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WWPKG Holdings Company Limited

縱橫遊控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8069)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020**

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

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

The board of Directors of the Company (the “Board”) hereby announces the unaudited interim financial results of the Group for the six months ended 30 September 2020, together with the comparative figures for the corresponding period in 2019, as set out below.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September 2020

		Six months ended 30 September		Three months ended 30 September	
		2020	2019	2020	2019
	Note	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Revenue	6	1,773	128,213	440	54,637
Cost of sales	8	(1,226)	(110,134)	(674)	(48,039)
Gross profit/(loss)		547	18,079	(234)	6,598
Other income and other (losses)/gains, net	7	(1,508)	(1,177)	(260)	(835)
Selling expenses	8	(763)	(7,266)	(305)	(3,563)
Administrative expenses	8	(8,718)	(20,187)	(3,666)	(9,783)
Operating loss		(10,442)	(10,551)	(4,465)	(7,583)
Finance income and finance costs, net	9	(178)	(224)	(109)	(91)
Share of results of a joint venture		(60)	(245)	(27)	(135)
Loss before income tax		(10,680)	(11,020)	(4,601)	(7,809)
Income tax expense	10	–	–	–	–
Loss and total comprehensive loss for the period		(10,680)	(11,020)	(4,601)	(7,809)
Loss and total comprehensive loss attributable to:					
Owners of the Company		(10,601)	(10,955)	(4,572)	(7,757)
Non-controlling interests		(79)	(65)	(29)	(52)
		(10,680)	(11,020)	(4,601)	(7,809)
Basic and diluted loss per share (expressed in HK cents)	11	(2.65)	(2.74)	(1.14)	(1.94)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2020

		30 September 2020	31 March 2020
	<i>Note</i>	HK\$'000	HK\$'000
		(unaudited)	(audited)
ASSETS			
Non-current assets			
Property, plant and equipment		1,672	2,490
Right-of-use assets		1,394	2,186
Prepayments, deposits and other receivables		535	535
Interest in a joint venture	14	11,810	11,870
		15,411	17,081
Current assets			
Inventories		607	48
Financial assets at fair value through profit or loss	15	6,073	9,409
Trade receivables	13	10	49
Prepayments, deposits and other receivables		9,307	13,107
Derivative financial instruments		35	23
Amount due from a related company		79	28
Short-term fixed deposit		3,000	3,000
Cash and cash equivalents		16,462	16,327
		35,573	41,991
Total assets		50,984	59,072
EQUITY			
Equity attributable to owners of the Company			
Share capital	16	4,000	4,000
Reserves		26,389	36,990
		30,389	40,990
Non-controlling interests		58	137
Total equity		30,447	41,127

		30 September 2020	31 March 2020
	<i>Note</i>	HK\$'000	HK\$'000
		(unaudited)	(audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities		1,391	2,747
Bank borrowings	18	5,657	–
Other non-current liabilities		344	601
		<u>7,392</u>	<u>3,348</u>
Current liabilities			
Trade payables	17	10	972
Accruals and other payables		7,457	8,918
Bank borrowings	18	2,343	–
Lease liabilities		3,335	4,707
		<u>13,145</u>	<u>14,597</u>
Total liabilities		<u>20,537</u>	<u>17,945</u>
Total equity and liabilities		<u>50,984</u>	<u>59,072</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

The Company is an investment holding company. The principal activities of the Group are the design, development and sales of outbound package tours, the sales of air tickets and/or hotel accommodations (the “FIT products”) and the sales of ancillary travel related products and services (collectively, the “Travel Related Products and Services”) and investments in tourism and travel technology related businesses (the “Tourism and Travel Technology Investments”).

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

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

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

2 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 September 2020 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of the GEM Listing Rules. The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the Group’s audited consolidated financial statements for the year ended 31 March 2020, except for the changes in accounting policies disclosed in note 3 below. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s audited consolidated financial statements for the year ended 31 March 2020.

2.1 Going concern basis

Following the outbreak of the Covid-19 in January 2020, precautionary and control measures have since been implemented in various countries, which included entry restrictions and quarantine measures over international travel. Given the Group derives a majority of its revenue from the provision of outbound package tours to customers located in Hong Kong and Macau with its particular focus on Japan-bound tours, the Group’s business operations have been adversely affected by the pandemic and the travel restrictions imposed by nations of its own and across the world. In March 2020, the Government of Japan announced a temporary suspension of its visa-free policy applicable to Hong Kong and Macau passport holders and all foreign nationals have been barred from visiting the country as tourists. Besides, the Hong Kong SAR Government has imposed compulsory quarantine measures on travellers returning to Hong Kong. As a result, the Group’s package tours bound for Japan have been cancelled since 9 March 2020 and the suspension continues up to the date of this announcement.

In view of these circumstances and the uncertainties related to the possible impact of the Covid-19 pandemic, the Directors have given careful consideration to the future liquidity requirements and operating performance of the Group and its available sources of financing to assess whether the Group would have sufficient financial resources to fulfill its financial obligations to continue as a going concern. The Group has taken measures to deal with the potential impact of the pandemic to improve its financial position and to alleviate its liquidity pressure, which include but not limited to the following:

- (i) The Group has been closely monitoring the latest developments of travel restrictions worldwide and consulting with the relevant authorities from time to time to obtain the latest updates on the Covid-19 situation concerning Japan and other destinations. Furthermore, the Group has been maintaining close communication with its suppliers, particularly those supporting the Group's tours bound for Japan, to understand the latest situation locally and their readiness to resume operations upon uplifting of the travel restrictions.
- (ii) As discussed in the sub-section headed "Management Discussion And Analysis — Business Review" on page 18 in this announcement, the Group has been adopting a series of measures to control costs and to enhance cash flow and operational efficiency.
- (iii) In respect of the Group's available bank overdraft facilities of HK\$10,000,000 as at 30 September 2020 that is subject to annual review, the Directors are of the opinion that the Group would be able to renew its financial facilities with the bank upon expiry given their long established relationship.
- (iv) The Group has successfully applied for subsidies through the second tranche of the Employment Support Scheme ("ESS") and the Travel Industry Support Scheme under the third round of the Anti-epidemic Fund launched by the Hong Kong SAR Government.
- (v) The Group continues to leverage its relationships with suppliers in Japan and expand its online trading activities.
- (vi) The Group is endeavouring to seek additional sources of financing.

Notwithstanding the above, whether the Group is able to achieve its plans and measures as described above, which incorporate assumptions about future events and conditions, are subject to inherent uncertainties. In particular, whether the Group will be able to generate adequate operating cash flows to continue as a going concern would depend upon when international travel restrictions and quarantine measures will be uplifted such that the Group could resume the operation of its outbound tours on a timely basis, especially Japan. The Directors have reviewed the Group's cash flow projections, which cover a period of not less than twelve months from 30 September 2020, and believe that the Group will have sufficient financial resources to satisfy its future working capital requirements as and when they fall due within the next twelve months from 30 September 2020. Accordingly, the Directors consider that it is appropriate to prepare the Group's consolidated financial statements on a going concern basis.

2.2 Amended standards adopted by the Group

The following amendments to standards that are effective for the accounting period of the Group beginning on 1 April 2020 have been published:

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

The Group has applied, for the first time, the above amendments to standards issued by the HKICPA. The adoption of the above amendments to standards has had no material effect on the amounts reported and/or disclosures set in this interim condensed consolidated financial information.

The Group has early adopted the amendment to HKFRS 16 *Covid-19-Related Rent Concessions*, which is effective for accounting periods beginning on or after 1 June 2020, and had to change its accounting policies following such adoption as disclosed in note 3.

The Group has not early adopted any other new and amended standards that have been issued but are not yet effective.

3 CHANGES IN ACCOUNTING POLICIES

The amendment to HKFRS 16 *Covid-19-Related Rent Concessions* provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for accounting periods beginning on or after 1 June 2020 with earlier application permitted.

During the six months ended 30 September 2020, certain monthly lease payments for the leases of the Group's branch and office premises have been reduced or waived by the lessors as a result of the Covid-19 pandemic and there were no other changes to the terms of the leases. The Group has early adopted the amendment to HKFRS 16 on 1 April 2020 and elected not to apply lease modification accounting for all Covid-19-related rent concessions granted by the lessors during the six months ended 30 September 2020. Accordingly, Covid-19-related rent concessions of HK\$1,065,000 have been accounted for as a reduction in the variable lease payments by derecognising part of the lease liabilities and crediting to profit or loss for the six months ended 30 September 2020.

4 ESTIMATES

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 March 2020.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose itself to a variety of financial risks, including foreign exchange risk, credit risk and liquidity risk. The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2020. There have been no significant changes in the risk management policies since the last year end.

5.2 Fair value estimation

The carrying amounts of the Group's financial assets and financial liabilities, including short-term fixed deposit, cash and cash equivalents, trade and other receivables, amount due from a related company and trade and other payables, approximate their fair values due to their short-term maturities.

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the interim condensed consolidated financial information. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table:

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 30 September 2020				
Assets				
Financial assets at fair value through profit or loss				
Listed equity securities in Hong Kong	<u>6,073</u>	<u>–</u>	<u>–</u>	<u>6,073</u>
Derivative financial instruments				
Forward exchange forward contracts	<u>–</u>	<u>35</u>	<u>–</u>	<u>35</u>
As at 31 March 2020				
Financial assets at fair value through profit or loss				
Listed equity securities in Hong Kong	<u>9,409</u>	<u>–</u>	<u>–</u>	<u>9,409</u>
Derivative financial instruments				
Forward exchange forward contracts	<u>–</u>	<u>23</u>	<u>–</u>	<u>23</u>

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. These instruments are included in level 1. The quoted market price used for financial assets held by the Group is the current bid price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The fair value of foreign exchange forward contracts held by the Group is determined using forward exchange rates at the period-end date, with the resulting value discounted back to present value.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There were no transfers between levels during the period.

6 REVENUE AND SEGMENT INFORMATION

(a) Revenue

	Six months ended 30 September		Three months ended 30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales of package tours	182	125,676	145	53,469
Margin income from sales of FIT products	(104)	756	(50)	344
Margin income from sales of ancillary travel related products and services	1,695	1,781	345	824
	<u>1,773</u>	<u>128,213</u>	<u>440</u>	<u>54,637</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 of the Company. They review the Group's internal reporting in order to assess performance and allocate resources.

The Group is organised into two reportable segments:

- (i) Travel Related Products and Services; and
- (ii) Tourism and Travel Technology Investments.

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

Segment results and other segment items are as follows:

	Six months ended 30 September					
	2020			2019		
	Travel Related Products and Services HK\$'000	Tourism and Travel Technology Investments HK\$'000	Total HK\$'000	Travel Related Products and Services HK\$'000	Tourism and Travel Technology Investments HK\$'000	Total HK\$'000
Reportable segment revenue	<u>1,773</u>	<u>–</u>	<u>1,773</u>	<u>128,213</u>	<u>–</u>	<u>128,213</u>
Reportable segment loss	<u>(6,285)</u>	<u>(60)</u>	<u>(6,345)</u>	<u>(7,911)</u>	<u>(245)</u>	<u>(8,156)</u>
Unallocated expenses			(4,157)			(2,640)
Finance income			31			32
Finance costs			<u>(209)</u>			<u>(256)</u>
Loss before income tax			(10,680)			(11,020)
Income tax expense			<u>–</u>			<u>–</u>
Loss and total comprehensive loss			<u>(10,680)</u>			<u>(11,020)</u>
Share of results of a joint venture	<u>–</u>	<u>(60)</u>	<u>(60)</u>	<u>–</u>	<u>(245)</u>	<u>(245)</u>
Depreciation of property, plant and equipment	820	–	820	1,280	–	1,280
Depreciation of right-of-use assets	<u>792</u>	<u>–</u>	<u>792</u>	<u>2,317</u>	<u>–</u>	<u>2,317</u>

	Three months ended 30 September					
	2020			2019		
	Travel Related Products and Services HK\$'000	Tourism and Travel Technology Investments HK\$'000	Total HK\$'000	Travel Related Products and Services HK\$'000	Tourism and Travel Technology Investments HK\$'000	Total HK\$'000
Reportable segment revenue	<u>440</u>	<u>-</u>	<u>440</u>	<u>54,637</u>	<u>-</u>	<u>54,637</u>
Reportable segment loss	<u>(1,992)</u>	<u>(27)</u>	<u>(2,019)</u>	<u>(6,029)</u>	<u>(135)</u>	<u>(6,164)</u>
Unallocated expenses			(2,473)			(1,554)
Finance income			17			16
Finance costs			<u>(126)</u>			<u>(107)</u>
Loss before income tax			(4,601)			(7,809)
Income tax expense			<u>-</u>			<u>-</u>
Loss and total comprehensive loss			<u>(4,601)</u>			<u>(7,809)</u>
Share of results of a joint venture	<u>-</u>	<u>(27)</u>	<u>(27)</u>	<u>-</u>	<u>(135)</u>	<u>(135)</u>
Depreciation of property, plant and equipment	372	-	372	681	-	681
Depreciation of right-of-use assets	<u>488</u>	<u>-</u>	<u>488</u>	<u>371</u>	<u>-</u>	<u>371</u>

For the six months ended 30 September 2020 and 2019, unallocated expenses represent corporate expenses.

Segment assets and liabilities are as follows:

	Six months ended 30 September 2020				Year ended 31 March 2020			
	Travel Related Products and Services HK\$'000	Tourism and Travel Technology Investments HK\$'000	Unallocated HK\$'000	Total HK\$'000	Travel Related Products and Services HK\$'000	Tourism and Travel Technology Investments HK\$'000	Unallocated HK\$'000	Total HK\$'000
Reportable segment assets	<u>31,355</u>	<u>11,810</u>	<u>7,819</u>	<u>50,984</u>	<u>33,134</u>	<u>11,870</u>	<u>14,068</u>	<u>59,072</u>
Reportable segment liabilities	<u>(20,426)</u>	<u>-</u>	<u>(111)</u>	<u>(20,537)</u>	<u>(17,913)</u>	<u>-</u>	<u>(32)</u>	<u>(17,945)</u>
Capital expenditure	<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>7,100</u>	<u>-</u>	<u>-</u>	<u>7,100</u>

Capital expenditure comprises additions to property, plant and equipment, interest in a joint venture and financial assets at fair value through profit or loss.

Segment assets and liabilities are reconciled to the Group's assets and liabilities as follows:

	Six months ended 30 September 2020		Year ended 31 March 2020	
	Assets HK\$'000	Liabilities HK\$'000	Assets HK\$'000	Liabilities HK\$'000
Reportable segment assets/(liabilities)	43,165	(20,426)	45,004	(17,913)
Unallocated:				
Prepayments, deposits and other receivables	113	–	286	–
Financial assets at fair value through profit or loss	6,073	–	9,409	–
Cash and cash equivalents	1,633	–	4,373	–
Accruals and other payables	–	(111)	–	(32)
	<u>50,984</u>	<u>(20,537)</u>	<u>59,072</u>	<u>(17,945)</u>

(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. As at 30 September 2020 and 31 March 2020, all non-current assets were located in Hong Kong.

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

	Six months ended 30 September		Three months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Other income				
Referral income	–	183	–	61
Management services fee income	72	72	36	36
Aviation business cooperation income	–	100	–	25
Rent concessions (<i>Note (i)</i>)	1,065	–	1,065	–
Dividend income	173	197	173	–
Subsidies (<i>Note (ii)</i>)	452	18	450	9
	<u>1,762</u>	<u>570</u>	<u>1,724</u>	<u>131</u>
Other (losses)/gains, net				
Exchange gains/(losses), net	54	(133)	55	(22)
Fair value gains/(losses) on derivative financial instruments	12	(65)	14	(70)
Fair value losses on listed equity securities in Hong Kong	(3,336)	(1,549)	(2,053)	(874)
	<u>(3,270)</u>	<u>(1,747)</u>	<u>(1,984)</u>	<u>(966)</u>
Other income and other (losses)/gains, net	<u>(1,508)</u>	<u>(1,177)</u>	<u>(260)</u>	<u>(835)</u>

Notes:

- (i) Rent concessions represent benefits derived from changes in lease payments arising from Covid-19-related rent concessions.
- (ii) Subsidies mainly represent grants received from local governments in Hong Kong and Japan. There are no unfulfilled conditions or contingencies relating to these grants.

8 EXPENSES BY NATURE

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

	Six months ended 30 September		Three months ended 30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Land costs (<i>Note (i)</i>)	1,321	61,024	757	26,512
Air fare costs	–	48,873	–	21,387
Short-term lease expenses	112	1,479	–	650
Low-value assets leases expenses	181	198	81	99
Advertising and promotion	194	1,996	136	920
Credit card fees	90	1,343	15	622
Employee benefits expenses, excluding				
Directors' benefits and interests				
— Salaries, discretionary bonuses and allowances (<i>Note (ii)</i>)	2,070	10,502	310	5,219
— Pensions costs – defined contribution plan	258	583	141	287
— Other employee benefits	134	155	111	43
	2,462	11,240	562	5,549
Directors' benefits and interests	1,096	2,408	521	1,204
Depreciation of property, plant and equipment	820	1,280	372	681
Depreciation of right-of-use assets	792	2,317	488	371
Office, telecommunication and utility expenses	314	587	160	274
Exchange (gains)/losses, net	(20)	45	–	12
Legal and professional fees	754	1,012	411	535
Auditor's remuneration				
— Audit services	505	500	302	250
Others	2,086	3,285	840	2,319
	10,707	137,587	4,645	61,385

Notes:

- (i) 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.
- (ii) Subsidies obtained from the ESS were recognised in employee benefits expenses.

9 FINANCE INCOME AND FINANCE COSTS, NET

	Six months ended 30 September 2020 HK\$'000 (unaudited)		2019 HK\$'000 (unaudited)		Three months ended 30 September 2020 HK\$'000 (unaudited)		2019 HK\$'000 (unaudited)	
Finance income								
Bank interest income	31		32		17		16	
Finance costs								
Interest expense on lease liabilities/finance lease liabilities	(151)		(256)		(71)		(107)	
Interest expense on bank borrowings	(58)		–		(55)		–	
Finance income and finance cost, net	(178)		(224)		(109)		(91)	

10 INCOME TAX EXPENSE

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

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

11 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.

	Six months ended 30 September 2020 HK\$'000 (unaudited)		2019 HK\$'000 (unaudited)		Three months ended 30 September 2020 HK\$'000 (unaudited)		2019 HK\$'000 (unaudited)	
Loss attributable to owners of the Company (HK\$'000)	(10,601)		(10,955)		(4,572)		(7,757)	
Weighted average number of ordinary shares in issue ('000)	400,000		400,000		400,000		400,000	
Basic loss per Share (HK cents per share)	(2.65)		(2.74)		(1.14)		(1.94)	

(b) Diluted

Diluted loss per Share is the same as basic loss per Share due to the absence of potential dilutive ordinary shares during the six months ended 30 September 2020 (six months ended 30 September 2019: same).

12 INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: nil).

13 TRADE RECEIVABLES

As at 30 September 2020 and 31 March 2020, the ageing analysis of trade receivables based on invoice date are as follows:

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
1 to 30 days	10	49

The carrying amounts of trade receivables approximate their fair values as at 30 September 2020 and 31 March 2020 and the credit terms granted by the Group generally ranged up to 90 days.

As at 30 September 2020 and 31 March 2020, no trade receivables are considered past due or 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\$.

14 INTEREST IN A JOINT VENTURE

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
At the beginning of the period	11,870	12,230
Share of post-tax results of a joint venture	(60)	(360)
At the end of the period	11,810	11,870

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Listed equity securities in Hong Kong (<i>Note</i>)	6,073	9,409

Note:

The listed equity securities were designated as financial assets at fair value through profit or loss at inception. The fair values of the listed equity securities were based on their bid prices in an active market. Fair value losses on the listed equity securities of HK\$3,336,000 (year ended 31 March 2020: HK\$1,112,000) was recognised in "other income and other (losses)/gains, net" for the period.

16 SHARE CAPITAL

	Number of Shares	Share capital HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
As at 30 September 2020 and 31 March 2020	10,000,000,000	100,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
As at 30 September 2020 and 31 March 2020	400,000,000	4,000

17 TRADE PAYABLES

As at 30 September 2020 and 31 March 2020, the ageing analysis of trade payables based on invoice date are as follows:

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
1 to 30 days	10	276
31 to 60 days	–	355
61 to 90 days	–	6
91 to 120 days	–	221
Over 120 days	–	114
	<u>10</u>	<u>972</u>

The carrying amounts of trade payables approximate their fair values as at 30 September 2020 and 31 March 2020.

18 BANK BORROWINGS

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Current		
Bank borrowings, secured (<i>Note</i>)	2,343	–
Non-current		
Bank borrowings, secured (<i>Note</i>)	5,657	–
	<u>8,000</u>	<u>–</u>

Note:

As at 30 September 2020, the bank borrowings were secured by undertakings provided by the executive Directors.

The maturity of bank borrowings is as follows:

	30 September 2020 HK\$'000 (unaudited)	31 March 2020 HK\$'000 (audited)
Within one year	2,343	–
In the second year	3,199	–
In the third year	2,458	–
	<hr/>	<hr/>
	8,000	–
	<hr/>	<hr/>

The carrying amounts of bank borrowings approximate their fair values as at 30 September 2020.

The Group's bank borrowings are denominated in HK\$.

As at 30 September 2020, the bank borrowings were interest-bearing at 2.75% per annum.

MANAGEMENT DISCUSSION AND ANALYSIS

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

BUSINESS REVIEW

The Group's loss and total comprehensive loss for the six months ended 30 September 2020 decreased slightly by 2.7% to approximately HK\$10.7 million, as compared to the corresponding period in 2019, amid the coronavirus disease 2019 (“Covid-19”) pandemic. As disclosed in the Company's annual report for the year ended 31 March 2020 and first quarterly report for the three months ended 30 June 2020, the unprecedented pandemic has taken a heavy toll on the global economy and made the Group's operating environment extremely difficult. The Group's business operations have been disrupted by the travel restrictions imposed by nations of its own and across the world. Owing to the pandemic, on the supply side, majority of the Group's airline suppliers have been operating bare skeleton or limited passenger flight schedules, while on the demand side, leisure travel sentiment has remained low. The Group began to cancel its outbound package tours, starting with those departing for China on 26 January 2020, while package tours bound for Japan have been cancelled since 9 March 2020. As a result, revenue and gross profit for the six months ended 30 September 2020 decreased by 98.6% and 97.2% respectively, as compared to the corresponding period in 2019. Nonetheless, the Group managed to mitigate its loss for the six months ended 30 September 2020 through adopting the following cost-saving measures:

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

FINANCIAL REVIEW

Revenue and gross profit

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

	Six months ended 30 September				Three months ended 30 September			
	2020		2019		2020		2019	
	Revenue	Gross profit/(loss)	Revenue	Gross profit/(loss)	Revenue	Gross profit/(loss)	Revenue	Gross profit/(loss)
	HK\$' million	HK\$' million	HK\$' million	HK\$' million	HK\$' million	HK\$' million	HK\$' million	HK\$' million
Package tours	0.2	(1.1)	125.7	15.6	0.1	(0.5)	53.5	5.5
FIT products ^{Note}	(0.1)	(0.1)	0.7	0.7	-	-	0.3	0.3
Ancillary travel related products and services ^{Note}	1.7	1.7	1.8	1.8	0.3	0.3	0.8	0.8
Total	1.8	0.5	128.2	18.1	0.4	(0.2)	54.6	6.6

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

Package Tours

Minimal revenue from package tours was recorded during the six months ended 30 September 2020, as all tours were cancelled or suspended by the Group amid the Covid-19 pandemic. Corresponding gross loss of approximately HK\$1.1 million mainly resulted from booking services fees charged to cost of sales at a fixed amount on monthly basis in accordance with the terms of the contract.

FIT products

No sale of FIT products was conducted during the six months ended 30 September 2020 amid the Covid-19 pandemic. Corresponding gross loss of approximately HK\$0.1 million mainly resulted from the reversal of net revenue arising from refunds processed for customers due to cancellation of air ticket and hotel accommodation bookings.

Ancillary travel related products and services

Ancillary travel related products and services generally include travel insurance, admission tickets to attractions such as theme parks and shows, guided local tours and experiences, local transportation such as airport transportation, overseas transportation such as rail passes, car rental, prepaid telephone and internet cards and travel visa applications. For the six months ended 30 September 2020, revenue from the above-mentioned products and services decreased by 83.3% amid the Covid-19 pandemic. Yet, total revenue from ancillary travel related products and services remained consistent at approximately HK\$1.7 million due to revenue from new business activities involving trading of imported face masks, health related products and food items online.

Selling expenses

Selling expenses mainly consist of (i) advertising and promotion expenses, such as sponsoring television travel programmes and films, online and offline media advertisements, participating in tourism fairs and organising travel seminars; (ii) credit card and debit card charges in respect of payments from customers with credit cards and electronic payment services (EPS); and (iii) short-term lease expense and depreciation of right-of-use assets for the Group's branches. Selling expenses decreased by 89.0% to approximately HK\$0.8 million for the six months ended 30 September 2020, mainly due to (i) the decrease in credit card charges; (ii) the decrease in depreciation of right-of-use assets; (iii) termination of tenancy for two of the Group's branches; and (iv) adoption of cost-saving measures as discussed in the sub-section headed "Business Review" above, including reduction in advertising and promotion expenses.

Administrative expenses

Administrative expenses mainly consist of (i) staff costs, representing the Directors' remuneration and the salaries and benefits for the Group's administrative and operational staff; (ii) depreciation of right-of-use assets for the Group's office premises; (iii) office, telecommunication and utility expenses incurred in the Group's daily operations; (iv) legal and professional fees; and (v) other miscellaneous administrative expenses. Administrative expenses decreased by 56.9% to approximately HK\$8.7 million for the six months ended 30 September 2020, mainly due to (i) the decrease in depreciation of right-of-use assets; and (ii) adoption of cost-saving measures as discussed in the sub-section headed "Business Review" above, including salary reduction for the Directors, reduction in staff costs as a result of no-pay leave and/or annual leave taken by the Group's staff and subsidies obtained from the ESS.

Loss and total comprehensive loss for the period

The Group's loss and total comprehensive loss for the six months ended 30 September 2020 decreased slightly by 2.7% to approximately HK\$10.7 million, which was mainly attributable to the following:

- decrease in selling expenses and administrative expenses by approximately HK\$18.0 million in aggregate, for reasons as discussed in the sub-sections headed “Financial Review — Selling expenses” and “Financial Review — Administrative expenses” above; and
- recognition of rent concessions of approximately HK\$1.1 million as negative variable lease payments in profit or loss; offset by
- decrease in gross profit by approximately HK\$17.6 million, for reasons as discussed in the sub-section headed “Financial Review — Revenue and gross profit” above; and
- increase in the fair value losses on the Company's investment in the shares of CTEH INC. by approximately HK\$1.8 million.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial position as at 30 September 2020 remained healthy with net assets value of approximately HK\$30.4 million (31 March 2020: approximately HK\$41.1 million). Including the short-term fixed deposit, the Group's cash and cash equivalents was approximately HK\$19.5 million as at 30 September 2020 (31 March 2020: approximately HK\$19.3 million). The cash and bank balances of the Group were mainly denominated in Hong Kong dollars, which accounted for 90.9% (31 March 2020: 90.6%) of the total balances.

Current ratio is calculated as current assets divided by current liabilities. The Group's current ratio as at 30 September 2020 was 2.7 times (31 March 2020: 2.9 times).

EVENTS AFTER THE REPORTING PERIOD

There were no significant events subsequent to the end of the reporting period which would materially affect the Group's operating and financial performance as at the date of 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 30 September 2020, the Group had outstanding foreign exchange forward contracts denominated in Japanese Yen of notional principal amounts of approximately HK\$0.7 million (31 March 2020: outstanding foreign exchange forward contracts denominated in Japanese Yen of notional principal amounts of approximately HK\$0.7 million). Management will continue to evaluate the Group's foreign exchange risk management procedures and take actions as appropriate to minimize the Group's exposure whenever necessary.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2020, the Group had a workforce of 118 employees (31 March 2020: 121), excluding the Directors. Salaries of employees are maintained at competitive levels. The Group operates a defined contribution mandatory provident fund scheme for all its employees. The Group also offers discretionary bonuses to its employees by reference to the performance of individual employees and the overall performance of the Group. Total employee benefits expenses, excluding Directors' emoluments, incurred by the Group for the six months ended 30 September 2020 amounted to approximately HK\$2.5 million (six months ended 30 September 2019: approximately HK\$11.2 million). The decrease in the Group's employee benefits expenses for the six months ended 30 September 2020 was mainly due to the cost-saving measures adopted in response to the Covid-19 pandemic as discussed in the sub-section headed "Business Review" above.

The Company has adopted a share option scheme on 16 December 2016 with a term of 10 years (the "Share Option Scheme"). The Share Option Scheme is designed to motivate eligible participants, including executives and key employees, who may make a contribution to the Group, and enables the Group to attract and retain individuals with experience and ability and to reward them for their contributions. During the six months ended 30 September 2020, 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 six months ended 30 September 2020.

USE OF PROCEEDS

The net proceeds from the initial public offering of the Company, after deducting underwriting commissions and all related expenses, amounted to approximately HK\$57.0 million (the “Net Proceeds”). As at 30 September 2020, the unutilised Net Proceeds of approximately HK\$8.7 million were deposited into licensed banks in Hong Kong.

Due to the generally volatile operating environment of the Group in face of the Covid-19 pandemic, the Net Proceeds were not fully utilised as at 30 September 2020.

The following table sets forth the status of the use of the Net Proceeds as at 30 September 2020:

Objective	Adjusted allocation of Net Proceeds <i>HK\$' million</i>	Amount utilised up to 30 September 2020 <i>HK\$' million</i>	Balance as at 30 September 2020 <i>HK\$' million</i>	Expected timeframe
Promoting brand recognition and awareness	16.0	(13.9)	2.1	To be used in one to two years by continuously engaging in various advertising and marketing campaigns
Strengthening and enhancing sales channels	8.1	(7.2)	0.9	To be used in one to two years for enhancements of the Group's online sales platform, incorporation of a new customer relationship management system and/or refurbishment of existing branches
Improving operational efficiency	11.7	(11.6)	0.1	To be used in one year
Reserving seats for non-series flights or charter flights	13.1	(7.5)	5.6	To be used in one year
General corporate and working capital purposes	8.1	(8.1)	–	
	<u>57.0</u>	<u>(48.3)</u>	<u>8.7</u>	

INTERIM DIVIDEND

In order to retain more cash to finance the working capital requirements and future development of the Group, the Board does not recommend the payment of interim dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: nil). The Board will consider future dividend distribution according to the Company's dividend policy.

PROSPECTS

The ongoing Covid-19 pandemic has been casting severe implications for many business sectors including tourism. A number of governments have issued entry restrictions, visa suspensions and quarantine measures that are impacting international travel. Moreover, on the supply side, majority of the Group's airline suppliers have been operating bare skeleton or limited passenger flight schedules. Given the Group derives a majority of its revenue from the provision of outbound package tours, the above-mentioned restrictions, together with the low sentiment for leisure travel, will continue to have significant adverse impact on the Group's operational and financial performance for the third quarter ending 31 December 2020, if not longer.

The Group is closely monitoring the development of the pandemic and continues to adopt necessary measures to control costs and to enhance cash flow and operational efficiency. Whilst the situation relating to the spread and containment of Covid-19 remains uncertain and fluid, many countries are in the beginning stages of reopening their borders for and promoting international tourism. In Hong Kong, government officials have been in discussions with foreign countries, including Japan, Thailand, Malaysia, Vietnam, Australia and New Zealand, who have expressed interests in negotiating "travel bubbles" with Hong Kong. On 15 October 2020, the governments of Hong Kong SAR and Singapore reached an in-principle agreement to establish a bilateral quarantine-free travel bubble, which marked a milestone arrangement to help reviving cross-border travel between the two destinations. This agreement was followed by an announcement made by both governments on 11 November 2020 confirming further detailed arrangements of the bilateral travel bubble with designated flights to be launched on 22 November 2020. Furthermore, the Hong Kong SAR Government cited that a universal health code system was underway to facilitate people travelling between Hong Kong and Guangdong province or Hong Kong and Macau. The Group takes an optimistic view over tourism recovery and remains confident in its strategy. The Group will put forth its best endeavor to drive business performance on its road to recovery and profitability when the pandemic recedes.

CORPORATE GOVERNANCE PRACTICES AND COMPLIANCE

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

During the six months ended 30 September 2020, the Company has complied with all the code provisions as set out in the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding Directors' securities transactions. Having been enquired by the Company, all Directors confirmed that they had complied with the required standard of dealings and the code of conduct concerning securities transactions by the Directors during the six months ended 30 September 2020.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2020.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' COMPETING INTERESTS

For the six months ended 30 September 2020, each of the Directors, the controlling Shareholders and their respective close associates (as defined in the GEM Listing Rules) has confirmed that none of them had any business or interests in any company that competes or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group.

SHARE OPTION SCHEME

The Share Option Scheme was adopted pursuant to a resolution passed by the Company's then shareholders on 16 December 2016 (the "Adoption Date"). No share option had been granted, exercised, lapsed, or cancelled under the Share Option Scheme from the Adoption Date to 30 September 2020 and there was no outstanding share option as at the date of this announcement.

AUDIT COMMITTEE

The Company has established an audit committee (the “Audit Committee”) with written terms of reference in compliance with the requirements as set out in Rules 5.28 to 5.33 of the GEM Listing Rules and the CG Code. The Audit Committee reviews, amongst others, the financial information of the Group; the relationship with and terms of appointment of the external auditors; and the Group’s financial reporting system, risk management and internal control systems, and provides advices and comments to the Board. The Audit Committee currently comprises three independent non-executive Directors. The unaudited interim financial results of the Group for the six months ended 30 September 2020 have been reviewed by the Audit Committee together with the Group’s management.

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

Hong Kong, 12 November 2020

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

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