

# WINNING TOWER GROUP HOLDINGS LIMITED

## 運興泰集團控股有限公司

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

**(Stock Code: 8362)**

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

#### 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.

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement, for which the directors (the “Directors”) of Winning Tower Group Holdings Limited (the “Company” and 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 the GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. 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.*

## UNAUDITED INTERIM RESULTS

The board of directors (the “Board”) of the Company presents the unaudited condensed consolidated results of the Group for the three months and six months ended 30 June 2020, together with the unaudited comparative figures for the corresponding periods in 2019, are as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three and six months ended 30 June 2020

	Notes	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
		2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
REVENUE	5	15,201	32,979	37,769	67,365
Cost of inventories consumed		(9,639)	(22,400)	(24,241)	(45,210)
Other income		1,489	151	2,469	819
Employee benefit expenses		(4,351)	(6,976)	(9,378)	(12,042)
Depreciation		(2,037)	(2,198)	(4,167)	(4,396)
Transportation and storage fee		(576)	(1,041)	(1,235)	(2,125)
Utilities and consumables		(385)	(655)	(1,125)	(1,339)
Rental and related expenses		(456)	(447)	(909)	(871)
Other operating expenses		(2,020)	(1,994)	(3,938)	(4,091)
LOSS BEFORE TAX FROM OPERATIONS		(2,774)	(2,581)	(4,755)	(1,890)
Finance costs		(197)	(162)	(399)	(324)
LOSS BEFORE TAX	6	(2,971)	(2,743)	(5,154)	(2,214)
Income tax credit/(expense)	7	335	296	506	(83)
LOSS FOR THE PERIOD		(2,636)	(2,447)	(4,648)	(2,297)
Attributable to:					
Owners of the Company		(2,809)	(2,332)	(4,846)	(2,215)
Non-controlling interests		173	(115)	198	(82)
		(2,636)	(2,447)	(4,648)	(2,297)
Loss per share attributable to the owners of the Company — Basic and diluted (expressed in HK cents per share)	9	(0.20)	(0.17)	(0.35)	(0.16)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the three and six months ended 30 June 2020*

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
LOSS FOR THE PERIOD	<b>(2,636)</b>	(2,447)	<b>(4,648)</b>	(2,297)
OTHER COMPREHENSIVE INCOME/(EXPENSE)				
Other comprehensive income/(expense) not to be reclassified to profit or loss in subsequent periods:				
Revaluation surplus	597	(867)	1,193	–
Deferred tax credited/(debited) to asset revaluation reserve	<b>(99)</b>	429	<b>(197)</b>	286
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD, NET OF TAX	<b>498</b>	(438)	<b>996</b>	286
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD	<b>(2,138)</b>	(2,885)	<b>(3,652)</b>	(2,011)
Attributable to:				
Owners of the Company	(2,311)	(2,770)	(3,850)	(1,929)
Non-controlling interests	<b>173</b>	(115)	<b>198</b>	(82)
	<b>(2,138)</b>	(2,885)	<b>(3,652)</b>	(2,011)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2020*

		Unaudited 30 June 2020 <i>HK\$'000</i>	Audited 31 December 2019 <i>HK\$'000</i>
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		32,001	33,952
Right-of-use assets		66,540	67,556
Prepayments, deposits and other receivables		1,035	1,123
Deferred tax assets		602	273
		<b>100,178</b>	102,904
<b>CURRENT ASSETS</b>			
Inventories		5,166	5,737
Trade receivables	10	8,158	16,729
Prepayments, deposits and other receivables		4,821	4,576
Due from related parties	11	5	8
Tax recoverable		950	949
Cash and cash equivalents		68,690	65,327
		<b>87,790</b>	93,326
<b>CURRENT LIABILITIES</b>			
Trade payables	12	2,877	5,611
Other payables and accruals		8,164	7,683
Interest-bearing bank borrowings	13	2,434	2,472
Lease liabilities		2,310	2,283
Tax payable		265	222
		<b>16,050</b>	18,271
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>71,740</b>	75,055
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>171,918</b>	177,959
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings	13	21,392	22,617
Lease liabilities		7,172	8,333
Deferred tax liabilities		5,298	5,301
		<b>33,862</b>	36,251
<b>Net assets</b>		<b>138,056</b>	141,708

		<b>Unaudited</b>	Audited
		<b>30 June</b>	31 December
		<b>2020</b>	2019
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	<i>14</i>	<b>14,000</b>	14,000
Reserves		<b>121,627</b>	125,477
		<hr/>	<hr/>
		<b>135,627</b>	139,477
Non-controlling interests		<b>2,429</b>	2,231
		<hr/>	<hr/>
Total equity		<b>138,056</b>	141,708
		<hr/> <hr/>	<hr/> <hr/>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 30 June 2020

	Attributable to owners of the Company								
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Asset revaluation reserve <i>HK\$'000</i>	Retained profits/ (accumulated loss) <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 January 2020 (Audited)	14,000	103,491*	(36,733)*	5,100*	23,773*	29,846*	139,477	2,231	141,708
Profit/(loss) for the period	-	-	-	-	-	(4,846)	(4,846)	198	(4,648)
Other comprehensive income/(expense) for the period:									
Revaluation surplus	-	-	-	-	1,193	-	1,193	-	1,193
Deferred tax debited to asset revaluation reserve	-	-	-	-	(197)	-	(197)	-	(197)
Total comprehensive income/(expense) for the period	-	-	-	-	996	(4,846)	(3,850)	198	(3,652)
At 30 June 2020 (Unaudited)	<u>14,000</u>	<u>103,491*</u>	<u>(36,733)*</u>	<u>5,100*</u>	<u>24,769*</u>	<u>25,000*</u>	<u>135,627</u>	<u>2,429</u>	<u>138,056</u>
	Attributable to owners of the Company								
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Asset revaluation reserve <i>HK\$'000</i>	Retained profits/ (accumulated loss) <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 January 2019 (Audited)	14,000	103,491*	(36,733)*	5,100*	56,660*	(3,356)*	139,162	3,970	143,132
Loss for the period	-	-	-	-	-	(2,215)	(2,215)	(82)	(2,297)
Other comprehensive income for the period:									
Deferred tax credited to asset revaluation reserve	-	-	-	-	286	-	286	-	286
Total comprehensive income/(expense) for the period	-	-	-	-	286	(2,215)	(1,929)	(82)	(2,011)
At 30 June 2019 (Unaudited)	<u>14,000</u>	<u>103,491*</u>	<u>(36,733)*</u>	<u>5,100*</u>	<u>56,946*</u>	<u>(5,571)*</u>	<u>137,233</u>	<u>3,888</u>	<u>141,121</u>

\* These reserve accounts comprise the consolidated reserves of HK\$121,627,000 (31 December 2019: HK\$125,477,000) in the condensed consolidated statements of financial position as at 30 June 2020.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

As at 30 June 2020

	Unaudited Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net cash flows from operating activities	<u>5,369</u>	<u>1,373</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	739	87
Purchases of items of property, plant and equipment	<u>(7)</u>	<u>(33)</u>
Net cash flows from investing activities	<u>732</u>	<u>54</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of bank loans	(1,195)	(1,162)
Interest paid	(341)	(324)
Principle portion of lease payments	(1,134)	–
Capital element of finance lease rental payments	<u>–</u>	<u>1,706</u>
Net cash flows from/(used in) financing activities	<u>(2,670)</u>	<u>220</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>3,431</b>	1,647
Cash and cash equivalents at beginning of period	<u>65,259</u>	<u>21,668</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b><u>68,690</u></b>	<b><u>23,315</u></b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<u>68,690</u>	<u>23,315</u>
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	<b><u>68,690</u></b>	<b><u>23,315</u></b>

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

### **1. CORPORATE INFORMATION**

The Company is an exempted company with limited liability incorporated in the Cayman Islands under the Companies Law of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at Flat 3, 8/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong.

The Principal activity of the Company is investment holding. The Group is principally engaged in the processing and trading of raw, frozen and cooked food products, the provision of transportation services and the operation of a restaurant. In the opinion of the directors, the ultimate holding company of the Company was Keyview Ventures Limited ("Keyview Ventures"), a company incorporated in the British Virgin Islands with limited liability.

The condensed consolidated financial information is presented in Hong Kong dollars, which is also the functional currency of the Company.

The condensed consolidated financial information has not been audited.

### **2. BASIS OF PREPARATION**

The condensed consolidated financial information have been prepared in accordance with the applicable disclosure requirements of the GEM Listing Rules and with Hong Kong Accounting Standards ("HKAS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The condensed consolidated financial information have been prepared under the historical cost convention, except for leasehold land and buildings held for the Group's own use classified as right-of-use assets and property, plant and equipment, respectively, which have been measured at fair value.

The condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should read in conjunction with the Group's financial information included in the Prospectus and the annual report for the year ended 31 December 2019.

### **3. ACCOUNTING POLICIES**

The accounting policies used in the preparation of the unaudited interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's financial information for the year ended 31 December 2019 except for the application of the new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA, which have become effective in the current period.

The adoption of the new and revised HKFRSs had no material effect on the results and financial position.



#### 4. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- (a) processing and trading of food products; and
- (b) provision of food catering services through a restaurant.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income and non-lease-related finance costs are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices

Amounts of segment assets and liabilities of the Group are reviewed by the Executive Directors regularly on a yearly basis.

##### (a) Operating segment information

The following tables present revenue and loss for the Group's operating segments for the six months ended 30 June 2020 and 2019.

Segment revenue/results:

	Processing and trading of food products		Restaurant operation		Elimination		Total	
	Unaudited		Unaudited		Unaudited		Unaudited	
	Six months ended		Six months ended		Six months ended		Six months ended	
	30 June		30 June		30 June		30 June	
	2020	2019	2020	2019	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales to external customers	33,660	67,365	4,109	-	-	-	37,769	67,365
Intersegment sales	443	-	-	-	(443)	-	-	-
Total	34,103	67,365	4,109	-	(443)	-	37,769	67,365
Segment results	(5,504)	(1,977)	(48)	-	-	-	(5,552)	(1,977)
Interest income							739	87
Finance costs (other than interest on leases)							(341)	(324)
Loss before tax							(5,154)	(2,214)
Income tax credit/(expense)							506	(83)
Loss for the period							(4,648)	(2,297)

**(b) Geographical information**

Since all of the Group's revenue from external customers are conducted and non-current assets are located in Hong Kong, no further analysis on the geographical information thereof is presented.

**(c) Information about major customers**

	<b>Unaudited</b>		<b>Unaudited</b>	
	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>30 June</b>		<b>30 June</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Customer A #	<b>2,597</b>	9,027	<b>4,817</b>	18,279
Customer B #	<b>1,810</b>	6,072	<b>4,706</b>	12,203
Customer C #	<b>1,796</b>	2,922	<b>4,262</b>	7,027

# Included sales to a group of entities which are known to be under common control with that customer

**5. REVENUE**

An analysis of revenue is as follows:

	<b>Unaudited</b>		<b>Unaudited</b>	
	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>30 June</b>		<b>30 June</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Revenue from contracts with customers	<b>15,201</b>	32,979	<b>37,769</b>	67,365

## Revenue from contracts with customers

### (a) Disaggregated revenue information

Segments	Processing and trading of food products		Restaurant operation		Total	
	Unaudited		Unaudited		Unaudited	
	Six months ended		Six months ended		Six months ended	
	30 June		30 June		30 June	
	2020	2019	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Type of goods or services</b>						
Sales of goods	32,078	65,420	-	-	32,078	65,420
Income from the provision of transportation services	1,582	1,945	-	-	1,582	1,945
Income from the operation of a restaurant	-	-	4,109	-	4,109	-
Total revenue from contracts with customers	<u>33,660</u>	<u>67,365</u>	<u>4,109</u>	<u>-</u>	<u>37,769</u>	<u>67,365</u>
<b>Timing of revenue recognition</b>						
Goods transferred at a point in time	32,078	65,420	4,109	-	36,187	65,420
Services transferred over time	1,582	1,945	-	-	1,582	1,945
Total revenue from contracts with customers	<u>33,660</u>	<u>67,365</u>	<u>4,109</u>	<u>-</u>	<u>37,769</u>	<u>67,365</u>

### (b) Performance obligations

Information about the Group's performance obligations is summarised below:

#### *Sale of goods*

The Group sells goods to wholesalers and individual retailers. The performance obligation is satisfied upon delivery of the products and payment is generally due within 30 to 60 days from delivery. Some contracts provide customers with a right of return and volume rebates which give rise to variable consideration subject to constraint.

#### *Restaurant operation*

The performance obligation of income from restaurant operations is recognised at the point in time and satisfied upon (i) completion of the service or (ii) delivery of the food. Payment is generally due from immediate or within 30 days from delivery.

#### *Provision of transportation services*

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 to 60 days from the date of billing.

## 6. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost of inventories consumed	9,639	22,400	24,241	45,210
Depreciation of property, plant and equipment	1,188	2,198	2,810	4,396
Depreciation of right-of-use assets	849	–	1,357	–
Total depreciation	<u>2,037</u>	<u>2,198</u>	<u>4,167</u>	<u>4,396</u>
Minimum lease payments under operating leases	–	210	–	405
Lease payment not included in the measurement of leases liabilities	249	–	515	–
Other related expenses	<u>207</u>	<u>237</u>	<u>394</u>	<u>466</u>
Rental and related expenses	<u>456</u>	<u>447</u>	<u>909</u>	<u>871</u>
Total employee benefit expenses	<u>4,351</u>	<u>5,238</u>	<u>9,378</u>	<u>10,461</u>
Bank interest income	<u>(206)</u>	<u>(33)</u>	<u>(739)</u>	<u>(87)</u>

## 7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the period ended 30 June 2020, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2018/19. The first HK\$2,000,000 (2019: HK\$2,000,000) of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current — Hong Kong				
Charge/(credit) for the period	(27)	(220)	23	124
Deferred	<u>(308)</u>	<u>(76)</u>	<u>(529)</u>	<u>(41)</u>
Total tax charge/(credit) for the period	<u>(335)</u>	<u>(296)</u>	<u>(506)</u>	<u>83</u>

## 8. DIVIDENDS

The board of Directors does not recommend a payment of an interim dividend for the six months ended 30 June 2020. No dividend has been paid or declared by the Company during the period.

## 9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share attributable to owners of the Company is based on the following data:

	<b>Unaudited</b>		<b>Unaudited</b>	
	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>30 June</b>		<b>30 June</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
<b>Loss</b>				
Loss attributable to owners of the Company used in the basic loss per share calculation	<u>(2,809)</u>	<u>(2,332)</u>	<u>(4,846)</u>	<u>(2,215)</u>
	<b>Number of shares</b>			
	<b>Unaudited</b>		<b>Unaudited</b>	
	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>30 June</b>		<b>30 June</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>'000</b>	'000	<b>'000</b>	'000
<b>Shares</b>				
Weighted average number of shares in issue used in the basic earnings/(loss) per share calculation	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,400,000</u>
<b>Loss per share:</b>				
Basic (HK cents)	<u>(0.20)</u>	<u>(0.17)</u>	<u>(0.35)</u>	<u>(0.16)</u>

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30 June 2020 and 2019 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

## 10. TRADE RECEIVABLES

	<b>Unaudited</b> <b>As at</b> <b>30 June</b> <b>2020</b> <i>HK\$'000</i>	Audited As at 31 December 2019 <i>HK\$'000</i>
Trade receivables from:		
Third party customers	<b>7,087</b>	16,870
Related companies	<b>1,324</b>	112
	<b>8,411</b>	16,982
Impairment	<b>(253)</b>	(253)
	<b>8,158</b>	16,729

The Group's trading terms with its customers are mainly on credit. The credit period is generally one month, extending up to two months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on invoice date, is as follows:

	<b>Unaudited</b> <b>As at</b> <b>30 June</b> <b>2020</b> <i>HK\$'000</i>	Audited As at 31 December 2019 <i>HK\$'000</i>
Within 1 month	<b>3,951</b>	10,366
1 to 2 months	<b>1,464</b>	5,317
2 to 3 months	<b>796</b>	914
More than 3 months	<b>1,947</b>	132
	<b>8,158</b>	16,729

## 11. BALANCES WITH RELATED PARTIES AND THE ULTIMATE HOLDING COMPANY

Balances with related companies and the ultimate holding company are non-trade in nature, unsecured, interest-free and repayable on demand.

## 12. TRADE PAYABLES

	<b>Unaudited As at 30 June 2020 HK\$'000</b>	Audited As at 31 December 2019 HK\$'000
Trade payables to:		
Third party suppliers	2,803	5,303
Related companies	74	308
	<u>2,877</u>	<u>5,611</u>

An aged analysis of the trade payables as at the end of the reporting period, based on invoice date, is as follows:

	<b>Unaudited As at 30 June 2020 HK\$'000</b>	Audited As at 31 December 2019 HK\$'000
Within 1 month	2,877	5,568
1 to 2 month	–	43
	<u>2,877</u>	<u>5,611</u>

The trade and bills payables are non-interest-bearing and are normally settled on 30 to 60 days terms.

## 13. INTEREST-BEARING BANK BORROWINGS

	<b>Unaudited As at 30 June 2020</b>			Audited As at 31 December 2019		
	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
<b>Current</b>						
Bank overdrafts — unsecured	–	–	–	10 above prime rate	On demand	68
Bank loans — secured	<b>2.75 to 3.0 below prime rate</b>	<b>July 2020– June 2021</b>	<u>2,434</u>	2.75 to 3.0 below prime rate	2020	<u>2,404</u>
			2,434			2,472
<b>Non-current</b>						
Bank loans — secured	<b>2.75 to 3.0 below prime rate</b>	<b>July 2021– 2035</b>	<u>21,392</u>	2.75 to 3.0 below prime rate	2021– 2035	<u>22,617</u>
			<u>23,826</u>			<u>25,089</u>

## 14. SHARE CAPITAL

The share capital balance as at 30 June 2020 in the condensed consolidated statement of financial position represented the issued share capital of the Company. Details of the authorised and issued and fully paid share capital of the Company are summarised as follows:

	<b>Unaudited As at 30 June 2020 HK\$'000</b>
Authorised: 10,000,000,000 ordinary shares of HK\$0.01 each	<b>100,000</b>
Issued and fully paid: 1,400,000,000 ordinary shares of HK\$0.01 each	<b>14,000</b>

## 15. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had no significant contingent liabilities.

## 16. COMMITMENTS

The Group had no capital commitments at the end of the reporting period.

## 17. RELATED PARTY TRANSACTIONS

(a) The directors are of the view that the following persons and entities were related parties that had material transactions or balances with the Group:

<b>Name of the related party</b>	<b>Relationship with the Group</b>
Ms. Jeong Sok Ieng ("Ms. Jeong")	Mother of Mr. Yu Ting Hei ("Mr. Yu"). Mr. Yu is a director of the Company and a shareholder of Keyview Ventures.
Yau Heng	Mr. Yu, a director of the Company and a shareholder of Keyview Ventures, and his family members including Ms. Jeong, are beneficial shareholders of Yau Heng.
Winning Futures	Ms. Jeong, mother of Mr. Yu, is a beneficial shareholder of Winning Futures.
Iao Ip	Mr. Yu and his family members are beneficial shareholders of Iao Ip.
Guangzhou Ge Yun	The spouse of Ms. Ou Hong Lian ("Ms. Ou") and her family member are beneficial shareholders of Guangzhou Ge Yun. Ms. Ou is a director of the Company and a shareholder of Keyview Ventures.
Golden Cup	Mr. Ho Wing Nin, a director and a beneficial shareholder of Top Ocean Investment Limited, a shareholder of Keyview Ventures, is also a director and a shareholder of Golden Cup. Golden Cup is a wholly-owned subsidiary of Superstar Group Industries Limited ("Super Star Group"). During the year ended 31 December 2019, Golden Cup became an independent third party of the Group.



- (b) In addition to the transactions detailed elsewhere in the condensed consolidated financial statements, the Group had the following material transactions with related parties:

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Golden Cup</b>				
Sales of goods	–	2,057	–	5,248
Purchases of goods	–	1,169	–	1,801
Storage, handling and sub-contracting income	–	217	–	625
Transportation service income	–	864	–	1,779
Advertising and promotion expenses	–	–	–	3
	<u>–</u>	<u>–</u>	<u>–</u>	<u>3</u>
<b>Yau Heng</b>				
Sales of goods	2,560	1,320	4,779	2,451
Purchases of goods	1	–	454	–
Transportation service income	37	19	61	39
	<u>2,598</u>	<u>1,339</u>	<u>5,294</u>	<u>2,490</u>
<b>Guangzhou Ge Yun</b>				
Purchase of goods	188	1,743	1,529	2,500
Consumable expenses	4	–	16	23
	<u>192</u>	<u>1,743</u>	<u>1,545</u>	<u>2,523</u>
<b>Winning Futures</b>				
Sales of goods	353	2,654	417	4,975
Transportation service income	52	35	18	78
	<u>405</u>	<u>2,689</u>	<u>435</u>	<u>5,053</u>

The transactions with related companies were conducted on terms and conditions mutually agreed between the relevant parties.

The Group leased properties from Iao Ip as food factory and warehouse. The monthly lease payables were charged with reference to market rates. For the six months ended 30 June 2020, depreciation of right-of-use assets of HK1,016,000 (2019: HK\$377,000) and finance costs on lease liabilities of HK\$117,000 (2019: HK\$23,000) were charged to the consolidated statement of profit and loss.

(c) Compensation of key management personnel of the Group

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Short term employee benefits	<b>1,051</b>	1,353	<b>2,198</b>	2,705
Post-employment benefits	<b>14</b>	14	<b>27</b>	27
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total compensation paid to key management personnel	<b>1,065</b>	1,367	<b>2,225</b>	2,732
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**18. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The condensed consolidated financial statements were approved and authorised for issue by the board of directors on 3 August 2020.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND PROSPECTS

The Group is principally engaged in processing and trading of raw, frozen and cooked food products, provision of transportation services and the operation of a restaurant in Hong Kong.

The Group will continue to adopt a pragmatic and positive approach to develop the business to enhance the profitability of the Group and interests of the shareholders of the Company.

### USE OF PROCEEDS

From the listing date to 30 June 2020, the net proceeds raised from listing as disclosed in the prospectus of the Company dated 19 June 2017 (the “Prospectus”) have been applied as follows:

	<b>Planned use of proceeds as stated in the Prospectus (HK\$ million)</b>	<b>Actual use of proceeds Up to 30 June 2020 (HK\$ million)</b>
Acquisition of new factory premises	22.0	22.0
Renovation of new premises as refrigeration facility	8.8	8.8
Strengthening Group’s logistics team	2.4	2.4
Setting up human resources department	0.9	0.5
Upgrade of internal management system	0.7	0.4
Working capital and other corporate development	5.1	5.1
	<u>39.9</u>	<u>39.2</u>

## **FINANCIAL REVIEW**

### **Revenue**

For the six months ended 30 June 2020, the Group recorded approximately HK\$37.8 million revenue as compared with last year's corresponding period of approximately HK\$67.4 million, representing a decrease of approximately 43.9%. The decrease was mainly due to the COVID-19 pandemic worldwide, including Hong Kong and China, causing the demand for the goods of the Company to decrease substantially.

### **Cost of inventories and loss before tax**

For the six months ended 30 June 2020, the Group's cost of inventories consumed and loss before tax from operations was approximately HK\$24.2 million and HK\$4.7 million respectively, where the cost of inventories consumed in last year's corresponding period was approximately HK\$45.2 million and the group recorded a loss before tax of approximately HK\$1.9 million. The decrease in cost of inventories consumed was the result of the drop in revenue.

### **The Gross profit and gross profit margin**

Based on the above, the gross profit and gross profit margin for the six months ended 30 June 2020 was HK\$13.6 million and 36.0% respectively (2019: HK\$22.2 million and 32.9% respectively).

### **Employee benefit expense**

For the six months ended 30 June 2020, the Group's employee benefit expenses decreased to approximately HK\$9.4 million from last year's corresponding period's approximately HK\$12.0 million which was mainly attributable to decrease in headcount.

### **Income tax credit**

For the six months ended 30 June 2020, the Group's income tax credit was approximately HK\$0.5 million and the income tax expense for last year's corresponding period's approximately HK\$0.1 million. The decrease in tax expense was due to decrease in taxable profit.

### **Loss for the period**

Based on the above reasons, for the six months ended 30 June 2020, the Group recorded a net loss for the period of approximately HK\$4.6 million versus HK\$2.3 million of last year's corresponding period.

The board of Directors does not recommend a payment of an interim dividend for the six months ended 30 June 2020.

## **Liquidity and financial resources**

As at 30 June 2020, the Group had net current assets of approximately HK\$71.7 million (31 December 2019: HK\$75.1 million), of which cash at bank consisted of approximately HK\$68.7 million (31 December 2019: HK\$65.3 million). The Group had bank borrowings amounted to approximately HK\$23.8 million (31 December 2019: HK\$25.1 million).

## **Gearing ratio**

As at 30 June 2020, the Group's gearing ratio was approximately 0.17 (31 December 2019: 0.18), which is calculated based on the Group's bank loans of approximately HK\$23.8 million (31 December 2019: HK\$25.1 million) and the Group's total equity of approximately HK\$138.1 million (31 December 2019: HK\$141.7 million).

## **Capital structure**

As at 30 June 2020, the Company had 1,400,000,000 issued shares at HK\$0.01 each. There has been no change in the Company's capital structure since its listing.

## **Treasury policy**

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period. To manage liquidity risk, the management closely monitors the Group's liquidity position and maintains sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to settle the payables of the Group.

## **Contingent liabilities**

As at 30 June 2020, The Group did not have material contingent liabilities (31 December 2019: nil).

## **Charge of assets**

As at 30 June 2020, the Group's leasehold land and buildings held for own use with a net carrying amount of approximately HK\$59.6 million have been pledged to secure banking facilities granted to the Group.

## **Currency risk**

As at 30 June 2020, the Group did not have material currency risk exposures as most of the Group's transactions carried out are denominated in Hong Kong Dollars and US Dollars which either Hong Kong Dollars are pegged with or has been maintaining a stable currency rate for a long time.

## **Capital commitments**

As at 30 June 2020, the Group did not have any material capital commitments (31 December 2019: nil).

## **Material acquisitions and disposals of subsidiaries and affiliated companies**

During the six months ended 30 June 2020, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

On 2 July 2019, Winning Tower Group Limited (“Winning Tower Group”), a indirect wholly owned subsidiary of the Company, has entered into property disposal agreements (the “Property Disposal Agreements”) with Iao Ip Property Investment Limited (“Iao Ip”), pursuant to which Iao Ip has conditionally agreed to acquire and Winning Tower Group has conditionally agreed to sell two properties, namely, Unit 803 and 808, 8/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong is HK\$27,645,000, while the consideration about the sale and purchase of Unit 808, 8/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong (the “Properties”) at the aggregated consideration of HK\$45,516,400. Of which, the consideration of Unit 803 and 808 was HK\$27,645,000 and HK\$17,841,400 respectively. Pursuant to the Property Disposal Agreements, Iao Ip and Winning Tower Group shall enter into the respective leasing agreements (the “Leasing Agreements”) where Iao Ip as landlord shall lease to Winning Tower Group as tenant the Properties for a term of three years commencing from the date which all the conditions precedent are fulfilled according to the Property Disposal Agreements. According to the Leasing Agreements, the rent for Unit 803 and 808 is HK\$87,300 and HK\$56,436 per month respectively, totaling HK\$143,736 per month, inclusive of property tax, management fee, government rent and rates but exclusive of water, gas and electricity charges.

Iao Ip was owned as to 20% by Mr. Yu Ting Hei, a non-executive Director (“Mr. Yu”) and as to 80% in aggregate by three associates of Mr. Yu. Mr. Yu is a non-executive Director and one of the controlling shareholders of the Company. As such, Iao Ip is an associate of Mr. Yu and hence a connected person of the Company for the purpose of Chapter 20 of the GEM Listing Rules. Accordingly, the Disposal also constitutes a connected transaction of the Company, and is subject to the announcement, reporting, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

As a result, an extraordinary general meeting was convened and held on 9 September 2019 (the “EGM”) at which Keyview Ventures Limited, the Company’s controlling shareholder, was required to abstain from voting. At the EGM, the resolution was passed by the independent shareholder and the transactions were completed on 30 September 2019. The proceeds arisen from the disposal of the Properties were approximately HK\$45.5 million which were intended to repay certain bank facilities. As at 30 June 2020, approximately HK\$1.8 million had been used to repay certain bank facilities and approximately HK\$10.0 million had been applied for settlement of import purchases with deposit requirement.

### **Future plans for material investments and capital assets**

Save as disclosed above and in the section “Future Plans and Use of Proceeds” of the Prospectus, as at 30 June 2017, the Group did not have other plans for material investments and capital assets.

### **Employee and emolument policies**

As at 30 June 2020, the Group had 41 full-time employees (30 June 2019: 52). The pay scale of the Group’s employees is maintained at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group’s salary and bonus system. Other employee benefits include provident fund, insurance and medical cover.

### **Subsequent events**

Save as disclosed above, there were no material events occurred after the six months ended 30 June 2020.

## **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION**

As at 30 June 2020, interests and short positions 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")) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

### **Shares of associated corporations of the Company**

<b>Name of associated corporation</b>	<b>Name of Director</b>	<b>Number of shares</b>	<b>Approximate Percentage</b>
Keyview Ventures Limited	Lai King Wah	6,975	24.53%
Keyview Ventures Limited	Lai Ho Yin Eldon	307	1.08%
Keyview Ventures Limited	Ho Timothy Kin Wah	815	2.87%
Keyview Ventures Limited	Yu Ting Hei	5,407	19.02%
Keyview Ventures Limited	Ou Honglian	6,600	23.22%

Save as disclosed above, as at 30 June 2020, none of the Directors and chief executives of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the standard of dealings by directors set out in Rules 5.46 to 5.67 of the GEM Listing Rules.



## **SUBSTANTIAL SHAREHOLDER’S INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY**

So far as the Directors are aware, as at 30 June 2020, other than the director and chief executive of the Company, the following persons/entities have an interest or a short position in the shares or the underlying shares of the Company as recorded in the register of the Company required to be kept under section 336 of the SFO:

<b>Name of shareholder</b>	<b>Number of shares</b>	<b>Percentage to the issued share capital of the Company</b>
Keyview Ventures Limited	1,050,000,000	75%

Save as disclosed above, as at 30 June 2020, no other persons had any interests or short positions in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 336 of the SFO.

## **SHARE OPTION SCHEME**

The Company has a share option scheme (the “Share Option Scheme”) which was approved and adopted by the shareholder of the Company by way of written resolution on 5 June 2017 which has a valid period of 10 years from the date of adoption of the Share Option Scheme (i.e., 5 June 2017, the “Adoption Date”) to the tenth anniversary of the Adoption Date.

No share option has been granted under the Share Option Scheme since its adoption.

## **DIRECTORS’ RIGHTS TO ACQUIRE SHARES**

Save as disclosed above, at no time during the six months ended 30 June 2020 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

During the six months ended 30 June 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s securities.

## **COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the period from the Listing Date to 30 June 2020.

## **COMPETING INTERESTS**

Keyview Ventures Limited, Kam Lee Investment Company Limited, Mr. KW Lai, Top Ocean Investment Limited, Ms. Ou, Mr. Yu, Ms. Li, Mr. Timothy Ho and Mr. Eldon Lai, individually and collectively as the controlling shareholder(s) (the “Controlling Shareholder(s)”) (as defined under GEM Listing Rules) of the Company, has entered into the deed of non-competition dated 5 June 2017 (the “Deed of Non-competition”) in favor of the Company, details of which were set out in the Prospectus. Pursuant to the Deed of Non-competition, the Controlling Shareholders have irrevocably undertaken to the Company that they will not and will procure their respective close associate (except any member of the Group) not to, directly or indirectly, commence, engage in or invest any business which competes or may compete directly or indirectly with the core business of the Group, being a food supplier focusing on processed raw and cooked food products in Hong Kong.

As at 30 June 2020, none of the Directors, the substantial shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

## **CORPORATE GOVERNANCE**

The Company has adopted the principles and the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 15 of the GEM Listing Rules. To the best knowledge of the Directors, the Company had complied with the code provisions in the CG Code throughout the period under review except as below:

### **Company secretary**

The Board had appointed Mr. Tsang Hing Bun (“Mr. Tsang”) as the company secretary (the “Company Secretary”) and an authorized representative of the Company on 5 June 2017. From 1 August 2018, Mr. Tsang ceased to be an employee of the Company as required under code provision F.1.1 of the CG Code, the Company has assigned Mr. Lai Ho Yin Eldon, the executive Director, as the contact person with Mr. Tsang. Information in relation to the performance, financial position and other major developments and affairs of the Group are speedily delivered to Mr. Tsang through the contact person assigned. Hence, all Directors are still considered to have access to the advice and services of the Company Secretary in light of the above arrangement in accordance with code provision F.1.4 of the CG Code. Having in place a mechanism that Mr. Tsang will be informed of the Group’s development promptly without material delay and with his expertise and experience, the Board is confident that having Mr. Tsang as the Company Secretary is beneficial to the Group’s compliance with the relevant board procedures, applicable laws, rules and regulations. For the reporting period, Mr. Tsang has duly complied with the relevant professional training requirement under Rule 5.15 of the Listing Rules.

## AUDIT COMMITTEE

The Company has established an audit committee with the written terms of reference in compliance with the GEM Listing Rules. The audit committee consists of three independent non-executive Directors, namely Mr. Lo Sun Tong (chairperson), Mr. Chau Chun Wai and Mr. Lam Lai Kiu Kelvin. The audit committee has reviewed this announcement and are in the opinion that such report has complied with the applicable accounting standards and adequate disclosures have been made.

By order of the Board  
**Winning Tower Group Holdings Limited**  
**Lai King Wah**  
*Chairman and Executive Director*

Hong Kong, 3 August 2020

*As at the date of this announcement, the executive directors are Mr. Lai King Wah, Mr. Lai Ho Yin Eldon and Mr. Ho Timothy Kin Wah; the non-executive directors are Mr. Yu Ting Hei, Mr. Chow Kuen Chung and Ms. Ou Honglian; and the independent non-executive directors are Mr. Chau Chun Wai, Mr. Lo Sun Tong and Mr. Lam Lai Kiu Kelvin.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its publication and on the website of the Company at [www.wtgl.hk](http://www.wtgl.hk).*