



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

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8069

2016/2017

Third Quarterly Report

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

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This report 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: (i) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

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

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. Yen Yuen Ho Tony
Mr. Lam Yiu Kin
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
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

**BRANCH SHARE REGISTRAR AND
TRANSFER OFFICE IN HONG KONG**

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

COMPLIANCE ADVISER

Lego Corporate Finance Limited

**LEGAL ADVISER TO THE COMPANY
AS TO HONG KONG LAW**

Fairbairn Catley Low & Kong

PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking Corporation
Hang Seng Bank Limited

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

STOCK CODE

8069

COMPANY'S WEBSITE

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

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “Board”) of Directors of the Company is pleased to announce the unaudited results of the Group for the nine months ended 31 December 2016 together with the comparative figures for the corresponding period in 2015 as set out below.

BUSINESS REVIEW

Founded in 1979, the Group is one of the long-established and well-known travel agents in Hong Kong. The Group markets its travel related products under the brand “縱橫遊”. The Group’s businesses include (i) the design, development and sales of outbound package tours; (ii) the sales of air tickets and hotel accommodations (the “FIT products”); and (iii) the provision 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.

During the nine months ended 31 December 2016, the Group recorded a decrease in revenue of approximately 17.5% as compared to that for the nine months ended 31 December 2015, and a loss and total comprehensive loss of approximately HK\$12.6 million. The decrease in revenue and the loss recorded for the period was mainly due to the decline in revenue from the sales of package tours bound for Japan during the first half of the financial year ending 31 March 2017 as a result of (i) the negative impact of the Kumamoto earthquake occurred in April 2016; (ii) the continued appreciation of Japanese Yen against Hong Kong dollars coupled with the intense competition within the industry have reduced the demand of package tours bound for Japan; and (iii) that in view of the decreased demand and the fierce industry competition, the Group adjusted downward the selling prices of package tours in order to attract customers who are cost conscious. In addition, non-recurring listing expenses of approximately HK\$11.1 million was recognised during the nine months ended 31 December 2016, which further contributed to the loss for the period.

The financial performance of the Group gradually picked up in the third quarter of the financial year ending 31 March 2017. During the three months ended 31 December 2016, the Group recorded a decrease in revenue of approximately 8.4% as compared to that for the three months ended 31 December 2015, and a profit and total comprehensive income of approximately HK\$2.7 million. After excluding the non-recurring listing expenses of approximately HK\$1.3 million, the profit and total comprehensive income for the three months ended 31 December 2016 increased from approximately HK\$3.8 million for the three months ended 31 December 2015 to approximately HK\$4.0 million, representing an increase of approximately 5.3%, which was mainly due to the following:

- the negative impact of the Kumamoto earthquake occurred in April 2016 subsided, and the “Touch the Kyushu” Fair instigated by the Ministry of Economy, Trade and Industry of Japan, as part of the ministry’s recovery campaigns, held between late September and early October 2016 in Hong Kong, helped to promote and hence increased the sales of the Group’s Kyushu tours. Also, the Group continued to receive hotel accommodation rebates from the prefecture governments of Kyushu, of which approximately HK\$1.1 million was offset against the Group’s cost of sales for the three months ended 31 December 2016;
- the Japanese Yen against Hong Kong dollars began to depreciate in October 2016, which had a positive impact on the Group’s land costs and also led to the increase in demand of package tours bound for Japan particularly from customers who are cost conscious, when the number of customers enrolled in the Group’s package tours bound for Japan during the three months ended 31 December 2016 increased by approximately 2.7% as compared to that for the three months ended 31 December 2015;
- the largest supplier of the Group agreed to reduce the air ticket prices of several destinations in Japan from 13 September 2016 until 25 January 2017, which in turn reduced the Group’s air fare costs for the three months ended 31 December 2016 by approximately 23.2% as compared to that for the three months ended 31 December 2015. On the other hand, such reduction of air ticket prices enabled the Group to reduce the selling prices of package tours bound for Japan that in turn induced demand from customers without compromising on gross profit margin; and
- the Group continued to focus on further developing and launching new itineraries for existing tour destinations.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately 17.5% from approximately HK\$342.7 million for the nine months ended 31 December 2015 to approximately HK\$282.6 million for the nine months ended 31 December 2016. The decrease in revenue was mainly due to the decline in revenue from sales of package tours bound for Japan during the first half of the financial year ending 31 March 2017 mainly as a result of (i) the negative impact of the Kumamoto earthquake occurred in April 2016; (ii) the fact that the continued appreciation of Japanese Yen against Hong Kong dollars between April 2016 and September 2016 coupled with the intense competition within the industry, particularly from online agencies and booking platforms of airlines and hotels which are introducing aggressive marketing campaigns and promotion programmes, have reduced the demand of customers who are cost conscious for the Group's package tours bound for Japan; and (iii) that in view of the decreased demand and the fierce industry competition, the Group adjusted downward the selling prices of package tours bound for Japan in order to attract customers, which has also exerted pressure on the revenue from sales of package tours.

Cost of sales and gross profit

The Group's cost of sales mainly represents the direct costs incurred for its sales of package tours, which primarily consists of airfare costs, hotel tariffs, land operator costs, local transportation costs, meal expenses and admission ticket costs. The cost of sales decreased by approximately 13.5% from approximately HK\$279.8 million for the nine months ended 31 December 2015 to approximately HK\$242.0 million for the nine months ended 31 December 2016, mainly due to the decrease in the sales of the Group's package tours bound for Japan during the first half of the financial year ending 31 March 2017. Gross profit decreased by approximately 35.5% from approximately HK\$62.9 million for the nine months ended 31 December 2015 to approximately HK\$40.6 million for the nine months ended 31 December 2016, which was mainly due to the decrease in revenue from sales of package tours bound for Japan due to the reasons as discussed in the paragraph headed "Revenue" above and the continued appreciation of Japanese Yen against Hong Kong dollars between April 2016 and September 2016 that increased the Group's land cost per customer.

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; and (iii) rental and related expenses for the Group's branches.

For the nine months ended 31 December 2016, selling expenses remained the same at approximately HK\$14.2 million as compared to the nine months ended 31 December 2015. Selling expenses as a percentage of revenue increased from approximately 4.1% for the nine months ended 31 December 2015 to approximately 5.0% for the nine months ended 31 December 2016, mainly due to the increase in rents incurred on branches premises.

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 general 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 increased by approximately 43.3% from approximately HK\$26.8 million for the nine months ended 31 December 2015 to approximately HK\$38.4 million for the nine months ended 31 December 2016, mainly due to the recognition of non-recurring listing expenses of approximately HK\$11.1 million for the nine months ended 31 December 2016.

Profit/loss and total comprehensive income/loss attributable to owners of the Company

Profit and total comprehensive income decreased by approximately 168.5% from approximately HK\$18.4 million for the nine months ended 31 December 2015 to loss and total comprehensive loss of approximately HK\$12.6 million for the nine months ended 31 December 2016, mainly due to (i) the decrease in gross profit of approximately HK\$22.3 million because of the decrease in revenue and increase in cost of sales for reasons as discussed in the paragraphs headed "Revenue" and "Cost of sales and gross profit" above; and (ii) the increase in administrative expenses of approximately HK\$11.6 million during the nine months ended 31 December 2016 for reasons mentioned in the paragraph headed "Administrative expenses" above.

The loss and total comprehensive loss would be approximately HK\$1.5 million after excluding the non-recurring listing expenses of approximately HK\$11.1 million for the nine months ended 31 December 2016.

FUTURE PROSPECTS

The shares of the Company (the "Shares") have been successfully listed on GEM of the Stock Exchange on 12 January 2017 (the "Listing Date") by way of placing and public offer (collectively, the "Share Offer"). The Board considers that such public listing status on the Stock Exchange will help promote the Group to potential customers and enhance its corporate profile and credibility with the public and business partners. This in turn will strengthen the Group's competitiveness and benefit its business performance and growth.

Going forward, with the Group's 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 execute its business strategy to expand both revenue streams and customer base by introducing new itineraries and activities from time to time in order to offer new travel experience to its customers, promoting its brand awareness through marketing campaigns, digital marketing and other conventional offline media advertisements, and strengthening and enhancing its sales channels including the enhancement of its online sales platform.

Use of proceeds from the Listing

The net proceeds received by the Company from the Share Offer was approximately HK\$57.1 million, after deducting underwriting commissions and all related expenses.

Since the Listing Date is after 31 December 2016, the net proceeds from the Share Offer had not been received by the Company as at 31 December 2016. The net proceeds, upon receipt by the Company after listing, has been deposited at a bank and will be applied in the manners consistent with the use of proceeds as disclosed in the section headed "Future Plans and Use of Proceeds" of the prospectus of the Company dated 30 December 2016 (the "Prospectus").

OTHER INFORMATION

DISCLOSURE OF INTERESTS

A. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2016, the Shares were not yet listed on GEM of the Stock Exchange.

As at the date of this report, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such director or chief executive is taken or deemed to have under such provision of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to standard of dealings by Directors as referred to Rule 5.46 of 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	Approximate 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 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	Approximate 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 for disclosed above, as at the date of this report, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange, pursuant to standard of dealings by Directors as referred to Rule 5.46 of GEM Listing Rules.

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

As at 31 December 2016, the Shares were not yet listed on GEM of the Stock Exchange.

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

Long Positions in the Company's Shares

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

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

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

DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed under the subsection headed "Disclosure of Interests" above, at no time during the nine months ended 31 December 2016 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.

DIRECTOR'S AND CONTROLLING SHAREHOLDERS' COMPETING INTERESTS

For the nine months ended 31 December 2016, each of the Directors, the controlling shareholders of the Company and their respective close associates (as defined in GEM Listing Rules) has confirmed that none of them had any business or interests in any company that competes or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of 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 applicable laws and GEM Listing Rules including various requirements relating to the Directors' duties and internal controls. Except for the compliance adviser agreement entered into between the Company and the compliance adviser dated 5 July 2016, neither the compliance adviser nor 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 GEM Listing Rules as at the date of this report.

CORPORATE GOVERNANCE

As the Shares were not yet listed on GEM of the Stock Exchange as at 31 December 2016, the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to GEM Listing Rules were not applicable to the Company during the nine months ended 31 December 2016.

The Company is committed to ensure a high standard of corporate governance in the interests of the shareholders and devotes considerable effort to maintain high level of business ethics and corporate governance practices. The Company has applied the principles of, and complied with, the applicable code provisions of the CG Code from the Listing Date to the date of this report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted Rules 5.48 to 5.67 of GEM Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry with all the Directors, they have confirmed their compliance with the required standard of dealings and the code of conduct for Directors' securities transactions from the Listing Date to the date of this report.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company from the Listing Date and up to the date of this report.

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 for the primary purpose of providing eligible participants an opportunity to have a personal stake in the Company and to motivate, attract and retain the eligible participants whose contributions are important to the long-term growth and profitability of the Group. Eligible participants of the Share Option Scheme include any employees, adviser, consultant, service provider, agent, customer, partner or joint-venture partner of the Company or any of its subsidiaries. The Share Option Scheme became effective on the Listing Date and, unless otherwise cancelled or amended, will remain in force for 10 years commencing on the Listing Date, the principal terms of which were summarised in the paragraph headed "Share Option Scheme" in Appendix IV to the Prospectus. No share option was granted, exercised or cancelled by the Company under the Share Option Scheme from the Listing Date and up to the date of this report and there was no outstanding share option as at the date of this report.

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

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 GEM Listing Rules and the CG Code. The Audit Committee reviews, amongst others, the financial information of the Group; the relationship with and terms of appointment of the external auditors; and the Group's financial reporting system, risk management and internal control systems, and provides advices and comments to the Board. The Audit Committee consists of three independent non-executive Directors, chaired by Mr. Lam Yiu Kin, and the other two members are Mr. Yen Yuen Ho Tony and Mr. Ho Wing Huen. The unaudited third quarterly financial results of the Group for the nine months ended 31 December 2016 have been reviewed by the Audit Committee.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Revenue	3	115,069	125,580	282,583	342,733
Cost of sales	5	(93,916)	(105,982)	(242,010)	(279,784)
Gross profit		21,153	19,598	40,573	62,949
Other income	4	97	1	171	484
Other losses, net	4	(1,572)	(252)	(721)	(18)
Selling expenses	5	(5,370)	(4,953)	(14,182)	(14,230)
Administrative expenses	5	(10,536)	(9,685)	(38,417)	(26,754)
Operating profit/(loss)		3,772	4,709	(12,576)	22,431
Finance income	7	—	—	1	1
Finance costs	7	(6)	(8)	(17)	(22)
Finance costs, net	7	(6)	(8)	(16)	(21)
Profit/(loss) before income tax		3,766	4,701	(12,592)	22,410
Income tax (expense)/credit	8	(1,048)	(932)	32	(3,967)
Profit/(loss) and total comprehensive income/(loss) for the period		2,718	3,769	(12,560)	18,443
Profit/(loss) and total comprehensive income/(loss) attributable to:					
Owners of the Company		2,695	3,733	(12,370)	18,277
Non-controlling interests		23	36	(190)	166
		2,718	3,769	(12,560)	18,443
Basic and diluted earnings/(loss) per share for profit/(loss) attributable to owners of the Company (expressed in HK cents)	9	0.90	1.24	(4.12)	6.09

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2016

	Attributable to owners of the Company						
	Combined share capital	Share capital	Other reserve	Retained earnings	Sub-total	Non- controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000 (Note)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balances at 1 April 2015	11,500	—	—	25,999	37,499	454	37,953
Comprehensive income							
Profit for the nine months ended 31 December 2015	—	—	—	18,277	18,277	166	18,443
Total comprehensive income for the period	—	—	—	18,277	18,277	166	18,443
Balance at 31 December 2015	11,500	—	—	44,276	55,776	620	56,396
Balances at 1 April 2016	11,500	—	—	49,108	60,608	673	61,281
Comprehensive loss							
Loss for the nine months ended 31 December 2016	—	—	—	(12,370)	(12,370)	(190)	(12,560)
Total comprehensive loss for the period	—	—	—	(12,370)	(12,370)	(190)	(12,560)
Dividend (Note 10)	—	—	—	—	—	—	—
Total transactions with owners	—	—	—	—	—	—	—
Arising from reorganisation	(11,500)	—	11,371	—	(129)	129	—
Balances at 31 December 2016	—	—	11,371	36,738	48,109	612	48,721

Note: Other 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

For the nine months ended 31 December 2016

1. CORPORATE INFORMATION

(a) General information

The Company was incorporated in the Cayman Islands on 8 June 2016 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office address of the Company is at P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands.

The Shares have been listed on GEM of the Stock Exchange by way of the Share Offer on the Listing Date.

On the Listing Date, a total of 100,000,000 Shares of HK\$0.01 each were offered under the Share Offer, of which 50,000,000 Shares, or 50% was offered by way of placing. The remaining 50%, or 50,000,000 Shares, was offered under the public offer. Based on the final offer price of HK\$0.8 per Share, the net proceeds from the Share Offer received by the Company (after deducting underwriting fees and expenses in connection with the Share Offer) was approximately HK\$57.1 million.

The Company is an investment holding company. The Group is principally engaged in selling of package tours, FIT products and certain ancillary travel related products and services in Hong Kong.

The unaudited condensed consolidated financial statements are presented in thousands of units of 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.

(b) Reorganisation

In connection with the listing of the Shares on GEM of the Stock Exchange, the Company underwent a reorganisation (the "Reorganisation").

Details of the Reorganisation are set out in the section headed "History, Reorganisation and Development" of the Prospectus. The Reorganisation involved only inserting new holding companies on top of the then existing group and has not resulted in any change of economic substance. The Group resulting from the Reorganisation is regarded as a continuing entity as it involved combinations of entities under common control, which were controlled by the same group of controlling shareholders. Immediately after the Reorganisation, the Company became the holding company of its subsidiaries now comprising the Group on the Listing Date. Accordingly, the unaudited condensed consolidated financial statements were prepared using the merger accounting as if the Reorganisation had been completed and the current group structure had always been in existence. The unaudited condensed consolidated statement of comprehensive income and the unaudited condensed consolidated statement of changes in equity for the nine months ended 31 December 2016 include the results and changes in equity of the companies now comprising the Group from the earliest date presented or since their respective dates of incorporation, whichever was shorter, as if the current group structure had been in existence. No adjustment is made to reflect fair values, or to recognise any new assets or liabilities as a result of the Reorganisation.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

2. BASIS OF PREPARATION

This unaudited condensed consolidated financial information for the nine months ended 31 December 2016 has been prepared in accordance with the Hong Kong Financial Reporting Standards (the “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of GEM Listing Rules. The unaudited condensed consolidated financial information does not include all information and disclosures as required in the annual financial statements and should be read in conjunction with the Company’s combined financial statements for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016 which have been prepared in accordance with the HKFRSs issued by the HKICPA, as set out in the Prospectus.

The accounting policies and methods of computation used in the preparation of these unaudited condensed financial statements are consistent with those used in the Company’s combined financial statements for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016 as contained in the Prospectus.

The companies now comprising the Group, were under the common control of Mr. Yuen Sze Keung and Ms. Chan Suk Mei (the “Controlling Shareholders”), immediately before and after the Reorganisation. For the purpose of this report, the financial results for the nine months ended 31 December 2015 has been prepared on a combined basis.

The financial results for the nine months ended 31 December 2015 has been prepared by including the financial information of the companies, under common control of the Controlling Shareholders immediately before and after the Reorganisation and now comprising the Group as if the current group structure had been in existence throughout the periods presented, or since the date when the combining companies first came under the control of the Controlling Shareholders, whichever is the shorter period.

The net assets of the combining companies were combined using the existing book values from the Controlling Shareholders’ perspective. No amount is recognised in consideration for goodwill or excess of acquirer’s interest in the net fair value of acquiree’s identifiable assets, liabilities and contingent liabilities over cost at the time of business combination under common control, to the extent of the continuation of the controlling parties’ interest.

Inter-company transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on combination.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

3. REVENUE AND SEGMENT INFORMATION

(a) Revenue

The Group's businesses include selling of package tours, FIT products and certain ancillary travel related products and services. Revenue recognised during the nine months ended 31 December 2016 and 2015 and the three months ended 31 December 2016 and 2015 are as follows:

	Three months ended 31 December		Nine months ended 31 December	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue				
Sales of package tours	113,069	122,703	276,817	336,080
Margin income from sales of FIT products	807	1,996	2,215	3,790
Margin income from sales of ancillary travel related products and services	1,193	881	3,551	2,863
	115,069	125,580	282,583	342,733

(b) Segment information

Management has identified the Group's operating segments based on the reports reviewed by the chief operating decision makers that are used for making strategic decisions. The chief operating decision makers are identified as the executive directors of the Company. The only component in internal reporting to the chief operating decision makers is the Group's travel and travel-related services business during the periods. In this regard, management considers there is only one operating segment under the requirements of HKFRS 8 Operating Segments.

There is no single external customer that contributed more than 10% of the Group's revenue for the nine months ended 31 December 2016 and 2015 and the three months ended 31 December 2016 and 2015 respectively.

The Group's operating companies are domiciled in Hong Kong and all revenue was generated from customers located in Hong Kong and Macau. As at 31 December 2016 and 2015, all non-current assets were located in Hong Kong.

4. OTHER INCOME AND OTHER LOSSES, NET

	Three months ended 31 December		Nine months ended 31 December	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Other income				
Referral income	97	1	171	484
Other (losses)/gains, net				
Exchange losses, net	(745)	(247)	(77)	(70)
Fair value loss on derivative financial instruments	(827)	(5)	(642)	(78)
(Loss)/gain on disposal of property, plant and equipment	—	—	(2)	130
	(1,572)	(252)	(721)	(18)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

5. EXPENSES BY NATURE

The Group's profit/(loss) for each of the nine months ended 31 December 2016 and 2015 and the three months ended 31 December 2016 and 2015 are stated after charging/(crediting) the following cost of sales, selling expenses and administrative expenses:

	Three months ended		Nine months ended	
	31 December 2016	2015	31 December 2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Land costs (<i>Note</i>)	50,687	49,289	133,524	134,433
Air fare costs	43,666	56,881	106,383	146,935
Auditor's remuneration				
— Audit service	158	150	458	450
Employee benefit expenses, excluding benefits and interests of directors (<i>Note 6</i>)	5,756	5,976	17,666	16,836
Directors' benefits and interests (<i>Note 11</i>)	1,079	1,079	3,236	3,236
Depreciation of property, plant and equipment	849	405	1,090	848
Operating lease rentals of:				
— Office and branches premises	2,370	2,085	6,465	5,828
— Equipment rental	89	93	301	209
Advertising and promotion	2,403	1,973	6,108	6,106
Exchange (gain)/loss	(592)	(403)	1,639	(2,230)
Credit card fee	955	1,068	2,702	3,081
Entertainment expenses	34	238	214	451
Office, telecommunication and utility expenses	350	520	1,042	1,372
Legal and professional fees	82	268	295	327
Professional expenses incurred in connection with the Company's listing	1,285	—	11,102	—
Others	651	998	2,384	2,886
	109,822	120,620	294,609	320,768

Note:

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(CONTINUED)

6. EMPLOYEE BENEFIT EXPENSES, EXCLUDING BENEFITS AND INTERESTS OF DIRECTORS

	Three months ended 31 December		Nine months ended 31 December	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Salaries, bonuses and allowances	5,345	5,218	16,390	15,171
Pension costs — Defined contribution plan (Note)	344	416	1,060	1,064
Other employee benefits	67	342	216	601
	5,756	5,976	17,666	16,836

Note:

The Group has arranged for its employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), which is a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the entities of the Group (the employer) and its employees make monthly contributions to the scheme generally at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. The monthly contributions of each of the employer and the employees are subject to a maximum contribution of HK\$1,500 per month since June 2014 and thereafter contributions are voluntary.

7. FINANCE COSTS, NET

	Three months ended 31 December		Nine months ended 31 December	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Finance income				
Bank interest income	—	—	1	1
Finance costs				
Interest expense on obligations under finance leases	(4)	(7)	(15)	(19)
Bank overdraft	(2)	(1)	(2)	(3)
	(6)	(8)	(17)	(22)
Finance costs, net	(6)	(8)	(16)	(21)

8. INCOME TAX EXPENSE/(CREDIT)

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the periods. 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/(credit) charged to the unaudited condensed consolidated statement of comprehensive income represents:

	Three months ended 31 December		Nine months ended 31 December	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current income tax	225	776	469	3,697
Deferred income tax expense/(credit)	823	156	(501)	270
	1,048	932	(32)	3,967

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

9. BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(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, the additional 299,990,000 shares under the capitalisation on the Listing Date were treated as if they had been in issue since 1 April 2015.

	Three months ended 31 December		Nine months ended 31 December	
	2016 (unaudited)	2015 (unaudited)	2016 (unaudited)	2015 (unaudited)
Profit/(loss) attributable to owners of the Company (HK\$'000)	2,695	3,733	(12,370)	18,277
Weighted average number of ordinary shares in issue ('000)	300,000	299,990	299,997	299,990
Basic earnings/(loss) per ordinary share (HK cents)	0.90	1.24	(4.12)	6.09

(b) Diluted

Diluted earnings per share is the same as basic earnings per share due to the absence of dilutive potential ordinary shares during the respective periods.

10. DIVIDENDS

The Directors do not recommend the payment of any dividend for the nine months ended 31 December 2016 and 2015 and the three months ended 31 December 2016 and 2015.

11. RELATED PARTIES TRANSACTIONS

For the purposes of these unaudited condensed consolidated financial statements, parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of the related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

The Directors are of the view that the following individuals and companies were related parties that had transactions with the Group as at and during the nine months ended 31 December 2016 and 2015 and the three months ended 31 December 2016 and 2015, respectively:

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

11. RELATED PARTIES TRANSACTIONS (CONTINUED)

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the nine months ended 31 December 2016 and 2015 and the three months ended 31 December 2016 and 2015.

(a) Transactions with related parties

	Three months ended 31 December		Nine months ended 31 December	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Continuing transactions:				
Rental expenses				
Sky Right Investment Limited	705	678	2,061	2,034
Venue fee				
HCNY Consultancy Limited	82	92	215	270
Tour bus services fee				
JCS Limited	3,986	3,034	11,074	8,760
Booking services fee				
Y's Japan Limited	653	582	1,975	1,792

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

(b) Directors' benefits and interests

Key management personnel are deemed to be the members of the Board who have the responsibility for planning, directing and controlling the activities of the Group.

	Three months ended 31 December		Nine months ended 31 December	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Salaries, other allowances and benefits	1,065	1,065	3,195	3,195
Defined contribution pension costs	14	14	41	41
	1,079	1,079	3,236	3,236

12. CONTINGENT LIABILITIES

As at 31 December 2016, the Group did not have any material contingent liabilities or guarantees (31 December 2015: Nil).

13. EVENTS AFTER THE BALANCE SHEET DATE

On 12 January 2017, the Company's shares were listed on GEM of the Stock Exchange.