



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

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8069

2020/2021

First Quarterly Report

CONTENTS

Corporate Information	3
Management Discussion and Analysis	4
Other Information	8
Unaudited Condensed Consolidated Statement of Comprehensive Income	11
Unaudited Condensed Consolidated Statement of Changes in Equity	12
Notes to the Unaudited Condensed Consolidated Financial Information	13

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

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

Independent Non-executive Directors:

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Ms. Ng Ka Man, *ACS, ACIS*

COMPLIANCE OFFICER

Mr. Yuen Chun Ning

AUTHORISED REPRESENTATIVES

Mr. Yuen Sze Keung
Mr. Yuen Chun Ning

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

LEGAL ADVISER TO THE COMPANY AS TO HONG KONG LAW

Fairbairn Catley Low & Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

STOCK CODE

8069

COMPANY'S WEBSITE

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

MANAGEMENT DISCUSSION AND ANALYSIS

The board of Directors of the Company (the “Board”) hereby presents the unaudited first quarterly financial results of the Group for the three months ended 30 June 2020, together with the comparative figures for the corresponding period in 2019, as set out below.

BUSINESS REVIEW

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 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 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.

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

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

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

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

FINANCIAL REVIEW

Revenue and gross profit

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

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

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

Package Tours

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

FIT products

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

Ancillary travel related products and services

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

Selling expenses

Selling expenses mainly consist of (i) advertising and promotion expenses, such as sponsoring television travel programmes and films, online and offline media advertisements, participating in tourism fairs and organising travel seminars; (ii) credit card and debit card charges in respect of payments from customers with credit cards and electronic payment services (EPS); and (iii) short-term lease expense and depreciation of right-of-use assets for the Group's branches. Selling expenses decreased by 86.5% to approximately HK\$0.5 million for the three months ended 30 June 2020, mainly due to (i) the decrease in credit card charges; (ii) the decrease in depreciation of right-of-use assets; (iii) termination of tenancy for one of the Group's branches; and (iv) adoption of cost-saving measures as discussed in sub-section headed "Business Review" above, including rent concessions on branch premise leases and reduction in advertising and promotion expenses.

Administrative expenses

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

Loss and total comprehensive loss for the period

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

- the decrease in gross profit by 93.0% from approximately HK\$11.5 million for the three months ended 30 June 2019 to approximately HK\$0.8 million for the three months ended 30 June 2020, for reasons as discussed in the sub-section headed "Financial Review — Revenue and gross profit" above; and
- the increase in the fair value loss on the Company's investment in the shares of CTEH INC. by approximately HK\$0.6 million; offset by
- the decrease in selling expenses and administrative expenses as discussed in the sub-sections headed "Financial Review — Selling expenses" and "Financial Review — Administrative expenses" above respectively.

FUTURE PROSPECTS

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

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

OTHER INFORMATION

DISCLOSURE OF INTERESTS

A. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2020, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the required standard of dealings by directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) *Long Positions in the Company's Shares*

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

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

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

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

Save as disclosed above, as at 30 June 2020, none of the Directors and chief executive of the Company had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 June 2020, the interests and short positions of the persons (other than the Directors or chief executive of the Company) in the Shares, underlying Shares and debentures of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long Positions in the Company's Shares

Name of Shareholder	Capacity/Nature	Number of Shares held/ interested in	Percentage of shareholding
WWPKG Investment ^{Note}	Beneficial owner	300,000,000	75%

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

Save as disclosed above, as at 30 June 2020, the Company had not been notified by any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares, underlying Shares or debentures of the Company which would fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed in the sub-section headed "Disclosure of Interests" above, at no time during the three months ended 30 June 2020 was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company (including their spouses or children under 18 years of age) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

CORPORATE GOVERNANCE PRACTICES AND COMPLIANCE

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

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

DIRECTORS' SECURITIES TRANSACTIONS

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

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

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

DIRECTORS' AND CONTROLLING SHAREHOLDERS' COMPETING INTERESTS

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

SHARE OPTION SCHEME

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

AUDIT COMMITTEE

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 June 2020

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2020

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

The Company is an investment holding company. The principal activities of the Group are the sales of Travel Related Products and Services and Tourism and Travel Technology Investments.

The Shares were listed on GEM on 12 January 2017.

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

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

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The unaudited condensed consolidated financial information for the three months ended 30 June 2020 has been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all applicable HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Hong Kong Financial Reporting Interpretations Committee Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the GEM Listing Rules. The accounting policies used in the preparation of this unaudited condensed consolidated financial information are consistent with those used in the preparation of the Group’s audited consolidated financial statements for the year ended 31 March 2020, except for the adoption of the new and amended HKFRSs that are effective for accounting periods beginning on or after 1 April 2020. The unaudited condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s audited consolidated financial statements for the year ended 31 March 2020.

(b) New and amended standards adopted by the Group

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

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

3 REVENUE AND SEGMENT INFORMATION

(a) Revenue

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

(b) Segment information

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

The Group is organised into two reportable segments:

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

3 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

Segment results and other segment items are as follows:

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

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

(c) Geographic information

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

5 EXPENSES BY NATURE

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

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

Note: Land costs mainly consist of direct costs incurred in the provision of package tours services such as land operator services, hotel accommodations, transportation expenses, meal expenses, admission tickets costs and booking services fees.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

6 FINANCE INCOME AND FINANCE COSTS, NET

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

7 INCOME TAX EXPENSE

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

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

8 BASIC AND DILUTED LOSS PER SHARE

(a) Basic

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

	Three months ended 30 June	
	2020 (unaudited)	2019 (unaudited)
Loss attributable to owners of the Company (HK\$'000)	(6,029)	(3,198)
Weighted average number of ordinary shares in issue ('000)	400,000	400,000
Basic loss per Share (HK cents per share)	(1.51)	(0.80)

(b) Diluted

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

9 DIVIDENDS

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

10 CONTINGENCIES

As at 30 June 2020, the Group did not have any significant contingent liabilities (30 June 2019: same).

11 RELATED PARTY TRANSACTIONS

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

The Directors are of the view that the following individuals and companies were related parties that had transactions or balances with the Group as at and for the three months ended 30 June 2020 and 2019:

Name of related party	Relationship with the Group
Ms. Chan	Director of the Company
Mr. SK Yuen	Director of the Company
Mr. CN Yuen	Director of the Company
Sky Right Investment Limited	Controlled by a Director of the Company
Y's Japan Limited	Controlled by a connected person of the Director of the Company
Triplabs Limited	A joint venture of the Group

Other than those transactions and balances disclosed elsewhere in the unaudited condensed consolidated financial information, the following transactions were carried out with related parties during the three months ended 30 June 2020 and 2019:

(a) Transactions with related parties

	Three months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Rental expenses		
Sky Right Investment Limited	705	705
Booking services fees		
Y's Japan Limited	715	685
Management services fee income		
Triplabs Limited	36	36

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

11 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Key management compensation

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

	Three months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Salaries and allowances	992	1,703
Discretionary bonuses	–	–
Pension costs — defined contribution plan	15	13
	1,007	1,716