



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

*(Incorporated in the Cayman Islands with limited liability)*

Stock Code: 8069

**2019/2020**

Interim Report



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## 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  
The Hong Kong and Shanghai Banking Corporation

### AUDITOR

PricewaterhouseCoopers  
*Certified Public Accountants*

### STOCK CODE

8069

### COMPANY'S WEBSITE

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

## MANAGEMENT DISCUSSION AND ANALYSIS

The board of Directors of the Company (the “Board”) hereby presents the unaudited interim financial results of the Group for the six months ended 30 September 2019, together with the comparative figures for the corresponding period in 2018, 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 are the provision of outbound package tours to various destinations with particular focus on Japan-bound tours.

The Group’s loss before income tax decreased substantially by 42.4% from approximately HK\$19.1 million for the six months ended 30 September 2018 to approximately HK\$11.0 million for the six months ended 30 September 2019. The improvement in the Group’s loss position was mainly attributable to the following:

- (i) increase in gross profit by 21.5% from approximately HK\$14.9 million for the six months ended 30 September 2018 to approximately HK\$18.1 million for the six months ended 30 September 2019 as a result of the following:
  - the Group launched certain relatively low-priced package tours with lower profit margins that were supported by charter flights destined for Kumamoto in Japan between November 2017 and October 2018;
  - the change in the Group’s strategy in connection with charter flights and block reservations with airline suppliers for all destinations reduced the amount of forfeiture incurred on flights operated for the six months ended 30 September 2019 as compared to the corresponding period in 2018; and
  - as a result of the above-mentioned change in the Group’s strategy in connection with charter flights and block reservations, the Group in general faced less pricing pressure and was able to improve its package tours’ gross profit margin despite the decrease in revenue and number of tour participants.
- (ii) decrease in fair value losses recorded on the Company’s investment in the shares of CTEH INC. (“CTEH”) and Feiyang International Holdings Group Limited (“Feiyang”) by 59.5% from approximately HK\$3.7 million for the six months ended 30 September 2018 to approximately HK\$1.5 million for the six months ended 30 September 2019; and
- (iii) decrease in selling expenses mainly as a result of decrease in advertising and promotion expenses by 39.4% from approximately HK\$3.3 million for the six months ended 30 September 2018 to approximately HK\$2.0 million for the six months ended 30 September 2019.

## 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			
	2019		2018		2019		2018	
	Revenue HK\$'million	%	Revenue HK\$'million	%	Revenue HK\$'million	%	Revenue HK\$'million	%
Package tours	125.7	98.0	160.6	98.6	53.5	98.0	74.9	98.8
FIT products <sup>Note</sup>	0.7	0.6	0.2	0.1	0.3	0.5	-	-
Ancillary travel related products and services <sup>Note</sup>	1.8	1.4	2.1	1.3	0.8	1.5	0.9	1.2
<b>Total</b>	<b>128.2</b>	<b>100.0</b>	<b>162.9</b>	<b>100.0</b>	<b>54.6</b>	<b>100.0</b>	<b>75.8</b>	<b>100.0</b>

	Six months ended 30 September				Three months ended 30 September			
	2019		2018		2019		2018	
	Gross profit HK\$'million	Gross profit margin %	Gross profit HK\$'million	Gross profit margin %	Gross profit HK\$'million	Gross profit margin %	Gross profit HK\$'million	Gross profit margin %
Package tours	15.6	12.4	12.6	7.8	5.5	10.3	7.8	10.4
FIT products <sup>Note</sup>	0.7	N/A	0.2	N/A	0.3	N/A	-	N/A
Ancillary travel related products and services <sup>Note</sup>	1.8	N/A	2.1	N/A	0.8	N/A	0.9	N/A
<b>Total</b>	<b>18.1</b>	<b>14.1</b>	<b>14.9</b>	<b>9.1</b>	<b>6.6</b>	<b>12.1</b>	<b>8.7</b>	<b>11.5</b>

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

#### Package tours

The Group's revenue from package tours decreased by 21.7% to approximately HK\$125.7 million for the six months ended 30 September 2019, mainly due to the decrease in number of tour participants, as compared to the corresponding period in 2018. Nonetheless, gross profit from package tours increased by 23.8% to approximately HK\$15.6 million and gross profit margin from package tours increased by 4.6 percentage points to 12.4% for the six months ended 30 September 2019, which was mainly attributable to (i) launch of relatively low-priced tours with lower profit margins that were destined for Kumamoto during 2018; and (ii) positive impact on the amount of forfeiture incurred and product pricing as a result of the change in the Group's strategy in connection with charter flights and block reservations with airline suppliers, as discussed in the sub-section headed "Business Review" above.

For the three months ended 30 September 2019, the Group's revenue, gross profit and gross profit margin from package tours decreased by 28.6% to approximately HK\$53.5 million, by 29.5% to approximately HK\$5.5 million and by 0.1 percentage point to 10.3% respectively, as compared to the corresponding period in 2018. During the quarter, the Group's sales and profit performances were bombarded by the effects of the local political atmosphere when outbound tourism demand in Hong Kong hence turned low.

### *FIT products*

Revenue from FIT products increased from approximately HK\$0.2 million for the six months ended 30 September 2018 to approximately HK\$0.7 million for the six months ended 30 September 2019, mainly due to active marketing and promotion applied on products covering Japan and Southeast Asia.

### *Ancillary travel related products and services*

Ancillary travel related products and services mainly include travel insurance, admission tickets to attractions such as theme parks and shows, 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 from ancillary travel related products and services decreased from approximately HK\$2.1 million for the six months ended 30 September 2018 to approximately HK\$1.8 million for the six months ended 30 September 2019, mainly due to the decrease in margin income from insurance companies for the sales of travel insurance to tour participants.

### **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 14.1% to approximately HK\$7.3 million for the six months ended 30 September 2019, mainly due to (i) decrease in advertising and promotion expenses on the Group's traditional advertisements in newspapers and sponsorships for travel-related television programmes; and (ii) decrease in credit card charges and levy paid to Travel Industry Council of Hong Kong as a result of decreased number of tour participants.

### **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 for the six months ended 30 September 2019 remained relatively stable at approximately HK\$20.2 million as compared to the corresponding period in 2018.

### **Loss and total comprehensive loss for the period**

The Group's loss and total comprehensive loss decreased from approximately HK\$16.9 million for the six months ended 30 September 2018 to approximately HK\$11.0 million for the six months ended 30 September 2019, mainly due to (i) increase in gross profit by HK\$3.2 million for reasons as discussed in the sub-sections headed "Business Review" and "Financial Review — Revenue and gross profit" above; (ii) decrease in selling expenses by HK\$1.2 million for reasons as discussed in the sub-section headed "Financial Review — Selling expenses" above; and (iii) decrease in fair value losses recorded on the Company's investments in listed equity securities in Hong Kong by HK\$2.2 million.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial position as at 30 September 2019 remained healthy with net assets value of approximately HK\$56.2 million (31 March 2019: approximately HK\$67.4 million). Including the short-term fixed deposit, the Group had total cash and cash equivalents of approximately HK\$29.7 million as at 30 September 2019 (31 March 2019: approximately HK\$44.3 million). The cash and bank balances of the Group were mainly denominated in Hong Kong Dollars, which accounted for 95.6% (31 March 2019: 97.0%) of the total balances.

Current ratio is calculated as current assets divided by current liabilities. The Group's current ratio as at 30 September 2019 was approximately 1.7 times (31 March 2019: 2.2 times).

## GEARING RATIO

Gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position) less trade related debts and cash and cash equivalents. Total capital is calculated as 'equity', as shown in the consolidated statement of financial position. As at 30 September 2019, the Group was not at a net debt position (31 March 2019: same).

## PLEDGE OF ASSETS

As at 30 September 2019, the Group did not pledge any of its assets as securities for facilities granted to the Group (31 March 2019: same).

## CAPITAL STRUCTURE

Details of changes in the Company's share capital are set out in Note 19 to the interim condensed consolidated financial information in this report.

## SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES

Other than the investment in the shares of Feiyang, there were no other significant investments, material acquisitions or disposals of subsidiaries by the Company during the six months ended 30 September 2019.

## CHARGE OVER THE GROUP'S ASSETS

As at 30 September 2019, the Group did not record any charge over its assets (31 March 2019: finance lease liabilities of approximately HK\$0.02 million were secured by the Group's motor vehicles with aggregate net book value of approximately HK\$0.2 million).

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, the Group did not have other plans for material investments or capital assets as of 30 September 2019.

## 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 of the date of this report.



## 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 2019, the Group had outstanding foreign exchange forward contract denominated in Japanese Yen of notional principal amounts of approximately HK\$5.9 million (31 March 2019: no outstanding foreign exchange contract denominated in Japanese Yen). Management will continue to evaluate the Group's foreign exchange risk management procedures and take actions as appropriate to minimise the Group's exposure whenever necessary.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2019, the Group had a workforce of 131 employees (31 March 2019: 138), 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 2019 amounted to approximately HK\$11.2 million (six months ended 30 September 2018: approximately HK\$11.7 million).

The Company has adopted a share option scheme on 16 December 2016 (the "Adoption Date") 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 2019, no share option 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 2019.

## USE OF PROCEEDS

The adjusted 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 2019, the unused Net Proceeds of approximately HK\$24.0 million were deposited into licensed banks in Hong Kong.

Due to the strategic decision of the Board and actual development of the Group, the Net Proceeds were not fully utilised as at 30 September 2019.

The following table sets forth the status of the use of the Net Proceeds as at 30 September 2019:

Objective	Adjusted allocation of Net Proceeds HK\$ million	Amount utilised up to 30 September 2019 HK\$ million	Balance as at 30 September 2019 HK\$ million	Expected timeframe
Promoting brand recognition and awareness	25.4	(11.9)	13.5	To be used in one to two years by continuously engaging in various advertising and marketing campaigns
Strengthening and enhancing sales channels	14.2	(5.9)	8.3	To be used in one to two years for enhancements of the Group's online sales platform, incorporation of a new customer relationship management ("CRM") system, refurbishment of existing branches and/or set up of a new branch
Improving operational efficiency	11.7	(9.5)	2.2	To be used in one to two years
General corporate and working capital purposes	5.7	(5.7)	–	
	57.0	(33.0)	24.0	

## FUTURE PROSPECTS

With its long-established brand name, well-maintained business relationship with suppliers, ability to respond to adversities and healthy net assets position, the Group will continue to put forth its best efforts to drive business performance and growth by:

- boosting its marketing efforts (i) on digital marketing, including advertising on social media and search engine marketing, so as to increase online channel presence and online traffic and drive online inquiry to the Group's product offerings; and (ii) to raise the awareness of the Group's brand and enhance the popularity of its products through social media, search engine optimisation, travel-related television programmes and other conventional media advertisements such as newspapers and television commercials;

- continuing to (i) evaluate and optimise the Group’s online sales platform to improve user interface design and user experience; (ii) revamp the CRM system to boost customer loyalty; and (iii) consider the development of a mobile application; and
- introducing new travel related products, services and elements (including new routes, itineraries, activities and hotel accommodations) from time to time in order to offer new and/or better travel experience to its customers.

As at 30 September 2019, the Group owned approximately 3.6% and 1.0% of the issued share capital of CTEH and Feiyang respectively. CTEH is a long-established air ticket consolidator, travel business process management provider and travel products and services provider in Canada, with its shares listed on the Stock Exchange. Feiyang is a well-established travel products and services provider in the People’s Republic of China, who ranked fifth among all travel agencies in Zhejiang Province in terms of revenue in 2017 (according to Feiyang’s prospectus dated 19 June 2019) and whose shares were listed on the Stock Exchange on 28 June 2019. As at 30 September 2019, Triplabs (BVI) Limited (the “JV Company”), a joint venture company set up by the Group and CTEH had investments in eight startup companies that engaged in tourism and travel technology related businesses, including (i) travel metasearch engines for flight tickets; (ii) data-centric advertising solutions; (iii) vacation photography booking platform; (iv) property standardisation and management system for budget and midscale hotels and guest houses; (v) artificial intelligence (“AI”) powered influencer marketing programme; (vi) technology infrastructure solutions for both online and offline travel agents; (vii) social interaction and group-buying element incorporated travel activity platform; and (viii) AI-powered chatbot solutions. The Group considers that its investments in CTEH, Feiyang and the JV Company’s investments are in line with the Group’s investment strategy and will bring returns to the Group. The Group also believes that all these investments will provide business development opportunities, and that the investees and the Group will offer complementary advantages to each other on strategic developments in the future.

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

## OTHER INFORMATION

### DISCLOSURE OF INTERESTS

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

As at 30 September 2019, 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") <sup>Note</sup>	Interest in a controlled corporation	300,000,000	75%
Mr. Yuen Sze Keung ("Mr. SK Yuen") <sup>Note</sup>	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 September 2019, 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 September 2019, the interests 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 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 <sup>Note</sup>	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 September 2019, 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 six months ended 30 September 2019 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.

## INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2019 (six months ended 30 September 2018: same).

## **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 2019, 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 2019.

## **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 2019.

## **DIRECTORS' AND CONTROLLING SHAREHOLDERS' COMPETING INTERESTS**

For the six months ended 30 September 2019, 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.

## **UPDATE ON DIRECTORS' INFORMATION**

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the change in information of the Directors since the date of annual report of the Company for the year ended 31 March 2019 are set out below:

On 26 September 2019, Mr. Lam Yiu Kin was appointed as an independent non-executive director of Topsports International Holdings Limited, which was listed on the Main Board of the Stock Exchange (stock code: 6110) on 10 October 2019.

Save as disclosed above, there is no other change in information of the Directors to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

## SHARE OPTION SCHEME

The Share Option Scheme was adopted pursuant to a resolution passed by the Company's then shareholders on 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 2019 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 interim financial results of the Group for the six months ended 30 September 2019 have been reviewed by the Audit Committee together with the Group's management.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2019

	Note	Six months ended 30 September		Three months ended 30 September	
		2019	2018	2019	2018
		HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Revenue	7	128,213	162,864	54,637	75,792
Cost of sales	9	(110,134)	(147,928)	(48,039)	(67,107)
Gross profit		18,079	14,936	6,598	8,685
Other losses and other income, net	8	(1,177)	(4,420)	(835)	(4,240)
Selling expenses	9	(7,266)	(8,496)	(3,563)	(3,981)
Administrative expenses	9	(20,187)	(21,024)	(9,783)	(10,265)
<b>Operating loss</b>		(10,551)	(19,004)	(7,583)	(9,801)
Finance costs, net	10	(224)	(1)	(91)	–
Share of results of a joint venture		(245)	(100)	(135)	(67)
<b>Loss before income tax</b>		(11,020)	(19,105)	(7,809)	(9,868)
Income tax credit	11	–	2,197	–	836
<b>Loss and total comprehensive loss for the period</b>		(11,020)	(16,908)	(7,809)	(9,032)
<b>Loss and total comprehensive loss attributable to:</b>					
Owners of the Company		(10,955)	(16,779)	(7,757)	(8,990)
Non-controlling interests		(65)	(129)	(52)	(42)
		(11,020)	(16,908)	(7,809)	(9,032)
Basic and diluted loss per share <i>(expressed in HK cents)</i>	12	(2.74)	(4.19)	(1.94)	(2.25)



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	Note	30 September 2019 HK\$'000 (unaudited)	31 March 2019 HK\$'000 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	9,139	9,115
Right-of-use assets	4	10,021	–
Prepayments, deposits and other receivables	16	1,095	560
Interest in a joint venture	17	11,985	12,230
		32,240	21,905
<b>Current assets</b>			
Inventories		457	558
Financial assets at fair value through profit or loss	18	13,970	10,521
Trade receivables	15	598	5
Prepayments, deposits and other receivables	16	24,445	27,204
Current income tax recoverable		371	3,404
Short-term fixed deposit		3,000	3,000
Cash and cash equivalents		26,680	41,329
		69,521	86,021
<b>Total assets</b>		101,761	107,926
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	19	4,000	4,000
Reserves		70,538	70,538
Accumulated losses		(18,588)	(7,498)
		55,950	67,040
Non-controlling interests		255	320
<b>Total equity</b>		56,205	67,360
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	4	4,725	–
Other non-current liabilities	21	668	653
		5,393	653
<b>Current liabilities</b>			
Trade payables	20	4,749	5,902
Accruals and other payables	21	29,070	33,066
Lease liabilities	4	5,469	–
Obligations under finance leases	22	–	22
Derivative financial liabilities		34	–
Amounts due to related companies	26(c)	841	923
		40,163	39,913
<b>Total liabilities</b>		45,556	40,566
<b>Total equity and liabilities</b>		101,761	107,926

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

	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	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
<b>Balance at 1 April 2019, as originally presented</b>	<b>4,000</b>	<b>56,667</b>	<b>11,371</b>	<b>2,500</b>	<b>(7,498)</b>	<b>67,040</b>	<b>320</b>	<b>67,360</b>
Impact on initial application of HKFRS 16	-	-	-	-	(135)	(135)	-	(135)
<b>Balance at 1 April 2019 (Unaudited)</b>	<b>4,000</b>	<b>56,667</b>	<b>11,371</b>	<b>2,500</b>	<b>(7,633)</b>	<b>66,905</b>	<b>320</b>	<b>67,225</b>
<b>Total comprehensive loss (unaudited)</b>								
Loss for the six months ended 30 September 2019	-	-	-	-	(10,955)	(10,955)	(65)	(11,020)
<b>Balance at 30 September 2019 (unaudited)</b>	<b>4,000</b>	<b>56,667</b>	<b>11,371</b>	<b>2,500</b>	<b>(18,588)</b>	<b>55,950</b>	<b>255</b>	<b>56,205</b>
<b>Balance at 1 April 2018</b>	<b>4,000</b>	<b>56,667</b>	<b>11,371</b>	<b>-</b>	<b>25,618</b>	<b>97,656</b>	<b>601</b>	<b>98,257</b>
<b>Total comprehensive loss (unaudited)</b>								
Loss for the six months ended 30 September 2018	-	-	-	-	(16,779)	(16,779)	(129)	(16,908)
<b>Balance at 30 September 2018 (unaudited)</b>	<b>4,000</b>	<b>56,667</b>	<b>11,371</b>	<b>-</b>	<b>8,839</b>	<b>80,877</b>	<b>472</b>	<b>81,349</b>

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.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

	Note	Six months ended 30 September	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
<b>Cash flows from operating activities</b>			
Cash (used in)/generated from operations	23	(9,210)	1,582
Interest paid		(256)	(2)
Income tax refunded		3,033	–
Net cash (used in)/generated from operating activities		(6,433)	1,580
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(972)	(1,791)
Purchase of right-of-use assets		(12)	–
Interest received		4	1
Investments in a joint venture		–	(600)
Investments in listed equity securities		(4,998)	(9,997)
Net cash used in investing activities		(5,978)	(12,387)
<b>Cash flows from financing activities</b>			
Repayment of obligations under finance leases		(22)	(42)
Payment for lease liabilities (including interest)		(2,216)	–
Net cash used in financing activities		(2,238)	(42)
<b>Net decrease in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the period		41,329	76,043
Cash and cash equivalents at end of the period		26,680	65,194

## 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 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 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 2019 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” and any public announcements made by the Group during the interim reporting period.

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 Company’s annual consolidated financial statements for the year ended 31 March 2019.

### 3 ACCOUNTING POLICIES

The interim condensed consolidated financial information has been prepared in consistent with those principal accounting policies followed in the annual report of the Company for the year ended 31 March 2019 except the adoption of the following new/revised Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as “new HKFRSs”) which are effective for accounting periods commencing on or after 1 April 2019.

#### **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 beginning on or after 1 April 2019.

HKFRSs (Amendment)	Annual improvements to HKFRSs 2015–2017 cycle
HKFRS 16	Leases
HKFRIC-Int 23	Uncertainty over Income Tax Treatments
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement (amendments)
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures (amendments)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 3 ACCOUNTING POLICIES (CONTINUED)

The impact of the adoption of the leasing standard and the new accounting policies are disclosed in Note 4 below. The other standards did not have any material impact on the Group's accounting policies and did not require retrospective adjustments.

The Group has not adopted any new or amended standards or interpretations that are not yet effective for this interim period.

### 4 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 April 2019 in Note 4(b) below.

The Group has adopted HKFRS 16 retrospectively from 1 April 2019, but has not restated comparatives for the 2018/2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new and amended requirements with respect to lease accounting are therefore recognised in the opening consolidated statement of financial position on 1 April 2019.

#### (a) Adjustment recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 April 2019. The weighted average Group's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 4.95%.

	As at 1 April 2019 HK\$'000
Operating lease commitments disclosed as at 31 March 2019	6,783
<b>Discounted using the lessee's incremental borrowing rate of at the date of initial application</b>	<b>6,641</b>
(Less): short-term lease not recognised as a liability	(1,922)
(Less): low-value leases not recognised as a liability	(93)
Add: adjustments as a result of a different treatment of extension and termination options	6,661
<b>Lease liability recognised as at 1 April 2019</b>	<b>11,287</b>
Of which are:	
Current lease liabilities	4,389
Non-current lease liabilities	6,898
	<b>11,287</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 4 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

#### (a) Adjustment recognised on adoption of HKFRS 16 (Continued)

The associated right-of-use assets were measured on a retrospective basis as if the new rules had always been applied. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following type of assets:

	As at 30 September 2019 HK\$'000 (unaudited)	As at 1 April 2019 HK\$'000 (audited)
Properties	10,021	11,211

The change in accounting policy affected the following items in the balance sheet on 1 April 2019:

- property, plant and equipment — decrease by HK\$52,000
- right-of-use assets — increase by HK\$11,211,000
- prepayments — decrease by HK\$7,000
- lease liabilities — increase by HK\$11,287,000

The net impact on accumulated losses on 1 April 2019 was an increase of HK\$135,000. The impact on disclosure of segment and earnings per share are not significant.

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying HKAS 17 and HKFRIC 4 "Determining whether an Arrangement contains a Lease".

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 4 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

#### (b) The Group's leasing activities and how these are accounted for

The Group leases branches and office premises. Rental contracts are typically made for fixed periods of 2 to 3 years. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018/2019 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office furniture and equipment.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 4 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

#### (b) The Group's leasing activities and how these are accounted for (Continued)

Extension and termination options are included in a number of properties leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. Approximately 28.5% of the total lease payments made in the six months ended 30 September 2019 were optional.

In determining the lease term, management of the Group considers all facts and circumstances that would create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). All potential future cash outflows have been included in the lease liability because it is reasonably certain that the leases will be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. During the current financial period, no significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

### 5 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 2019.

### 6 FINANCIAL RISK MANAGEMENT

#### 6.1 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 2019. There have been no significant changes in the risk management policies since the last year end.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 6 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 6.2 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value by level of the inputs to valuation technique used to measure fair value:

	Level 1 HK\$'000	Level 2 HK\$'000	Total HK\$'000
<b>As at 30 September 2019</b>			
<b>Assets</b>			
Financial assets held at fair value through profit or loss	13,970	–	13,970
<b>Liabilities</b>			
Forward exchange contracts	–	(34)	(34)
<b>As at 31 March 2019</b>			
<b>Assets</b>			
Financial assets held at fair value through profit or loss	10,521	–	10,521

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. As at 30 September 2019, instruments included in level 1 represent listed equity securities in Hong Kong which were classified as financial assets at fair value through profit or loss.

The fair value of financial instruments in level 2 that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in level 2. As at 30 September 2019, instruments included in level 2 represent forward exchange contracts issued by a financial institution and foreign currency services companies in Hong Kong which were classified as financial assets/liabilities at fair value through profit or loss, and the fair value is determined using forward exchange rates at the date of the interim condensed consolidated statement of financial position.

There were no transfers between levels 1 and 2 during the six months ended 30 September 2019.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 7 REVENUE AND SEGMENT INFORMATION

#### (a) Revenue

	Six months ended 30 September		Three months ended 30 September	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales of package tours	125,676	160,568	53,469	74,867
Margin income from sales of FIT products	756	212	344	(9)
Margin income from sales of ancillary travel related products and services	1,781	2,084	824	934
	128,213	162,864	54,637	75,792

#### (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 INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

7 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

Segment results and other segment items are as follows:

	Six months ended 30 September					
	Travel Related Products and Services HK\$'000	2019 Tourism and Travel Technology Investments HK\$'000	Total HK\$'000	Travel Related Products and Services HK\$'000	2018 Tourism and Travel Technology Investments HK\$'000	Total HK\$'000
<b>Reportable segment revenue</b>	128,213	–	128,213	162,864	–	162,864
<b>Reportable segment loss</b>	(7,911)	(245)	(8,156)	(13,808)	–	(13,808)
Unallocated expenses			(2,640)			(5,296)
Finance income			32			1
Finance costs			(256)			(2)
Loss before income tax			(11,020)			(19,105)
Income tax credit			–			2,197
Loss and total comprehensive loss			(11,020)			(16,908)
Share of results of a joint venture	–	(245)	(245)	(100)	–	(100)
Depreciation of property, plant and equipment	1,280	–	1,280	1,222	–	1,222
Depreciation of right-of-use assets	2,317	–	2,317	–	–	–

	Three months ended 30 September					
	Travel Related Products and Services HK\$'000	2019 Tourism and Travel Technology Investments HK\$'000	Total HK\$'000	Travel Related Products and Services HK\$'000	2018 Tourism and Travel Technology Investments HK\$'000	Total HK\$'000
<b>Reportable segment revenue</b>	54,637	–	54,637	75,792	–	75,792
<b>Reportable segment loss</b>	(6,029)	(135)	(6,164)	(5,287)	–	(5,287)
Unallocated expenses			(1,554)			(4,581)
Finance income			16			–
Finance costs			(107)			–
Loss before income tax			(7,809)			(9,868)
Income tax credit			–			836
Loss and total comprehensive loss			(7,809)			(9,032)
Share of results of a joint venture	–	(135)	(135)	(67)	–	(67)
Depreciation of property, plant and equipment	681	–	681	603	–	603
Depreciation of right-of-use assets	371	–	371	–	–	–

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 7 REVENUE AND SEGMENT INFORMATION (CONTINUED)

#### (b) Segment information (Continued)

For the six months ended 30 September 2019 and 2018, unallocated expenses represent corporate expenses.

	Six months ended 30 September 2019				Year ended 31 March 2019			
	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	71,768	11,985	18,008	101,761	81,289	12,230	14,407	107,926
Reportable segment liabilities	(45,544)	-	(12)	(45,556)	(40,534)	-	(32)	(40,566)
Capital expenditure	6,354	-	-	6,354	18,198	10,000	-	28,198

Capital expenditure comprises additions to property, plant and equipment, interests in joint ventures 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 2019		Year ended 31 March 2019	
	Assets HK\$'000	Liabilities HK\$'000	Assets HK\$'000	Liabilities HK\$'000
Reportable segment assets/liabilities	83,753	(45,544)	93,519	(40,534)
Prepayments, deposits and other receivables	907	-	812	-
Financial assets at fair value through profit or loss	13,970	-	10,521	-
Cash and cash equivalents	3,131	-	3,074	-
Accruals and other payables	-	(12)	-	(32)
	101,761	(45,556)	107,926	(40,566)

#### (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 INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

8 OTHER LOSSES AND OTHER INCOME, NET

	Six months ended 30 September		Three months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
<b>Other income</b>				
Referral income	183	192	61	61
Management services fee income	72	–	36	–
Aviation business cooperation income	100	–	25	–
Dividend income	197	–	–	–
Subsidies	18	–	9	–
	570	192	131	61
<b>Other losses, net</b>				
Exchange losses, net	(133)	(827)	(22)	(397)
Fair value losses on derivative financial instruments	(65)	(64)	(70)	(44)
Fair value losses on listed equity securities in Hong Kong	(1,549)	(3,721)	(874)	(3,860)
	(1,747)	(4,612)	(966)	(4,301)
<b>Other losses and other income, net</b>	(1,177)	(4,420)	(835)	(4,240)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 9 EXPENSES BY NATURE

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

	Six months ended 30 September		Three months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Land costs <i>Note</i>	61,024	78,939	26,512	35,768
Air fare costs	48,873	68,735	21,387	31,225
Operating lease rentals of:				
— Office and branches premises	—	4,858	—	2,431
— Equipment rental	—	146	—	39
Short-term leases expenses	1,479	—	650	—
Low-value assets leases expenses	198	—	99	—
Advertising and promotion	1,996	3,268	920	1,494
Credit card fees	1,343	1,688	622	730
Employee benefits expenses, excluding Directors' benefits and interests				
— Salaries, discretionary bonus and allowances	10,502	10,811	5,219	5,472
— Pension costs — defined contribution plan	583	651	287	323
— Other employee benefits	155	259	43	136
	11,240	11,721	5,549	5,931
Directors' benefits and interests	2,408	2,403	1,204	1,199
Depreciation of property, plant and equipment ( <i>Note 14</i> )	1,280	1,222	681	603
Depreciation of right-of-use assets	2,317	—	371	—
Office, telecommunication and utility expenses	587	610	274	289
Exchange losses/(gains), net	45	(108)	12	(27)
Legal and professional fees	1,012	1,235	535	571
Auditor's remuneration				
— Audit services	500	527	250	263
Others	3,285	2,204	2,319	837
	137,587	177,448	61,385	81,353

*Note:*

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

10 FINANCE COSTS, NET

	Six months ended 30 September		Three months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
<b>Finance income</b>				
Bank interest income	32	1	16	–
<b>Finance costs</b>				
Interest expense on lease liabilities	(256)	–	(107)	–
Interest expense on obligations under finance leases	–	(2)	–	–
<b>Finance costs, net</b>	<b>(224)</b>	<b>(1)</b>	<b>(91)</b>	<b>–</b>

11 INCOME TAX CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the six months ended 30 September 2019 (six months ended 30 September 2018: 16.5%).

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

Income tax credit credited to the interim condensed consolidated statement of comprehensive income represents:

	Six months ended 30 September		Three months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Current income tax credit	–	–	–	(68)
Deferred income tax credit	–	2,197	–	904
	–	2,197	–	836

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 12 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		Three months ended 30 September	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Loss attributable to owners of the Company (HK\$'000)	(10,955)	(16,779)	(7,757)	(8,990)
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)	(2.74)	(4.19)	(1.94)	(2.25)

#### (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 2019 (six months ended 30 September 2018: same).

### 13 DIVIDENDS

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2019 (six months ended 30 September 2018: same).



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

**14 PROPERTY, PLANT AND EQUIPMENT**

	HK\$'000 (unaudited)
<b>Six months ended 30 September 2019</b>	
<b>Opening net book amount as at 1 April 2019</b>	<b>9,115</b>
Additions	1,356
Depreciation <sup>(Note 7)</sup>	(1,280)
Reclassification	(52)
<b>Closing net book amount as at 30 September 2019</b>	<b>9,139</b>
<b>Six months ended 30 September 2018</b>	
<b>Opening net book amount as at 1 April 2018</b>	<b>7,838</b>
Additions	143
Depreciation <sup>(Note 7)</sup>	(1,222)
Disposals	(9)
<b>Closing net book amount as at 30 September 2018</b>	<b>6,750</b>

Motor vehicles include the following amounts where the Group is a lessee under finance leases:

	30 September 2019 HK\$'000 (unaudited)	31 March 2019 HK\$'000 (audited)
Costs	650	650
Accumulated depreciation	(495)	(482)
Net book amount	155	168

**15 TRADE RECEIVABLES**

As at 30 September 2019 and 31 March 2019, the ageing analysis of trade receivables based on invoice date are as follows:

	30 September 2019 HK\$'000 (unaudited)	31 March 2019 HK\$'000 (audited)
1 to 30 days	598	5
31 to 60 days	–	–
	598	5

The carrying amounts of trade receivables approximate their fair values as at 30 September 2019 and 31 March 2019 and the credit terms granted by the Group generally ranged up to 90 days.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 15 TRADE RECEIVABLES (CONTINUED)

As at 30 September 2019 and 31 March 2019, 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\$.

### 16 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (audited)
<b>Non-current portion</b>		
Rental deposits	1,095	560
<b>Current portion</b>		
Trade deposits	21,112	21,391
Rental, utilities and other deposits	1,274	1,834
Amounts due from employees	212	151
Other prepayments	1,058	1,483
Other current assets	789	2,345
	24,445	27,204

Note:

The carrying amounts of deposits and other receivables approximate their fair values as at 30 September 2019 and 31 March 2019.

### 17 INTEREST IN A JOINT VENTURE

	30 September 2019 HK\$'000 (unaudited)	31 March 2019 HK\$'000 (audited)
At the beginning of the period	12,230	–
Additions	–	13,100
Disposals	–	(440)
Share of post- tax results of a joint venture	(245)	(2,930)
Share of changes in reserve of a joint venture	–	2,500
At the end of the period	11,985	12,230

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2019 HK\$'000 (unaudited)	31 March 2019 HK\$'000 (audited)
Listed equity securities in Hong Kong <sup>Note</sup>	13,970	10,521

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 loss on the listed equity securities of HK\$1,549,000 (31 March 2019: HK\$3,912,000) was recognised in "other losses and other income, net" for the period.

### 19 SHARE CAPITAL

	Number of shares	Share capital HK\$'000
<b>Authorised:</b>		
<i>Ordinary Shares of HK\$0.01 each</i>		
As at 30 September 2019 and 31 March 2019	10,000,000,000	100,000
<b>Issued and fully paid:</b>		
<i>Ordinary Shares of HK\$0.01 each</i>		
As at 30 September 2019 and 31 March 2019	400,000,000	4,000

### 20 TRADE PAYABLES

As at 30 September 2019 and 31 March 2019, the ageing analysis of trade payables based on invoice date are as follows:

	30 September 2019 HK\$'000 (unaudited)	31 March 2019 HK\$'000 (audited)
1 to 30 days	4,177	4,665
31 to 60 days	205	998
61 to 90 days	168	164
91 to 120 days	98	6
Over 120 days	101	69
	4,749	5,902

The carrying amounts of trade payables approximate their fair values as at 30 September 2019 and 31 March 2019.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 21 ACCRUALS AND OTHER PAYABLES AND OTHER NON-CURRENT LIABILITIES

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (audited)
<b>Other non-current liabilities</b>		
Provisions for reinstatement cost	471	456
Long service payment	197	197
	668	653
<b>Accruals and other payables</b>		
Contract liabilities	23,690	27,661
Accrued staff costs	1,540	1,593
Other payables	3,840	3,812
	29,070	33,066

Note:

The carrying amounts of accruals and other payables approximate their fair values as at 30 September 2019 and 31 March 2019.

### 22 OBLIGATIONS UNDER FINANCE LEASES

	30 September 2019 HK\$'000 (unaudited)	31 March 2019 HK\$'000 (audited)
<b>Gross finance lease liabilities — minimum lease payments</b>		
No later than 1 year	–	22
Later than 1 year and no later than 2 years	–	–
	–	22
Future finance charges on finance leases	–	–
Present values of finance lease liabilities	–	22
<b>The present values of finance lease liabilities are as follows:</b>		
No later than 1 year	–	22
Later than 1 year and no later than 2 years	–	–
Total obligations under finance leases	–	22

Assets arranged under finance leases represent motor vehicles. As at 30 September 2019, the lease terms are 3 to 4 years with effective interest rate of 5.52% (31 March 2019: 5.52%) per annum.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 23 CASH FLOWS FROM OPERATING ACTIVITIES

	Six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss before income tax	(11,020)	(19,105)
Adjustments for:		
Depreciation of property, plant and equipment	1,280	1,222
Depreciation of right-of-use assets	2,317	–
Finance costs, net	224	1
Fair value losses on derivative financial instruments	34	9
Fair value losses on listed equity securities in Hong Kong	1,549	3,721
Share of results of joint ventures	245	100
Operating cash flows before changes in working capital	(5,371)	(14,052)
Changes in working capital:		
Inventories	101	(51)
Trade receivables	(593)	538
Prepayments, deposits and other receivables	2,253	19,612
Amounts due to related companies	(82)	(824)
Trade payables	(1,153)	445
Accruals, other payables and other non-current liabilities	(4,365)	(4,086)
Cash (used in)/generated from operations	(9,210)	1,582

### 24 CONTINGENCIES

As at 30 September 2019, the Group did not have any significant contingent liabilities (31 March 2019: same).

### 25 COMMITMENTS

#### (a) Capital commitment

Capital expenditure contracted for as at 30 September 2019 and 31 March 2019 but not yet provided is as follows:

	30 September	31 March
	2019	2019
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Website development	187	875
Implementation of IT systems	–	150
	187	1,025

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### 26 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 periods ended 30 September 2019 and 31 March 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
HCNY Consultancy Limited	Controlled by a Director of the Company
JCS Limited	Controlled by a connected person of the Director of the Company
Y's Japan Limited	Controlled by a connected person of the Director of the Company
Triplabs Limited	A joint venture of the Group

Other than those transactions and balances disclosed elsewhere in the interim condensed consolidated financial information, the following transactions were carried out with related parties during the periods ended 30 September 2019 and 2018:

#### (a) Transactions with related parties

	Six months ended 30 September		Three months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
<b>Rental expenses</b>				
Sky Right Investment Limited	1,410	1,410	705	705
<b>Venue fee</b>				
HCNY Consultancy Limited	–	117	–	56
<b>Tour bus services fee</b>				
JCS Limited	–	3,809	–	1,569
<b>Booking services fee</b>				
Y's Japan Limited	1,407	1,281	722	634
<b>Management services fee income</b>				
Triplabs Limited	72	–	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 INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

**26 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.

	Six months ended		Three months ended	
	30 September		30 September	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Salaries and allowances	3,408	3,408	1,705	1,704
Discretionary bonuses	–	–	–	–
Pension costs — defined contribution plan	27	23	14	9
	3,435	3,431	1,719	1,713

**(c) Amounts due to related companies**

	30 September	31 March
	2019	2019
	HK\$'000	HK\$'000
	(unaudited)	(audited)
— Y's Japan Limited	(841)	(912)
— HCNV Consultancy Limited	–	(11)
	(841)	(923)

Amounts due to related companies arising from trading activities and were unsecured, interest-free, repayable on demand and denominated in JPY, except for the amount due to HCNV Consultancy Limited which was denominated in HK\$.