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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)

**THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 31 DECEMBER 2021**

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

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

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

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

The board of Directors of the Company (the “Board”) hereby announces the unaudited third quarterly financial results of the Group for the nine months ended 31 December 2021, together with the comparative figures for the corresponding period in 2020, as set out below.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 31 December 2021

		Nine months ended 31 December		Three months ended 31 December	
	Note	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	3	1,536	2,527	570	754
Cost of sales	5	(558)	(2,281)	(283)	(1,055)
Gross profit/(loss)		978	246	287	(301)
Other income and other gains/(losses), net	4	4,395	72	324	1,580
Selling expenses	5	(1,991)	(955)	(380)	(192)
Administrative expenses	5	(12,893)	(11,833)	(4,410)	(3,115)
Operating loss		(9,511)	(12,470)	(4,179)	(2,028)
Finance costs, net	6	(197)	(267)	(54)	(89)
Share of results of a joint venture		(41)	(107)	(43)	(47)
Loss before income tax		(9,749)	(12,844)	(4,276)	(2,164)
Income tax expense	7	-	-	-	-
Loss and total comprehensive loss for the period		(9,749)	(12,844)	(4,276)	(2,164)
Loss and total comprehensive loss for the period attributable to:					
Owners of the Company		(9,458)	(12,739)	(4,117)	(2,138)
Non-controlling interests		(291)	(105)	(159)	(26)
		(9,749)	(12,844)	(4,276)	(2,164)
Basic and diluted loss per Share (expressed in HK cents)	8	(2.36)	(3.18)	(1.03)	(0.53)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2021

	Attributable to owners of the Company					Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve <i>(Note)</i>	Other reserve	Accumulated losses			
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2021	4,000	56,667	11,371	2,500	(50,022)	24,516	2	24,518
Loss for the period	-	-	-	-	(9,458)	(9,458)	(291)	(9,749)
Total comprehensive loss for the period (unaudited)	-	-	-	-	(9,458)	(9,458)	(291)	(9,749)
Capital injection from non-controlling interests of a subsidiary	-	-	-	-	-	-	600	600
At 31 December 2021 (unaudited)	<u>4,000</u>	<u>56,667</u>	<u>11,371</u>	<u>2,500</u>	<u>(59,480)</u>	<u>15,058</u>	<u>311</u>	<u>15,369</u>
At 1 April 2020	4,000	56,667	11,371	2,500	(33,548)	40,990	137	41,127
Loss for the period	-	-	-	-	(12,739)	(12,739)	(105)	(12,844)
Total comprehensive loss for the period (unaudited)	-	-	-	-	(12,739)	(12,739)	(105)	(12,844)
At 31 December 2020 (unaudited)	<u>4,000</u>	<u>56,667</u>	<u>11,371</u>	<u>2,500</u>	<u>(46,287)</u>	<u>28,251</u>	<u>32</u>	<u>28,283</u>

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

The Company is an investment holding company. The principal activities of the Group are:

- the design, development and sales of 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”);
- investments in tourism and travel technology related businesses (the “Tourism and Travel Technology Investments”); and
- the engagement in the process of gaining cryptocurrencies by solving cryptographic equations through verifying data blocks and adding transaction records to a public ledger known as a blockchain (the “Cryptocurrency Mining”).

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

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

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

2 BASIS OF PREPARATION AND ADOPTION OF HKFRSs

(a) Basis of preparation

The unaudited condensed consolidated financial information for the nine months ended 31 December 2021 has been prepared in accordance with the applicable disclosure provisions of the GEM Listing Rules. This unaudited condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s audited consolidated financial statements for the year ended 31 March 2021 and interim condensed consolidated financial information for the six months ended 30 September 2021. The accounting policies used in the preparation of this unaudited condensed consolidated financial information are consistent with those used in the preparation of the Group’s audited consolidated financial statements for the year ended 31 March 2021, except for the amended Hong Kong Financial Reporting Standards (“HKFRSs”) effective for the first time for periods beginning on or after 1 April 2021. Details of the amended standards adopted and their effect on the Group’s accounting policies are set out below.

(b) Adoption of HKFRs

The following amendments to HKFRSs that are effective for the accounting period of the Group beginning on 1 April 2021 have been published:

HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 (Amendments)	<i>Interest Rate Benchmark Reform — Phase 2</i>
HKFRS 16 (Amendment)	<i>COVID-19- Related Rent Concessions beyond 30 June 2021</i>

The Group has applied, for the first time, the above amendments to standards issued by the Hong Kong Institute of Certified Public Accountants. The impact of the adoption of Amendment to HKFRS 16 *COVID-19-Related Rent Concessions beyond 30 June 2021* has been summarised below. The other amendments to standards did not have any significant impact on the Group's accounting policies.

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

The Amendment to HKFRS 16 *COVID-19-Related Rent Concessions beyond 30 June 2021* extends the availability of the practical expedient in paragraph 46A of HKFRS 16 so that it applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

During the nine months ended 31 December 2021, the Group has entered into additional rent concessions that satisfied the criteria for the application of the extended practical expedient. The Group has applied the practical expedient to these rent concessions. Accordingly, COVID-19-related rent concessions of HK\$1,058,000 have been accounted for as a reduction in the variable lease payments by derecognising part of the lease liabilities and crediting to profit or loss for the nine months ended 31 December 2021.

3 REVENUE AND SEGMENT INFORMATION

(a) Revenue

	Nine months ended		Three months ended	
	31 December		31 December	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales of package tours	1,481	907	552	725
Margin (loss)/income from sales of FIT products	–	(107)	4	(3)
Margin income from sales of ancillary travel related products and services	55	1,727	14	32
	<u>1,536</u>	<u>2,527</u>	<u>570</u>	<u>754</u>

(b) Segment information

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

During the nine months ended 31 December 2021, Cryptocurrency Mining that commenced operations in July 2021 was added as a new reportable segment.

The Group is organised into three reportable segments:

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

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

Segment results and other segment items are as follows:

	Nine months ended 31 December							
	2021			Total HK\$'000	2020			
	Travel Related Products and Services HK\$'000	Tourism and Travel Technology Investments HK\$'000	Cryptocurrency Mining HK\$'000		Travel Related Products and Services HK\$'000	Tourism and Travel Technology Investments HK\$'000	Cryptocurrency Mining HK\$'000	Total HK\$'000
Reportable segment revenue	<u>1,536</u>	<u>-</u>	<u>-</u>	<u>1,536</u>	<u>2,527</u>	<u>-</u>	<u>-</u>	<u>2,527</u>
Reportable segment loss	<u>(9,910)</u>	<u>(41)</u>	<u>(1,073)</u>	<u>(11,024)</u>	<u>(8,353)</u>	<u>(107)</u>	<u>-</u>	<u>(8,460)</u>
Unallocated gains/ (expenses), net				1,472				(4,117)
Finance income				6				50
Finance costs				(203)				(317)
Loss before income tax				(9,749)				(12,844)
Income tax expense				-				-
Loss and total comprehensive loss for the period				<u>(9,749)</u>				<u>(12,844)</u>
Share of results of a joint venture	<u>-</u>	<u>(41)</u>	<u>-</u>	<u>(41)</u>	<u>-</u>	<u>(107)</u>	<u>-</u>	<u>(107)</u>
Depreciation of property, plant and equipment	<u>513</u>	<u>-</u>	<u>367</u>	<u>880</u>	<u>1,141</u>	<u>-</u>	<u>-</u>	<u>1,141</u>
Depreciation of right-of-use assets	<u>610</u>	<u>-</u>	<u>119</u>	<u>729</u>	<u>1,127</u>	<u>-</u>	<u>-</u>	<u>1,127</u>

	Three months ended 31 December									
	2021				2020					
	Travel Related Products and Services HK\$'000	Tourism and Travel		Cryptocurrency Mining HK\$'000	Total HK\$'000	Travel Related Products and Services HK\$'000	Tourism and Travel		Cryptocurrency Mining HK\$'000	Total HK\$'000
		Investments HK\$'000	Technology HK\$'000				Investments HK\$'000	Technology HK\$'000		
Reportable segment revenue	<u>570</u>	<u>-</u>	<u>-</u>	<u>570</u>	<u>754</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>754</u>	
Reportable segment loss	<u>(3,172)</u>	<u>(43)</u>	<u>(653)</u>	<u>(3,868)</u>	<u>(2,068)</u>	<u>(47)</u>	<u>-</u>	<u>-</u>	<u>(2,115)</u>	
Unallocated (expenses)/ gains, net				(354)					40	
Finance income				1					19	
Finance costs				(55)					(108)	
Loss before income tax				(4,276)					(2,164)	
Income tax expense				-					-	
Loss and total comprehensive loss for the period				<u>(4,276)</u>					<u>(2,164)</u>	
Share of results of a joint venture	<u>-</u>	<u>(43)</u>	<u>-</u>	<u>(43)</u>	<u>-</u>	<u>(47)</u>	<u>-</u>	<u>-</u>	<u>(47)</u>	
Depreciation of property, plant and equipment	148	-	235	383	321	-	-	-	321	
Depreciation of right-of-use assets	<u>204</u>	<u>-</u>	<u>77</u>	<u>281</u>	<u>335</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>335</u>	

Unallocated gains/(expenses), net represent corporate expenses, fair value changes and gain on disposal of listed equity securities held by the Company.

(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.

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

	Nine months ended		Three months ended	
	31 December		31 December	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Other income				
Management services fee income	108	108	36	36
Rent concessions	1,058	1,548	353	483
Dividend income	–	173	–	–
Subsidies <i>(Note)</i>	600	1,067	–	615
	<u>1,766</u>	<u>2,896</u>	<u>389</u>	<u>1,134</u>
Other gains/(losses), net				
Exchange (losses)/gains, net	(52)	98	(43)	44
Fair value (losses)/gains on derivative financial instruments	(27)	29	(22)	17
Fair value losses on listed equity securities in Hong Kong	–	(2,951)	–	385
Gain on disposal of listed equity securities in Hong Kong	2,658	–	–	–
Gain on disposal of cryptocurrencies	50	–	–	–
	<u>2,629</u>	<u>(2,824)</u>	<u>(65)</u>	<u>446</u>
Other income and other gains/(losses), net	<u>4,395</u>	<u>72</u>	<u>324</u>	<u>1,580</u>

Note:

Subsidies mainly represent grants received from Hong Kong SAR Government. There are no unfulfilled conditions or contingencies relating to these grants.

5 EXPENSES BY NATURE

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

	Nine months ended 31 December		Three months ended 31 December	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Land costs <i>(Note)</i>	671	2,315	282	994
Air fare income	(119)	–	–	–
Short-term lease expenses	680	112	240	–
Low-value assets leases (income)/ expenses	(10)	272	66	91
Advertising and promotion	46	276	16	82
Credit card fees	24	97	7	7
Employee benefits expenses, excluding Director's benefits and interests				
— Salaries, discretionary bonuses and allowances	4,992	2,999	1,662	929
— Pensions costs – defined contribution plan	722	381	68	123
— Termination benefits	1,246	–	299	–
— Other employee benefits	82	157	1	23
	<u>7,042</u>	<u>3,537</u>	<u>2,030</u>	<u>1,075</u>
Directors' benefits and interests	1,410	1,644	470	548
Depreciation of property, plant and equipment	880	1,141	383	321
Depreciation of right-of-use assets	729	1,127	281	335
Office, telecommunication and utility expenses	596	470	270	156
Exchange gains, net	–	(20)	–	–
Legal and professional fees	995	1,039	258	285
Auditor's remuneration				
— Audit services	585	620	235	115
Others	1,913	2,439	535	353
	<u>15,442</u>	<u>15,069</u>	<u>5,073</u>	<u>4,362</u>

Note:

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

6 FINANCE COSTS, NET

	Nine months ended 31 December		Three months ended 31 December	
	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)
Finance income				
Bank interest income	6	50	1	19
Finance costs				
Interest expense on lease liabilities	(76)	(203)	(18)	(52)
Interest expense on bank borrowings	(127)	(114)	(37)	(56)
	<u>(203)</u>	<u>(317)</u>	<u>(55)</u>	<u>(108)</u>
Finance costs, net	<u>(197)</u>	<u>(267)</u>	<u>(54)</u>	<u>(89)</u>

7 INCOME TAX EXPENSE

The applicable rate of Hong Kong profits tax is 16.5% (nine months ended 31 December 2020: 16.5%). No provision for Hong Kong profits tax has been made in the unaudited condensed consolidated financial information as the Group did not have any assessable profit arising in Hong Kong during the nine months ended 31 December 2021 (nine months ended 31 December 2020: same).

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

8 BASIC AND DILUTED LOSS PER SHARE

(a) Basic

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

	Nine months ended 31 December		Three months ended 31 December	
	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)
Loss attributable to owners of the Company (<i>HK\$'000</i>)	(9,458)	(12,739)	(4,117)	(2,138)
Weighted average number of ordinary shares in issue ('000)	400,000	400,000	400,000	400,000
Basic loss per Share (<i>HK cents per share</i>)	<u>(2.36)</u>	<u>(3.18)</u>	<u>(1.03)</u>	<u>(0.53)</u>

(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 nine months ended 31 December 2021 (nine months ended 31 December 2020: same).

9 DIVIDENDS

The Board does not recommend the payment of dividend for the nine months ended 31 December 2021 (nine months ended 31 December 2020: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Founded in 1979, the Group is one of the long-established and well-known travel agents in Hong Kong. The Group's businesses include the sales of Travel Related Products and Services, Tourism and Travel Technology Investments and Cryptocurrency Mining, which commenced in July 2021.

BUSINESS REVIEW

The Group markets its Travel Related Products and Services under the brand “縱橫遊 WWPKG”. Its major Travel Related Products and Services is the provision of outbound package tours to various destinations with particular focus on Japan-bound tours. The COVID-19 pandemic has been casting severe implications for many business sectors. In particular, it has brought the global tourism industry to a screeching halt since year 2020. The Group's business operations have been disrupted by the travel restrictions imposed across the world. Owing to the pandemic, on the supply side, majority of the Group's airline suppliers have been operating bare skeleton or limited passenger flight schedules, while on the demand side, leisure travel sentiment has remained low. The Group began to cancel its outbound package tours, starting with those departing for China on 26 January 2020, while package tours bound for Japan have been suspended for over twenty-one months since 9 March 2020. As a result, minimal revenue and gross profit were generated from the Travel Related Products and Services segment for both nine months ended 31 December 2021 and 2020. Nonetheless, the Group continued to mitigate its loss for the nine months ended 31 December 2021 through adopting the following cost-saving measures amid the pandemic:

- implemented salary reduction for the Directors;
- streamlined workflows and eliminated non-value added positions or activities;
- encouraged employees to take no-pay leave and/or annual leave;
- obtained rent concessions on branch and office premise leases from the landlords;
and
- reduced advertising and promotion expenses.

In order to alleviate its liquidity pressure, the Group disposed of all of its listed equity securities held in Hong Kong for an aggregate gross proceeds of approximately HK\$9.9 million (exclusive of transaction costs) during the nine months ended 31 December 2021. The Group had also obtained a loan facility totalling HK\$15.0 million from its ultimate parent, of which HK\$10.0 million has been drawn down by the Group during the nine months ended 31 December 2021 in order to further enhance its liquidity.

With the intention to diversify its business so as to expand its income sources and future earning capability and potential, the Group commenced Cryptocurrency Mining in July 2021. For the nine months ended 31 December 2021, a segment loss of approximately HK\$1.1 million was reported on Cryptocurrency Mining, which mainly comprised of depreciation of property, plant and equipment and right-of-use assets of approximately HK\$0.5 million and administrative expenses, including utilities, employee benefit expenses, legal and professional fees and auditor's remuneration, of approximately HK\$0.6 million.

FINANCIAL REVIEW

Revenue and gross profit/(loss)

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

	Nine months ended 31 December				Three months ended 31 December			
	2021		2020		2021		2020	
	Revenue	Gross profit	Revenue	Gross profit/	Revenue	Gross profit	Revenue	Gross profit/
	HK\$'	HK\$'	HK\$'	(loss)	HK\$'	HK\$'	HK\$'	(loss)
	million	million	million	million	million	million	million	million
Package tours	1.5	0.9	0.9	(1.4)	0.5	0.3	0.8	(0.3)
FIT products ^(Note)	-	-	(0.1)	(0.1)	-	-	-	-
Ancillary travel related products and services ^(Note)	-	-	1.7	1.7	-	-	-	-
Total	1.5	0.9	2.5	0.2	0.5	0.3	0.8	(0.3)

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

Package Tours

Minimal revenue from package tours was recorded during the nine months ended 31 December 2021, as all of the Group's outbound package tours continued to be suspended amid the COVID-19 pandemic. Corresponding gross profit of approximately HK\$0.9 million mainly resulted from the launch of green lifestyle local tours that were subsidised by the Hong Kong SAR Government and recognition of unutilised membership award credits as revenue upon expiration.

FIT products

No sale of FIT products was conducted during the nine months ended 31 December 2021 amid the COVID-19 pandemic.

Ancillary travel related products and services

Ancillary travel related products and services generally include (i) travel insurance; (ii) admission tickets to attractions such as theme parks and shows; (iii) guided local tours and experiences; (iv) local transportation such as airport transportation; (v) overseas transportation such as rail passes; (vi) car rental; (vii) prepaid telephone and internet cards; (viii) travel visa applications; and (ix) trading of merchandise.

For the nine months ended 31 December 2021, some revenue was generated from trading of food items and health related products whereas revenue for the corresponding period in 2020 mainly arose from trading of imported face masks amid the first wave of the COVID-19 pandemic.

Selling expenses

Selling expenses mainly consist of (i) advertising and promotion expenses, such as sponsoring television travel programs and films, online and offline media advertisements, participating in tourism fairs and organizing travel seminars; (ii) credit card and debit card charges in respect of payments from customers with credit cards and electronic payment services (EPS); (iii) staff costs, representing the salaries and benefits for the Group's tour escorts; and (iv) short-term lease expenses and depreciation of right-of-use assets for the Group's branches.

For the nine months ended 31 December 2021, selling expenses increased by 108.5% to approximately HK\$2.0 million, mainly due to the increase in staff costs arising from the compensatory arrangement in relation to the Group's termination of employment contracts with its tour escorts during the nine months ended 31 December 2021 and the Group's receipt of wage subsidies provided by the Hong Kong SAR Government under the Employment Support Scheme ("ESS") during the corresponding period in 2020, which was partially offset by the adoption of cost-saving measures as discussed in the sub-section headed "Business Review" above, including reduction in advertising and promotion expenses.

Administrative expenses

Administrative expenses mainly consist of (i) staff costs, representing the Directors' remuneration and the salaries and benefits for the Group's administrative and operational staff; (ii) depreciation of right-of-use assets for the Group's office premises; (iii) office, telecommunication and utility expenses incurred in the Group's daily operations; (iv) legal and professional fees; and (v) other miscellaneous administrative expenses.

For the nine months ended 31 December 2021, administrative expenses increased by 9.0% to approximately HK\$12.9 million, mainly due to (i) depreciation and administrative expenses incurred on the Cryptocurrency Mining business; and (ii) the increase in staff costs arising from the Group's receipt of wage subsidies under the ESS during the corresponding period in 2020, which was partially offset by (i) the decrease in legal and professional fees and auditor's remuneration; (ii) the decrease in other administrative expenses including repair and maintenance costs and entertainment expenses; and (iii) the adoption of cost-saving measures as discussed in the sub-section headed "Business Review" above, including salary reduction for the Directors and reduction in staff costs as a result of no-pay leave and/or annual leave taken by the Group's staff and elimination of non-value added positions.

Loss and total comprehensive loss for the period

The Group's loss and total comprehensive loss for the nine months ended 31 December 2021 decreased by 24.1% to approximately HK\$9.7 million, which was mainly attributable to the following:

- the increase in gross profit by approximately HK\$0.7 million for reasons as discussed in the sub-section headed "Financial Review — Revenue and gross profit/(loss)" above; and
- in respect of the Company's investment in the shares of CTEH INC. ("CTEH"), a gain on disposal of the CTEH shares of approximately HK\$2.7 million was recognised for the nine months ended 31 December 2021, as opposed to the recognition of fair value losses of approximately HK\$3.0 million on the CTEH shares held by the Company as of 31 December 2020; offset by
- the increase in selling expenses and administration expenses by approximately HK\$2.1 million for reasons as discussed in the sub-sections headed "Financial Review — Selling expenses" and "Financial Review — Administrative expenses" above;
- the decrease in rent concessions recognised as negative variable lease payments in profit or loss by approximately HK\$0.5 million; and

- the decrease in subsidies from the Travel Agents and Practitioners Support Scheme and the Travel Industry Support Scheme under the Anti-epidemic Fund launched by the Hong Kong SAR Government by approximately HK\$0.5 million.

FUTURE PROSPECTS

The unprecedented COVID-19 pandemic has taken a heavy toll on the global economy and made the Group's operating environment extremely difficult. Given the Group derives a majority of its revenue from the provision of outbound package tours, the entry restrictions, visa suspensions and quarantine measures imposed by various governments, together with the low sentiment for leisure travel, will continue to have significant adverse impact on the Group's operational and financial performance for the rest of the financial year ending 31 March 2022, if not longer. The Group is closely monitoring the development of the pandemic and will continue to adopt necessary measures to control costs and to enhance cash flow and operational efficiency. Furthermore, by incorporating Cryptocurrency Mining operated by Firepower Technology Limited, the Group expects to expand its scope of business so as to enhance its future earning capability and potential.

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 nine months ended 31 December 2021, 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 nine months ended 31 December 2021.

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 nine months ended 31 December 2021.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' COMPETING INTERESTS

For the nine months ended 31 December 2021, each of the Directors, the controlling Shareholders and their respective close associates (as defined in the GEM Listing Rules) has confirmed that none of them had any business or interests in any company that competes or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group.

SHARE OPTION SCHEME

The share option scheme of the Company (the “Share Option Scheme”) was adopted pursuant to a resolution passed by the Company’s then shareholders on 16 December 2016 (the “Adoption Date”). No share option had been granted, exercised, lapsed or cancelled under the Share Option Scheme from the Adoption Date to 31 December 2021, and there was no outstanding share option as at the date of this announcement.

AUDIT COMMITTEE

The Company has established an audit committee (the “Audit Committee”) with written terms of reference in compliance with the requirements as set out in Rules 5.28 to 5.33 of the GEM Listing Rules and the CG Code. The Audit Committee reviews, amongst others, the financial information of the Group; the relationship with and terms of appointment of the external auditors; and the Group’s financial reporting system, risk management and internal control systems, and provides advices and comments to the Board. The Audit Committee currently comprises three independent non-executive Directors. The unaudited third quarter financial results of the Group for the nine months ended 31 December 2021 have been reviewed by the Audit Committee together with the Group’s management.

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

Hong Kong, 14 February 2022

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

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Listed Company Information” 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>.