalling approximately HK\$12.4 million for reasons as discussed in the sub-sections headed “Selling Expenses” and “Administrative Expenses” above.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group’s financial position as at 31 March 2018 remained healthy with net assets value of approximately HK\$98.3 million (2017: approximately HK\$120.0 million). Including the short-term fixed deposit, the Group had total cash and cash equivalents of approximately HK\$81.0 million as at 31 March 2018 (2017: approximately HK\$138.6 million), which included unutilised net proceeds from the Share Offer of approximately HK\$43.0 million. The cash and bank balances of the Group were mainly denominated in Hong Kong Dollars, which accounted for 95.3% (2017: 98.3%) of the total balances.

Current ratio is calculated as current assets divided by current liabilities. The Group’s current ratio as at 31 March 2018 was approximately 2.8 times, which was the same as that as at 31 March 2017. Gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position) less trade related debts and cash and cash equivalents. Total capital is calculated as ‘equity’, as shown in the consolidated statement of financial position. As at 31 March 2018 and 2017, the Group was not at a net debt position.

## **PLEDGE OF ASSETS**

As at 31 March 2018 and 2017, the Group did not pledge any of its assets as securities for facilities granted to the Group.

## **CAPITAL EXPENDITURE**

During the year ended 31 March 2018, the Group acquired property, plant and equipment at a total cost of approximately HK\$2.6 million (2017: approximately HK\$6.2 million), which was financed by internal resources of the Group and net proceeds from the Share Offer. For details of the use of net proceeds from the Share Offer, please refer to the section headed “Use of Proceeds” in this announcement.

## **CAPITAL STRUCTURE**

Details of changes in the Company’s share capital are set out in note 11 to the consolidated financial information in this announcement.



## **FOREIGN EXCHANGE EXPOSURE**

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

Although the Group may enter into foreign exchange forward contracts with major and reputable financial institutions and foreign currency services companies of long establishment history to manage its exposure to foreign exchange risk, it does not intend to speculate on the future direction of foreign exchange fluctuation. As at 31 March 2018, the Group did not have any outstanding foreign exchange forward contract (2017: outstanding foreign exchange forward contracts denominated in Japanese Yen of notional principal amounts of approximately HK\$4.8 million). Management will continue to evaluate the Group's foreign exchange risk management procedures and take actions as appropriate to minimise the Group's exposure whenever necessary.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 March 2018, the Group had a workforce of 155 employees (2017: 159), excluding the Directors. Salaries of employees are maintained at competitive levels. The Group operates a defined contribution mandatory provident fund scheme for all its employees. The Group also offers discretionary bonuses to its employees by reference to the performance of individual employees and the overall performance of the Group. Total employee benefits expenses, excluding Directors' emoluments, incurred by the Group for the year ended 31 March 2018 amounted to approximately HK\$24.8 million (2017: approximately HK\$25.7 million).

The Company has adopted a share option scheme on 16 December 2016 with a term of 10 years (the "Share Option Scheme"). The Share Option Scheme is designed to motivate eligible participants, including executives and key employees, who may make a contribution to the Group, and enables the Group to attract and retain individuals with experience and ability and to reward them for their contributions. During the year ended 31 March 2018, no share options had been granted, exercised, lapsed or cancelled under the Share Option Scheme.

The Group did not experience any significant labour disputes or substantial changes in the number of its employees that led to any disruption of its normal business operations during the year ended 31 March 2018.

## EVENTS AFTER THE REPORTING PERIOD

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 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.

## USE OF PROCEEDS

The net proceeds received by the Company from the Share Offer, after deducting underwriting commissions and all related expenses, was approximately HK\$57.0 million (the “Net Proceeds”), which were more than the estimated amounts stated in the prospectus of the Company dated 30 December 2016 (the “Prospectus”) using mid-point of the indicative offer price range. Thus, the Company plans to apply the Net Proceeds on the same business strategic plans as stated in the Prospectus but with monetary adjustments to each business strategic plan on a pro-rata basis. As at 31 March 2018, the unused Net Proceeds of approximately HK\$43.0 million were deposited into a licensed bank in Hong Kong.

The following table sets forth the status of the use of the Net Proceeds as at 31 March 2018:

Objectives	Adjusted allocation of Net Proceeds <i>HK\$ million</i>	Amount utilised up to 31 March 2018 <i>HK\$ million</i>	Balance as at 31 March 2018 <i>HK\$ million</i>	Progress up to 31 March 2018
Promoting brand recognition and awareness	25.4	(4.0)	21.4	— The Group’s digital marketing campaign had been on-going;  Costs of marketing arising from package tours participation and guest appearances by celebrities were settled;  Engagement with the Group’s spokesperson continued.
Strengthening and enhancing sales channels	14.2	(2.4)	11.8	— Expansion and refurbishment of the Group’s Shatin branch was completed;  Cost of development of and enhancements to the Group’s online sales platform had been settled in phases.



Objectives	Adjusted allocation of Net Proceeds <i>HK\$ million</i>	Amount utilised up to 31 March 2018 <i>HK\$ million</i>	Balance as at 31 March 2018 <i>HK\$ million</i>	Progress up to 31 March 2018
Improving operational efficiency	11.7	(4.1)	7.6	— Replacement of the Group's hotlines telephone system was completed;  Certain of the Group's IT systems, including computer hardware, software programme, servers and network equipment, were upgraded or replaced, and the Group's tour operating system was upgraded, which altogether enhanced both systems security and operational efficiency.
General corporate and working capital purposes	5.7	(3.5)	2.2	
	<u>57.0</u>	<u>(14.0)</u>	<u>43.0</u>	

## OUTLOOK

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 CRM 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**

### **CORPORATE GOVERNANCE PRACTICES**

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 and enhance the business growth of the Group.

During the year ended 31 March 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 year ended 31 March 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 year ended 31 March 2018.

### **AUDIT COMMITTEE AND REVIEW OF PRELIMINARY ANNOUNCEMENT**

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 currently comprises three members, being all of the independent non-executive Directors, namely Mr. Lam Yiu Kin, Mr. Ho Wing Huen and Mr. Yen Yuen Ho Tony. The chairman of the Audit Committee is Mr. Lam Yiu Kin. The Audit Committee has reviewed the annual results of the Group for the year ended 31 March 2018 at a meeting held on 11 June 2018.

### **REVIEW OF PRELIMINARY ANNOUNCEMENT**

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2018 as set out in the preliminary results announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong

Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

## **DIVIDEND**

The Board did not recommend the payment of final dividend for the year ended 31 March 2018 (2017: HK5.0 cents per Share).

## **DISTRIBUTABLE RESERVES**

Under the Companies Law of the Cayman Islands, share premium is distributable to Shareholders, subject to the condition that immediately following the date on which the distribution or dividend is proposed to be made, the Company is able to pay its debts as they fall due in the ordinary course of business. Distributable reserves of the Company as at 31 March 2018, calculated according to the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK\$53,686,000 (2017: approximately HK\$76,667,000).

## **ANNUAL GENERAL MEETING**

The annual general meeting (“AGM”) will be held on Monday, 27 August 2018. For details of the AGM, please refer to the notice of AGM which is expected to be published in late June 2018.

## **INTERESTS OF THE COMPLIANCE ADVISER AND ITS DIRECTORS, EMPLOYEES AND CLOSE ASSOCIATES**

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 the date of this announcement.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Wednesday, 22 August 2018 to Monday, 27 August 2018 (both dates inclusive), during which period no Share transfers will be effected. In order to qualify for attending and voting at the AGM, all Share transfers must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 21 August 2018.

## **PUBLICATION OF FINAL RESULTS AND DESPATCH OF ANNUAL REPORT**

This announcement is published on the Company's website (<http://www.wwpkg.com.hk>) and the website of the Stock Exchange (<http://www.hkex.com.hk>). The annual report for the year ended 31 March 2018 containing the information required by the GEM Listing Rules will be despatched to Shareholders and published on the websites of the Company and the Stock Exchange in due course.

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, 11 June 2018

*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, Mr. Yen Yuen Ho Tony.*

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