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WWPKG Holdings Company Limited

縱橫遊控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8069)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2017

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

The board (the “Board”) of directors of the Company is pleased to announce the audited consolidated results of the Group for the year ended 31 March 2017 (the “Year 2017”) together with comparative figures for the preceding financial year ended 31 March 2016 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2017

	<i>Note</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Revenue	4	390,820	452,632
Cost of sales	6	(331,327)	(369,397)
Gross profit		59,493	83,235
Other income and other (losses)/gains, net	5	815	2,426
Selling expenses	6	(19,857)	(18,417)
Administrative expenses	6	(54,908)	(38,813)
Operating (loss)/profit		(14,457)	28,431
Finance income/(costs), net	7	18	(26)
(Loss)/profit before income tax		(14,439)	28,405
Income tax credit/(expense)	8	132	(5,077)
(Loss)/profit and total comprehensive (loss)/ income for the year		(14,307)	23,328
(Loss)/profit and total comprehensive (loss)/ income attributable to:			
Owners of the Company		(14,232)	23,109
Non-controlling interests		(75)	219
		(14,307)	23,328
Basic and diluted (loss)/earnings per share for (loss)/profit attributable to owners of the Company (<i>expressed in HK cents</i>)	9	(4.42)	7.70

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	<i>Note</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		7,655	3,073
Prepayments, deposits and other receivables		650	2,706
Deferred income tax assets		510	102
		<u>8,815</u>	<u>5,881</u>
Current assets			
Inventories		1,698	431
Trade receivables	11	199	226
Prepayments, deposits and other receivables		30,933	17,478
Derivative financial assets		38	8
Amount due from a related company		—	13
Current income tax recoverable		3,986	—
Cash and cash equivalents		138,588	71,622
		<u>175,442</u>	<u>89,778</u>
Total assets		<u>184,257</u>	<u>95,659</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	12	4,000	—
Reserves		115,413	60,479
		<u>119,413</u>	<u>60,479</u>
Non-controlling interests		<u>622</u>	<u>802</u>
Total equity		<u>120,035</u>	<u>61,281</u>

	<i>Note</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Obligations under finance leases		107	258
Other non-current liabilities		743	608
Deferred income tax liabilities		38	49
		<u>888</u>	<u>915</u>
Current liabilities			
Trade payables	13	6,556	5,027
Accruals and other payables		55,361	24,798
Dividend payable to minority shareholders of a subsidiary		105	—
Obligations under finance leases		151	353
Amounts due to related companies		1,161	1,393
Current income tax liabilities		—	1,892
		<u>63,334</u>	<u>33,463</u>
Total liabilities		<u>64,222</u>	<u>34,378</u>
Total equity and liabilities		<u>184,257</u>	<u>95,659</u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

For the year ended 31 March 2017

1. 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 address of the Company is at P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business in Hong Kong is located at Unit 706–8, 7/F, Lippo Sun Plaza, 28 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

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

The ordinary shares of HK\$0.01 each in the share capital of the Company (the “Shares”) were listed on GEM of the Stock Exchange (the “Listing”) on 12 January 2017 (the “Listing Date”).

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

These consolidated financial information are 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. REORGANISATION

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

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

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

- (iv) On 10 June 2016, WWPKG Management Company Limited (“WWPKG Management”) was incorporated in the BVI with authorised share capital of US\$50,000. Upon incorporation, 1 share was allotted and issued at par to the Company. As a result, WWPKG Management became a wholly-owned subsidiary of the Company.
- (v) On 5 July 2016, WWPKG Management acquired 98,710 shares in Package Tours, being 98.71% of its then entire issued share capital, from Ms. Chan and Mr. SK Yuen. The consideration for the aforesaid acquisition was satisfied by WWPKG Management procuring the Company to allot and issue, at the direction of Ms. Chan and Mr. SK Yuen, 4,863 Shares to WWPKG Investment credited as fully paid. After the aforesaid acquisition, Package Tours became owned as to 98,710 shares by WWPKG Management and 1,290 shares by three independent third parties, representing 98.71% and 1.29% of the issued capital of Package Tours respectively. After the aforesaid share transfer, Package Tours became a subsidiary of WWPKG Management.
- (vi) On 5 July 2016, WWPKG Management acquired 15,000 shares in Worldwide Package, being its then entire issued capital, from Ms. Chan and Mr. CN Yuen. The consideration for the aforesaid acquisition was satisfied by WWPKG Management procuring the Company to allot and issue, at the direction of Ms. Chan and Mr. CN Yuen, 5,136 shares to WWPKG Investment credited as fully paid. After the aforesaid acquisition, Worldwide Package became a wholly-owned subsidiary of WWPKG Management.

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

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

On 12 January 2017, the Shares were first listed on GEM of the Stock Exchange by way of placing and public offer (collectively, the “Share Offer”). Upon listing, 100,000,000 new Shares were allotted and issued at a price of HK\$0.80 per Share.

3. BASIS OF PREPARATION

The consolidated financial information have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) and requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). The consolidated financial information have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, which are carried at fair value.

(a) New and amended standards adopted by the Group

The following new standards and amendments to standards are effective for annual periods beginning on or after 1 April 2016, and have been adopted in preparing these consolidated financial information:

HKAS 1 (Amendment)	Disclosure initiative
HKAS 16 and HKAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortisation
HKAS 27 (Amendment)	Equity method in separate financial statements
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment entities: Applying the consolidation exception
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations
HKFRS 14	Regulatory deferral accounts
Annual improvements project	Annual improvements 2012–2014 cycle

The adoption of these new standards and amendments to standards did not have any impact on the current year or any prior years.

(b) New standards and interpretations that have been issued but are not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 April 2017 and have not been applied in preparing these consolidated financial information. None of these is expected to have a significant effect on the consolidated financial information of the Group.

4. REVENUE AND SEGMENT INFORMATION

(a) Revenue

The Group's businesses include (i) the design, development and sales of package tours; (ii) the sales of FIT products; and (iii) the sales of ancillary travel related products and services. Revenue recognised are as follows:

	2017	2016
	HK\$'000	HK\$'000
Revenue		
Sales of package tours	382,054	443,941
Margin income from sales of FIT products	2,768	4,009
Margin income from sales of ancillary travel related products and services	5,998	4,682
	390,820	452,632

(b) Segment information

Management has identified its 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 are the Group's travel and travel-related services business for the Year 2017. In this regard, management considers there is only one operating segment under the requirements of HKFRS 8 Operating Segments.

There is no single external customer that contributed to more than 10% revenue of the Group's revenue for the Year 2017 (2016: same).

The Group's business is domiciled in Hong Kong and all revenue was generated from customers located in Hong Kong and Macau. As at 31 March 2017 and 2016, all non-current assets were located in Hong Kong.

5. OTHER INCOME AND OTHER (LOSSES)/GAINS, NET

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Other income		
Referral income	177	539
Subsidies	784	658
Write back of other payables	86	—
	<u>1,047</u>	<u>1,197</u>
Other (losses)/gains, net		
Exchange (losses)/gains, net	(45)	1,083
Fair value (losses)/gains on derivative financial instruments	(535)	20
Gains on disposal of property, plant and equipment	348	126
	<u>(232)</u>	<u>1,229</u>
Other income and other (losses)/gains, net	<u>815</u>	<u>2,426</u>

6. EXPENSES BY NATURE

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Land costs	177,437	172,845
Air fare costs	151,579	196,101
Auditor's remuneration		
— Audit service	900	600
— Non-audit service	57	64
Employee benefits expenses, excluding Directors' benefits and interests		
— Salaries, bonuses and allowances	23,550	21,678
— Pension costs – defined contribution plan	1,358	1,400
— Other employee benefits	821	919
	<u>25,729</u>	<u>23,997</u>
Directors' benefits and interests	4,466	4,314
Depreciation of property, plant and equipment	1,652	1,005
Office, telecommunication and utility expenses	1,397	2,080
Operating lease rentals of:		
— Office and branches premises	7,908	6,909
— Equipment rental	374	235
Advertising and promotion	8,474	7,966
Credit card fees	3,872	4,100
Exchange losses/(gains), net	1,666	(331)
Legal and professional fees	950	715
Professional expenses incurred in connection with the Listing	15,007	1,209
Others	4,624	4,818
	<u>406,092</u>	<u>426,627</u>

7. FINANCE INCOME/(COSTS) — NET

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Finance income		
Bank interest income	37	2
Finance costs		
Interest expense on obligations under finance leases	(17)	(25)
Bank overdraft	(2)	(3)
	(19)	(28)
Finance income/(costs), net	<u>18</u>	<u>(26)</u>

8. INCOME TAX (CREDIT)/EXPENSE

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current income tax	667	4,886
Over-provision in prior year	(380)	—
Deferred income tax (credit)/expense	(419)	191
Income tax (credit)/expense	<u>(132)</u>	<u>5,077</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits for the Year 2017.

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

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

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit 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 were treated as if they had been in issue since 1 April 2015.

	2017	2016
(Loss)/profit attributable to owners of the Company (<i>HK\$'000</i>)	(14,232)	23,109
Weighted average number of ordinary shares in issue (<i>'000</i>)	321,641	299,990
Basic (loss)/earnings per Share (<i>HK cents per share</i>)	<u>(4.42)</u>	<u>7.70</u>

(b) Diluted

Diluted (loss)/earnings per Share is the same as basic (loss)/earnings per Share due to the absence of potential dilutive ordinary shares during the Year 2017 (2016: same).

10. DIVIDENDS

On 13 June 2017, the Board resolved to propose a final dividend in respect of the Year 2017 of HK5.0 cents per Share, amounting to a total dividend of approximately HK\$20,000,000. Such dividend is subject to the approval by the shareholders of the Company (the “Shareholders”) at the annual general meeting to be held on 30 August 2017. This proposed dividend is not reflected as a dividend payable in the consolidated financial information.

11. TRADE RECEIVABLES

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

The carrying amounts of trade receivables approximate their fair values.

As at 31 March 2017 and 2016, the ageing analysis of trade receivables based on invoice date were as follows:

	2017 HK\$'000	2016 HK\$'000
1 to 30 days	148	226
31 to 60 days	51	—
	<u>199</u>	<u>226</u>

As at 31 March 2017 and 2016, no trade receivables were considered past due nor impaired.

The maximum exposure to credit risk is the carrying amounts of trade receivables and the Group does not hold any collateral or other credit enhancements over the trade receivables.

12. SHARE CAPITAL

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

- (a) On 8 June 2016, the Company was incorporated in the Cayman Islands with authorised share capital of HK\$380,000 divided into 38,000,000 Shares. On the same date, 1 Share was allotted and issued at par to the first subscriber, who then transferred the share to WWPKG Investment at par.
- (b) On 5 July 2016, WWPKG Management acquired the Operating Companies from Ms. Chan, Mr. SK Yuen and Mr. CN Yuen for a consideration satisfied by WWPKG Management procuring the Company to allot and issue total of 9,999 shares to WWPKG Investment.
- (c) On 16 December 2016, the authorised share capital of the Company was increased from HK\$380,000 to HK\$100,000,000 by creation of an additional 9,962,000,000 Shares. Prior to the share premium account of the Company being credited with the proceeds from the Share Offer, the Company capitalised an amount of HK\$2,999,900 by charging to the share premium account of the Company and that the said sum be applied in paying up in full for 299,990,000 Shares. Such Shares were allotted and issued, credited as fully paid to WWPKG Investment.
- (d) In connection with the Company's listing on GEM of the Stock Exchange on 12 January 2017, 100,000,000 Shares were issued pursuant to the Share Offer at price of HK\$0.80 per Share for a total consideration of HK\$80,000,000, with issuance costs amounted to approximately HK\$6,834,000 being charged to the share premium account of the Company. Net share premium of approximately HK\$69,166,000 was credited to equity after deducting the impacted result in note 12(c) above.

13. TRADE PAYABLES

As at 31 March 2017 and 2016, the ageing analysis of trade payables based on invoice date were as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
1 to 30 days	4,773	4,418
31 to 60 days	1,390	258
61 to 90 days	200	60
91 to 120 days	29	276
Over 120 days	164	15
	<hr/> 6,556 <hr/>	<hr/> 5,027 <hr/>

The carrying amounts of trade payables approximate their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

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 package tours; (ii) the sales of 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 Year 2017, the Group faced considerable challenges arisen from the Kumamoto earthquake occurred in April 2016, the continuous appreciation of Japanese Yen against Hong Kong Dollars between April 2016 and September 2016, as well as the vigorous competition from online agencies and booking platforms of airlines and hotels. The Group recorded a total revenue of approximately HK\$390.8 million in the Year 2017 (2016: HK\$452.6 million), representing a decrease of 13.6%, as compared to last year. Notwithstanding the macro-economic factors, the Year 2017 marked a significant year for the Group’s development history:

- The Shares have been successfully listed on GEM of the Stock Exchange since 12 January 2017, representing a substantial milestone for the Group. The listing status not only provides the Company a platform to gain access to one of the world’s major capital markets, but also enhances the Group’s reputation and brand awareness.
- The Group’s new online sales platform was launched in stages during the Year 2017. The Group’s customers were able to (i) make booking of package tours and purchase certain ancillary travel related products and services; (ii) purchase air tickets; and (iii) purchase hotel accommodations beginning in April, August and December 2016 respectively. A number of further major enhancements to the online sales platform and the implementation of a mobile application software are in progress or in the pipeline. Please refer to detailed discussion in the sub-section headed “Outlook” below.
- As a result of the Group’s tremendous efforts in developing and promoting high quality products and professional travel services, in particular Japan bound package tours, the Group received the travel ambassador award presented by The Dragon Route Promotion Council of Japan for promoting tourism in Shoryudo (the area of nine prefectures in Chubu and Hokuriku regions of Japan) and the plaque of appreciation presented by the Aomori Prefectural Government of Japan.

During the Year 2017, much efforts were spent to promote the Group’s brand recognition and awareness. In April 2016 and November 2016, the Group sponsored two series of television travel programme, which received positive review. Following such success, the host of the television travel programme was appointed as the Group’s spokesperson. During the Chinese New Year period in 2017, the spokesperson made a guest appearance by participating in a luxurious five-day hot spring and gourmet tour in Mie Prefecture of Japan operated by the Group, which received another great acclamation. In August 2016, the Group launched a two-year digital marketing campaign to promote its brand and travel products through various online social medium and search engines to reach out to wider spectrum of potential customers. The Group will continue to focus on marketing efforts to enhance its brand awareness and popularity of its products. Please refer to detailed discussion in the sub-section headed “Outlook” below.

FINANCIAL REVIEW

REVENUE AND GROSS PROFIT

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

	Year ended 31 March 2017			Year ended 31 March 2016		
	Revenue HK\$' million	Gross profit HK\$' million	Gross profit margin %	Revenue HK\$' million	Gross profit HK\$' million	Gross profit margin %
Package tours	382.1	50.8	13.3	443.9	74.5	16.8
FIT products ^{Note}	2.7	2.7	N/A	4.0	4.0	N/A
Ancillary travel related products and services ^{Note}	6.0	6.0	N/A	4.7	4.7	N/A
Total/overall	<u>390.8</u>	<u>59.5</u>	15.2	<u>452.6</u>	<u>83.2</u>	18.4

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 sales of package tours decreased by 13.9% from approximately HK\$443.9 million for the year ended 31 March 2016 to approximately HK\$382.1 million for the Year 2017. The decrease in revenue was mainly due to the decline in sales of Japan bound tours during the first half of the Year 2017 by 23.2% 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 its Japan bound tours in order to attract customers. Tours bound for Japan accounted for 84.6% (for the year ended 31 March 2016: 84.4%) of the Group's total revenue from package tours for the Year 2017. Hence, the appreciation of the Japanese Yen during the aforementioned period, which increased the Group's land costs (as part of its cost of sales which included hotel tariffs, transportation costs, meal expenses and admission ticket costs) per customer, and the Group's downward adjustment of selling prices of its Japan bound tours during the first half of the Year 2017 also exerted pressure on the gross profit of the Group.

FIT products

FIT products generally include air tickets, hotel accommodations and combination of both. The Group's revenue from the sales of FIT products decreased from approximately HK\$4.0 million for the year ended 31 March 2016 to approximately HK\$2.7 million for the Year 2017 mainly due to keen competition from booking platforms of hotels and budget airlines, as well as the fact that the Group's new online sales platform, one of the key purposes for which is to cater for the increasing trend of booking air tickets and hotel accommodations online, was not fully launched until December 2016 and was subject to further major enhancements.

Ancillary travel related products and services

Ancillary travel related products and services mainly include travel insurance, admission tickets to attractions such as theme parks and shows, local transportation such as airport transportation, railway tickets and transportation passes. The Group's revenue from the sales of ancillary travel related products and services increased from approximately HK\$4.7 million for the year ended 31 March 2016 to approximately HK\$6.0 million for the Year 2017 mainly due to the increase in sales of Japan rail passes and margin income from insurance companies for the sales of travel insurance to customers.

SELLING EXPENSES

Selling expenses mainly consist of (i) advertising and promotion expenses, such as sponsoring television travel programmes and films, online and offline media advertisements, participating in tourism fairs and organising travel seminars; (ii) credit card and debit card charges in respect of payments from customers with credit cards and electronic payment services (EPS); and (iii) rental and related expenses for the Group's branches.

Selling expenses increased by 8.2% from approximately HK\$18.4 million for the year ended 31 March 2016 to approximately HK\$19.9 million for the Year 2017 mainly due to the increase in the branches' rental expenses particularly as a result of the Group's expansion of its Shatin branch.

ADMINISTRATIVE EXPENSES

Administrative expenses mainly consist of (i) staff costs, representing the Directors' remuneration and the salaries and benefits for the Group's administrative 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 41.5% from approximately HK\$38.8 million for the year ended 31 March 2016 to approximately HK\$54.9 million for the Year 2017 mainly due to the recognition of non-recurring listing expenses of approximately HK\$15.0 million for the Year 2017 and the increase in discretionary bonuses awarded to the Group's employees in recognition of their efforts and contributions during the Year 2017.

LOSS/PROFIT AND TOTAL COMPREHENSIVE LOSS/INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit and total comprehensive income attributable to owners of the Company decreased by 161.9% from a profit and total comprehensive income of approximately HK\$23.1 million for the year ended 31 March 2016 to a loss and total comprehensive loss of approximately HK\$14.3 million for the Year 2017 mainly due to (i) the decrease in gross profit of approximately HK\$23.7 million because of the decrease in revenue and increase in cost of sales per customer for reasons as discussed in the sub-section headed “Revenue and gross profit” above; and (ii) the increase in administrative expenses of approximately HK\$16.1 million for reasons as discussed in the sub-section headed “Administrative expenses” above.

Excluding the non-recurring listing expenses, the profit and total comprehensive income attributable to owners of the Company for the Year 2017 would be approximately HK\$0.7 million.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2017, the Group’s cash and cash equivalents represented cash and bank balances of approximately HK\$138.6 million (2016: HK\$71.6 million), which included unutilised net proceeds from the Share Offer of approximately HK\$52.3 million. The cash and bank balances of the Group were mainly denominated in Hong Kong Dollars, which accounted for 98.3% (as at 31 March 2016: 94.0%) of the total balances.

As at 31 March 2017, the Group’s total current assets increased by 95.3% to approximately HK\$175.4 million as compared to approximately HK\$89.8 million as at 31 March 2016, mainly due to the net proceeds from the Share Offer received by the Company and the increase in trade deposits paid to airlines. As at 31 March 2017, the Group’s total current liabilities increased by 89.0% to approximately HK\$63.3 million as compared to approximately HK\$33.5 million as at 31 March 2016, mainly due to the increase in advanced receipts from customers as a result of the increase in enrolment for package tours operated during the peak Easter holidays in April 2017. The current ratio (current assets/current liabilities) as at 31 March 2017 was approximately 2.8 times, which was comparable to that as at 31 March 2016 (2.7 times). Management considers the financial position of the Group is healthy with adequate working capital for daily operations.

CAPITAL EXPENDITURE

During the Year 2017, the Group acquired property, plant and equipment at a total cost of approximately HK\$6.2 million, which was financed by internal resources of the Group and net proceeds from the Share Offer.

PLEDGE OF ASSETS

As at 31 March 2017, the Group did not pledge any of its assets (31 March 2016: nil) as securities for facilities granted to the Group.

CAPITAL STRUCTURE

Details of changes in the Company’s share capital are set out in note 12 to the consolidated financial informaton in this announcement.

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 31 March 2017 and 31 March 2016, the Group was not at a net debt position.

CONTINGENT LIABILITIES

As at 31 March 2017 and 2016, the Group had no significant contingent liabilities.

FOREIGN EXCHANGE EXPOSURE

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

Although the Group may enter into foreign exchange forward contracts with major and reputable financial institutions and foreign currency services companies of long establishment history to manage its exposure to foreign exchange risk, it does not intend to speculate on the future direction of foreign exchange fluctuation. As at 31 March 2017, the Group had outstanding foreign exchange forward contracts denominated in Japanese Yen of notional principal amounts of approximately HK\$4.8 million (as at 31 March 2016: approximately HK\$1.4 million). Management will continue to evaluate the Group's foreign exchange risk management procedures and take actions as appropriate to minimise the Group's exposure whenever necessary.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2017, the Group had a workforce of 159 employees (as at 31 March 2016: 170), excluding the Directors. Salaries of employees are maintained at competitive levels. The Group operates a defined contribution mandatory provident fund scheme for all its employees. The Group also offers discretionary bonuses to its employees by reference to the performance of individual employees and the overall performance of the Group. Total employee benefits expenses, excluding Directors' emoluments, incurred by the Group for the Year 2017 amounted to approximately HK\$25.7 million (2016: HK\$24.0 million).

The Company has adopted a share option scheme on 16 December 2016 with a term of 10 years (the “Share Option Scheme”). The Share Option Scheme is designed to motivate executives and key employees who may make a contribution to the Group, and enables the Group to attract and retain individuals with experience and ability and to reward them for their contributions. During the Year 2017, no share options had been granted, exercised, lapsed or cancelled under the Share Option Scheme.

The Group did not experience any significant labour disputes or substantial changes in the number of its employees that led to any disruption of its normal business operations during the Year 2017.

USE OF PROCEEDS

As stated in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 30 December 2016 (the “Prospectus”), the Group intends to use the proceeds from the Share Offer (i) to promote its brand recognition and awareness; (ii) to strengthen and enhance its sales channels; (iii) to improve its operational efficiency; and (iv) for general corporate and working capital purposes.

The net proceeds received by the Company from the Share Offer, after deducting underwriting commissions and all related expenses, was approximately HK\$57.0 million (the “Net Proceeds”), which were more than the estimated amounts stated in the Prospectus using mid-point of the indicative offer price range. Thus, the Company plans to apply the Net Proceeds on the same business strategic plans as stated in the Prospectus but with monetary adjustments to each business strategic plan on a pro rata basis. As at 31 March 2017, the unused Net Proceeds of approximately HK\$52.3 million were deposited into a licensed bank in Hong Kong. The Company intends to continue to apply the remaining Net Proceeds in accordance with the proposed applications set out above.

During the Year 2017, the Net Proceeds had been utilised as follows:

	Adjusted allocation of the Net Proceeds <i>HK\$' million</i>	Amount utilised up to 31 March 2017 <i>HK\$' million</i>	Balance as at 31 March 2017 <i>HK\$' million</i>	Business progress up to 31 March 2017
Promoting brand recognition and awareness	25.4	(0.9)	24.5	— The Group’s digital marketing campaign has been on-going since August 2016; Cost of marketing arising from a package tour participation and guest appearance by the Group’s spokesperson was settled.
Strengthening and enhancing sales channels	14.2	(1.7)	12.5	— Expansion and refurbishment of the Group’s Shatin branch was completed; Cost of development of and enhancements to the Group’s integrated online sales platform have been settled in phases.
Improving operational efficiency	11.7	(1.3)	10.4	— Replacement of the Group’s hotlines telephone system was completed.
General corporate and working capital purposes	5.7	(0.8)	4.9	
	<u>57.0</u>	<u>(4.7)</u>	<u>52.3</u>	

OUTLOOK

The Shares were successfully listed on GEM of the Stock Exchange on the Listing Date. The Board considers that such public listing status will help to 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 relationships 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 in the following manners:

— Development of new routes, itineraries and activities

During the Year 2017, the Group successfully negotiated with its major airline supplier to develop a regular route to Komatsu, a new destination in Japan, as a result of which customers were able to experience new itineraries for Hokuriku and Chubu regions. The Group will continue its efforts in exploring new routes with airline suppliers to less touched areas particularly in Japan, so as to attract travellers of Hong Kong to new destinations in that country. The Group has also been appointed as the exclusive ticketing agency for Legoland Japan in Hong Kong, which opened in April 2017. For all of its existing tours, the Group will continue to refine and/or redesign its tours with new itineraries, activities and hotel accommodations with the view to bringing better travel experience to its customers.

— Revamp of website and incorporation of an integrated online sales platform

The Group's progress in the revamp of its website and the incorporation of an integrated online sales platform has been on track. During the Year 2017, the Group's customers were able to make booking of package tours and purchase air tickets, hotel accommodations and certain ancillary travel related products and services online. A number of further major enhancements to the online sales platform, in particular the FIT-air tickets module, the FIT-hotel accommodations module and the ancillary travel related products and services (當地享樂) module, are in progress or in the pipeline. These enhancements include (i) improvements on the content layout design and graphics display; (ii) refinements on search boxes, product selection fields and calendar view and eligibility of non-member purchases; and (iii) addition of sales and marketing functions of promotion codes, online chat function and customer feedback survey. The Group also plans to implement its mobile application software. With the completion of the aforementioned enhancements and the future implementation of its mobile application software, the Group's integrated online sales platform will be able to offer a wide range of products and will satisfy most of the travel needs of its customers as a user-friendly and informative one-stop shop. This will eventually distinguish the Group from most of the online agencies and booking platforms of airlines and hotels which generally only offer air ticket and/or hotel accommodation bookings.

— Focus on marketing efforts to raise brand awareness

In view of the increasing use of the internet for travel booking and in order to correspond with the introduction of the Group's online sales platform, the Group launched a two-year digital marketing campaign in August 2016 to promote its brand and travel products through various online social medium and search engines. Continuing the momentum, the Group plans to boost its marketing efforts especially on digital marketing. Through advertising on social media and search engine marketing, the Group aims to increase online channel presence and online traffic and drive online inquiry to its product offerings. The Group plans to do so by building promotions for interested groups, developing special FIT products and package tours and building fans following from interested groups. Digital marketing will allow the Group to deliver its advertising messages directly to targeted group of potential customers and effectively push new promotions. The Group's plan involves continuously tracking implementation and reviewing performance, and data accumulated will be used to develop look-a-like audience and to retarget previously interest users with new attractive offers. The Group aims to digitally transform itself into a leader in local travel e-commerce in the future.

As discussed in the sub-section headed "Business Review" above, the Group received positive reviews from its collaboration with its spokesperson, including the sponsorship of television travel programme hosted by the spokesperson and the spokesperson's participation in the Group's package tour, during the Year 2017. The Group plans to continue to collaborate with its spokesperson to raise the awareness of the Group's brand and enhance the popularity of its products through travel television programme, social media and other conventional media advertisements such as newspapers and television commercials.

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

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES AND COMPLIANCE

The Company's corporate governance practices are based on 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 Shares were listed on GEM of the Stock Exchange on 12 January 2017. The Board and the management of the Company are committed to maintaining and achieving a high standard of corporate governance practices with an emphasis on a quality Board, an effective accountability system and a healthy corporate culture in order to safeguard the interests of the Shareholders and enhance the business growth of the Group.

During the period from the Listing Date to 31 March 2017, 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 period from the Listing Date to 31 March 2017.

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 period from the Listing Date to 31 March 2017.

AUDIT COMMITTEE AND REVIEW OF PRELIMINARY ANNOUNCEMENT

The Company has established an audit committee (the "Audit Committee") on 16 December 2016 with written terms of reference in compliance with the requirements as set out in Rules 5.28 to 5.33 of GEM Listing Rules and the CG Code. The Audit Committee currently comprises three members, being all of the independent non-executive Directors, namely Mr. Lam Yiu Kin, Mr. Ho Wing Huen and Mr. Yen Yuen Ho Tony. The chairman of the Audit Committee is Mr. Lam Yiu Kin. The Audit Committee has reviewed the annual results of the Group for the Year 2017 at a meeting held on 13 June 2017, which is of the view that the consolidated financial statements complied with applicable accounting standards and legal requirements, and that adequate disclosures have been made.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2017 as set out in the preliminary results announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

DIVIDEND

The Board has proposed the payment of a final dividend of HK5.0 cents per Share for the Year 2017. All dividends will be paid in cash from accumulated funds generated from the Group's operations. The Group will have sufficient funds for its future expansion after the payment of dividends.

The proposed final dividend of HK5.0 cents per Share will be payable to the Shareholders whose names appear on the register of members of the Company on 8 September 2017. Subject to the approval of the relevant resolution at the forthcoming annual general meeting of the Company to be held on 30 August 2017 (the "AGM"), the final dividend will be payable on or about 22 September 2017.

DISTRIBUTABLE RESERVES

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

ANNUAL GENERAL MEETING

The AGM will be held on Wednesday, 30 August 2017. For details of the AGM, please refer to the Notice of AGM which is expected to be published in late June 2017.

INTERESTS OF THE COMPLIANCE ADVISER AND ITS DIRECTORS, EMPLOYEES AND ASSOCIATES

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Lego Corporate Finance Limited as its compliance adviser, which provides advices and guidance to the Company in respect of compliance with the GEM Listing Rules including various requirements relating to the Directors' duties. Except for the compliance adviser agreement entered into between the Company and the compliance adviser dated 5 July 2016, neither the compliance adviser nor its directors, employees or close associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules as at the date of this announcement.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 25 August 2017 to Wednesday, 30 August 2017 (both dates inclusive), during which period no Share transfers will be effected. In order to qualify for attending and voting at the AGM, all Share transfers must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 24 August 2017.

The register of members of the Company will also be closed from 5 September 2017 to 8 September 2017 (both dates inclusive), during which period no Share transfers will be effected. In order to qualify for the proposed final dividend (subject to Shareholders' approval at the AGM), all Share transfers must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 4 September 2017.

PUBLICATION OF FINAL RESULTS AND DISPATCH OF ANNUAL REPORT

This announcement is published on the Company's website (<http://www.wwpkg.com.hk>) and the website of the Stock Exchange (<http://www.hkex.com.hk>). The annual report for the year ended 31 March 2017 containing the information required by the GEM Listing Rules will be despatched to Shareholders and published on the websites of the Company and the Stock Exchange in due course.

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

Hong Kong, 13 June 2017

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

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