

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 2024

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.

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 GEM of the Stock Exchange (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 and all opinions expressed in the report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

UNAUDITED INTERIM RESULTS

The board of directors of the Company presents the unaudited condensed consolidated results of the Group for the three months and six months ended 30 June 2024, together with the unaudited comparative figures for the corresponding periods in 2023, are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three and six months ended 30 June 2024

	Notes	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
		2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
REVENUE	5	25,323	25,691	54,172	52,030
Cost of inventories consumed		(14,168)	(13,706)	(29,443)	(28,292)
Other income		162	130	358	270
Employee benefit expenses		(6,127)	(6,621)	(12,879)	(13,506)
Depreciation		(1,241)	(2,006)	(3,107)	(3,976)
Transportation and storage fee		(478)	(519)	(1,004)	(1,047)
Utilities and consumables		(1,065)	(1,343)	(2,208)	(2,681)
Rental and related expenses		(263)	(371)	(643)	(719)
Other operating expenses		(2,963)	(2,576)	(5,894)	(5,047)
LOSS BEFORE TAX FROM OPERATIONS		(820)	(1,321)	(648)	(2,968)
Finance costs		(75)	(110)	(159)	(229)
LOSS BEFORE TAX	6	(895)	(1,431)	(807)	(3,197)
Income tax credit	7	–	–	–	–
LOSS FOR THE PERIOD		<u>(895)</u>	<u>(1,431)</u>	<u>(807)</u>	<u>(3,197)</u>
Attributable to:					
Owners of the Company		(367)	(1,438)	(414)	(2,952)
Non-controlling interests		(528)	7	(393)	(245)
		<u>(895)</u>	<u>(1,431)</u>	<u>(807)</u>	<u>(3,197)</u>
Loss per share attributable to the owners of the Company – Basic and diluted (expressed in HK cents per share)	9	<u>(0.03)</u>	<u>(0.10)</u>	<u>(0.03)</u>	<u>(0.21)</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three and six months ended 30 June 2024

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 June		30 June	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
LOSS FOR THE PERIOD	(895)	(1,431)	(807)	(3,197)
OTHER COMPREHENSIVE INCOME/ (LOSS)				
Other comprehensive income/(loss) that will not to be reclassified to profit or loss in subsequent periods:				
Revaluation surplus, net	776	775	1,552	1,550
Deferred tax debited to asset revaluation reserve	(128)	(128)	(256)	(256)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	648	647	1,296	1,294
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD	(247)	(784)	489	(1,903)
Attributable to:				
Owners of the Company	281	(791)	882	(1,658)
Non-controlling interests	(528)	7	(393)	(245)
	(247)	(784)	489	(1,903)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		26,030	27,025
Right-of-use assets		52,979	53,856
Prepayments, deposits and other receivables		944	1,305
Deferred tax assets		2,199	2,199
		<hr/>	<hr/>
Total non-current assets		82,152	84,385
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		4,823	5,612
Trade receivables	10	11,664	15,922
Prepayments, deposits and other receivables		3,969	4,392
Due from a related party	11	105	34
Cash and cash equivalents		14,112	10,283
		<hr/>	<hr/>
Total current assets		34,673	36,243
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade and bills payables	12	5,532	5,664
Other payables and accruals		10,462	11,271
Interest-bearing bank borrowings	13	361	698
Lease liabilities		3,371	4,824
		<hr/>	<hr/>
Total current liabilities		19,726	22,457
		<hr/>	<hr/>
NET CURRENT ASSETS		14,947	13,786
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		97,099	98,171
		<hr/>	<hr/>

		Unaudited	Audited
		30 June	31 December
		2024	2023
	<i>Notes</i>	HK\$'000	HK\$'000
NON-CURRENT LIABILITIES			
Other payables and accruals		600	600
Interest-bearing bank borrowings	13	2,018	2,200
Lease liabilities		556	2,158
Deferred tax liabilities		6,613	6,357
		<hr/>	<hr/>
Total non-current liabilities		9,787	11,315
		<hr/>	<hr/>
Net assets		87,312	86,856
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the Company			
Share capital	14	14,000	14,000
Reserves		79,112	78,230
		<hr/>	<hr/>
		93,112	92,230
Non-controlling interests		(5,800)	(5,374)
		<hr/>	<hr/>
Total equity		87,312	86,856
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Merger Reserve	Capital reserve	Asset revaluation reserve	Accumulated loss	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024 (Audited)	14,000	103,491*	(36,733)*	5,100*	32,172*	(25,800)*	92,230	(5,374)	86,856
Loss for the period	-	-	-	-	-	(414)	(414)	(393)	(807)
Other comprehensive income/(loss) for the period:									
Revaluation surplus, net	-	-	-	-	1,552	-	1,552	-	1,552
Deferred tax debited to asset revaluation reserve	-	-	-	-	(256)	-	(256)	-	(256)
Total comprehensive income/(loss) for the period	-	-	-	-	1,296	(414)	882	(393)	489
Acquisition of subsidiaries	-	-	-	-	-	-	-	(33)	(33)
At 30 June 2024 (Unaudited)	<u>14,000</u>	<u>103,491*</u>	<u>(36,733)*</u>	<u>5,100*</u>	<u>33,468*</u>	<u>(26,214)*</u>	<u>93,112</u>	<u>(5,800)</u>	<u>87,312</u>
	Attributable to owners of the Company								
	Share capital	Share premium	Merger Reserve	Capital reserve	Asset revaluation reserve	Accumulated loss	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2023 (Audited)	14,000	103,491	(36,733)	5,100	32,088	(22,601)	95,345	(5,469)	89,876
Loss for the period	-	-	-	-	-	(2,952)	(2,952)	(245)	(3,197)
Other comprehensive income/(loss) for the period:									
Revaluation surplus, net	-	-	-	-	1,550	-	1,550	-	1,550
Deferred tax debited to asset revaluation reserve	-	-	-	-	(256)	-	(256)	-	(256)
Total comprehensive income/(loss) for the period	-	-	-	-	1,294	(2,952)	(1,658)	(245)	(1,903)
At 30 June 2023 (Unaudited)	<u>14,000</u>	<u>103,491</u>	<u>(36,733)</u>	<u>5,100</u>	<u>33,382</u>	<u>(25,553)</u>	<u>93,687</u>	<u>(5,714)</u>	<u>87,973</u>

* These reserve accounts comprise the consolidated reserves of HK\$79,112,000 (31 December 2023: HK\$78,230,000) in the condensed consolidated statements of financial position as at 30 June 2024.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(807)	(3,197)
Adjustments for:		
Bank interest income	(95)	(154)
Finance costs	159	229
Depreciation of property, plant and equipment	1,158	1,521
Depreciation of right-of-use assets	1,949	2,455
Loss on disposal of items of property, plant and equipment	5	–
	<u>2,369</u>	<u>854</u>
Decrease/(increase) in inventories	789	(265)
Decrease in trade receivables	4,258	2,307
Decrease/(increase) in prepayments, deposits and other receivables	784	(982)
Increase in amounts due from related parties	(71)	(8)
Decrease in trade payables	(132)	(634)
Increase in other payables and accruals	101	478
	<u>8,098</u>	<u>1,750</u>
Interest element of lease payments	(74)	(188)
	<u>8,024</u>	<u>1,562</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	95	154
Purchases of items of property, plant and equipment	(148)	–
Acquisition of subsidiaries	(33)	–
	<u>(86)</u>	<u>154</u>
Net cash flows from/(used in) investing activities	<u>(86)</u>	<u>154</u>

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 (which includes the provision of transportation services) and the operation of restaurants. In the opinion of the Company's directors, the ultimate holding company of the Company is 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 2023.

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 2023 except for the application of the new and revised standards, amendments and interpretations ("**new and revised HKFRSs**") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2024.

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 (which includes the transportation services); and
- (b) restaurant operation.

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 results, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that interest income and non-lease-related finance costs are excluded from such measurement.

Segment assets exclude cash and cash equivalents as these assets are managed on group basis.

Segment liabilities exclude interest-bearing bank borrowing as the liability is managed on group basis.

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.

(a) Operating segment information

The following tables present revenue and loss for the Group's operating segments for the six months ended 30 June 2024 and 2023:

Segments	Processing and trading of food products (which includes the transportation services)		Restaurant operation		Total	
	Unaudited		Unaudited		Unaudited	
	Six months ended		Six months ended		Six months ended	
	30 June		30 June		30 June	
	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue (note 5)						
Sales to external customers	43,564	37,498	10,608	14,532	54,172	52,030
Intersegment sales	974	1,187	–	–	974	1,187
Total segment revenue	44,538	38,685	10,608	14,532	55,146	53,217
Reconciliation:						
Elimination of intersegment sales					(974)	(1,187)
Revenue					54,172	52,030
Segment results	(2,960)	(3,391)	2,143	81	(817)	(3,310)
Interest income					95	154
Finance costs (other than interest on lease liabilities)					(85)	(41)
Loss before tax					(807)	(3,197)
Income tax credit/ (expense)					–	–
Loss for the period					(807)	(3,197)

(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

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Processing and trading of food products segment (which includes the transportation services)				
Customer A [#]	9,591	6,387	19,721	12,412
Customer B [#]	3,257	N/A*	6,297	N/A*
Customer C [#]	N/A*	N/A*	N/A*	N/A*

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

* Less than 10% of the Group's revenue

5. REVENUE

An analysis of revenue is as follows:

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers	25,323	25,691	54,172	52,030

Revenue from contracts with customers

(a) Disaggregated revenue information

Segments	Processing and trading of food products (which includes the transportation services)		Restaurant operation		Total	
	Unaudited		Unaudited		Unaudited	
	Six months ended		Six months ended		Six months ended	
	30 June		30 June		30 June	
	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Type of goods or services						
Sales of food products	43,534	37,453	–	–	43,534	37,453
Income from the provision of transportation services	30	45	–	–	30	45
Income from the operation of restaurants	–	–	10,608	14,532	10,608	14,532
Total revenue from contracts with customers	<u>43,564</u>	<u>37,498</u>	<u>10,608</u>	<u>14,532</u>	<u>54,172</u>	<u>52,030</u>
Timing of revenue recognition						
Goods transferred at a point in time	43,534	37,453	10,608	14,532	54,142	51,985
Services transferred over time	30	45	–	–	30	45
Total revenue from contracts with customers	<u>43,564</u>	<u>37,498</u>	<u>10,608</u>	<u>14,532</u>	<u>54,172</u>	<u>52,030</u>

(b) Performance obligations

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

Sale of food products

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 45 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 for restaurant operation is satisfied upon (i) completion of the services; or (ii) delivery of the food. Payment is generally due immediately 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 45 days from the date of billing.

6. LOSS BEFORE TAX

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

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Cost of inventories consumed	14,491	13,706	29,766	28,292
Depreciation of property, plant and equipment	267	760	1,158	1,521
Depreciation of right-of-use assets	974	1,246	1,949	2,455
Total depreciation	<u>1,241</u>	<u>2,006</u>	<u>3,107</u>	<u>3,976</u>
Rental and related expenses	<u>263</u>	<u>371</u>	<u>643</u>	<u>719</u>
Total employee benefit expenses	<u>6,127</u>	<u>6,621</u>	<u>12,879</u>	<u>13,506</u>
Bank interest income	<u>(37)</u>	<u>(73)</u>	<u>(95)</u>	<u>(154)</u>

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the six months ended 30 June 2024, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2023: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%).

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Current – Hong Kong				
Charge/(credit) for the period	–	–	–	–
Deferred	–	–	–	–
Total tax credit for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

8. DIVIDENDS

The board of Directors does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (2023: Nil).

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:

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Loss				
Loss attributable to owners of the Company used in the basic loss per share calculation	<u>(367)</u>	<u>(1,438)</u>	<u>(414)</u>	<u>(2,952)</u>
	Number of shares			
	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2024 '000	2023 '000	2024 '000	2023 '000
Shares				
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	<u>14,000,000</u>	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,400,000</u>
Loss per share:				
Basic (<i>HK cents</i>)	<u>(0.03)</u>	<u>(0.10)</u>	<u>(0.03)</u>	<u>(0.21)</u>

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2024 and 2023 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

10. TRADE RECEIVABLES

	Unaudited As at 30 June 2024 <i>HK\$'000</i>	Audited As at 31 December 2023 <i>HK\$'000</i>
Trade receivables from:		
Third party customers	11,599	15,471
Related companies		
– Yau Heng	384	963
– Rong Zhi	193	–
	<u>12,176</u>	<u>16,434</u>
Impairment	(512)	(512)
	<u><u>11,664</u></u>	<u><u>15,922</u></u>

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 days to 45 days. 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 aging analysis of the trade receivables as at the end of the reporting period, based on invoice date and net of loss allowance, is as follows:

	Unaudited As at 30 June 2024 <i>HK\$'000</i>	Audited As at 31 December 2023 <i>HK\$'000</i>
Within 1 month	6,186	7,364
1 to 2 months	3,520	4,555
2 to 3 months	948	2,654
Over 3 months	1,010	1,349
	<u><u>11,664</u></u>	<u><u>15,922</u></u>

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 AND BILLS PAYABLES

	Unaudited As at 30 June 2024 <i>HK\$'000</i>	Audited As at 31 December 2023 <i>HK\$'000</i>
Trade payables to:		
Third party suppliers	3,790	3,601
Related companies		
– Guangzhou Ge Yun	–	183
– Rong Zhi	190	–
	<u>3,980</u>	<u>3,784</u>
Bills payable	<u>1,552</u>	<u>1,880</u>
Total trade and bills payables	<u><u>5,532</u></u>	<u><u>5,664</u></u>

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

	Unaudited As at 30 June 2024 <i>HK\$'000</i>	Audited As at 31 December 2023 <i>HK\$'000</i>
Within 1 month	5,532	5,629
1 to 2 months	–	35
	<u><u>5,532</u></u>	<u><u>5,664</u></u>

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

The bills payable are secured, interest-bearing at 2.95% to 3.83% and repayable with three months.

13. INTEREST-BEARING BANK BORROWINGS

	Unaudited As at 30 June 2024			Audited As at 31 December 2023		
	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
Current						
Bank overdrafts – secured	–	–	–	1.35 above prime rate	On demand	343
Bank loans – secured	3.0 below prime rate	July 2024– June 2025	361	3.0 below prime rate	2024	355
Total – current			361			698
Non-current						
Bank loans – secured	3.0 below prime rate	July 2025– 2030	2,018	3.0 below prime rate	2025–2030	2,200
			2,379			2,898

14. SHARE CAPITAL

Details of the authorised and issued and fully paid share capital of the Company are summarised as follows:

	Unaudited As at 30 June 2024 HK\$'000
Authorised: 10,000,000,000 ordinary shares of HK\$0.01 each	100,000
Issued and fully paid: 1,400,000,000 ordinary shares of HK\$0.01 each	14,000

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:

Name of the related party	Relationship with the Group
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 and Controlling shareholder of Winning Futures.
Iao Ip Property	Mr. Yu and his family members are beneficial shareholders of Iao Ip Property.
Guangzhou Ge Yun	Mr. Zhong Yuhua (“ Mr. Zhong ”) and his family member are beneficial shareholders of Guangzhou Ge Yun. Mr. Zhong is a director of the Company and a shareholder of Keyview Ventures.
Rong Zhi	Ms. Ou Honglian (“ Ms. Ou ”) is the sole shareholder of Rong Zhi. Ms. Ou is a director of the Company and her family members are shareholders of Keyview Ventures.

- (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	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Yau Heng[^]				
Sales of goods	1,498	2,510	2,787	4,250
Purchases of goods	209	–	209	–
Transportation service income	17	28	30	45
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Guangzhou Ge Yun[^]				
Purchase of goods	–	359	240	852
Consumable expenses	–	13	2	22
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Rong Zhi[^]				
Sales of goods	–	–	–	–
Purchase of goods	562	–	872	–
Processing service income	193	–	193	–
Consumable expenses	30	–	37	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Iao Ip Property[^]				
Rental expense (<i>note</i>)	–	–	–	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Winning Futures[^]				
Sales of goods	–	–	–	–
Transportation service income	–	–	–	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

[^] These related party transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 20 of the GEM Listing Rules.

Note: The Group leased properties from Iao Ip Property as food factory and warehouse. The monthly lease payables were charged with reference to market rates. Rental deposits of HK\$561,000 (2023: HK\$561,000) paid to Iao Ip were included in the non-current portion of prepayments, deposits and other receivables as at 30 June 2024. Right-of-use assets of HK\$957,000 (31 December 2023: HK\$1,502,000) and lease liabilities of HK\$2,318,000 (31 December 2023: HK\$3,535,000) with respect to the leases were recognized in the condensed consolidated statement of financial position as at 30 June 2024. For the six months ended 30 June 2024, depreciation of right-of-use assets of HK\$544,000 (2023: HK\$571,000) and finance costs on lease liabilities of HK\$35,000 (2023: HK\$62,000) were charged to the condensed consolidated statement of profit and loss.

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

(c) Compensation of key management personnel of the Group

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 June		30 June	
	2024	2023	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Short term employee benefits	1,309	1,230	2,465	2,438
Post-employment benefits	18	18	33	36
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total compensation paid to key management personnel	1,327	1,248	2,498	2,474
	<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 19 August 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

The Group is principally engaged in processing and sales of raw, frozen and cooked food products (which includes provision of transportation services) and the operation of restaurants in Hong Kong.

On 24 May 2019, Winning Tower Group Limited (“**Winning Tower Group**”), an indirect wholly-owned subsidiary of the Company, entered into a joint venture agreement with Wing Si Worldwide Holdings Limited (“**Wing Si**”) pursuant to which Winning Tower Group is interested as to 55% and Wing Si is interested as to 45% of the joint venture Winning Wings Limited (the “**Winning Wings**”), which is the vehicle for their participation in catering and food business in Hong Kong. For details, please refer to the announcement of the Company dated 24 May 2019.

On 2 June 2021 (after trading hours), a joint venture agreement (the “**Joint Venture Agreement**”) was entered into between Winning Tower Group, Skyee Limited (“**Skyee**”) and Dynasty Time Limited (the “**Joint Venture**”), pursuant to which, among others: (i) the Joint Venture shall act as a corporate vehicle for the joint participation of Winning Tower Group and Skyee in the catering and food business in Hong Kong. The Joint Venture was incorporated in Hong Kong with limited liability on 1 April 2021 and is currently owned as to 60% by Winning Tower Group and as to 40% by Skyee, respectively; and (ii) Winning Tower Group and Skyee conditionally agreed to provide an initial funding to the Joint Venture by way of loan at HK\$3,000,000 for the purpose of setting up the first Joint Venture’s restaurant in Hong Kong, while the respective amount contributed by each of Winning Tower Group and Skyee shall be in proportion to their respective shareholdings in the Joint Venture at HK\$1,800,000 and HK\$1,200,000, respectively. On 10 May 2021, the Joint Venture entered into a tenancy agreement (the “**Tenancy Agreement**”) as tenant in respect of the lease of a premises for a term of three years commencing from 15 May 2021 and expiring on 14 May 2024 (both days inclusive) for the operation of the first Joint Venture’s restaurant in Hong Kong under the Joint Venture Agreement.

Pursuant to the Joint Venture Agreement, the Group will be the main supplier of all food and beverage ingredients for all the restaurant(s) of the Joint Venture. Being the main supplier to the Joint Venture, our Directors consider that the future sales and revenue of the Group will be strengthened. The Directors are of the view that the entering into of the Tenancy Agreement and the terms and conditions thereof are fair and reasonable and in the interests of the Company and the shareholders of the Company (the “**Shareholders**”) as a whole.

More details regarding the transactions mentioned above can be found in the announcement of the Company dated 2 June 2021.

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.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2024, the Group recorded approximately HK\$54.2 million revenue as compared with last year's corresponding period of approximately HK\$52.0 million, representing an increase of approximately 4.2%. Of which, approximately HK\$43.6 million was contributed from processing and trading of food products (which includes provision of transportation services) (2023: HK\$37.5 million). Moreover, income from restaurant operation recorded approximately HK\$10.6 million (2023: HK\$14.5 million).

Cost of inventories and loss before tax

For the six months ended 30 June 2024, the Group's cost of inventories consumed and loss before tax from operations was approximately HK\$29.4 million and HK\$0.6 million respectively, where those for the last year's corresponding period were approximately HK\$28.3 million and approximately HK\$3.0 million respectively. The increase in cost of inventories consumed was in line with the increase 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 2024 was HK\$24.8 million and 45.8% respectively (2023: HK\$23.7 million and 45.6% respectively).

Employee benefit expenses

For the six months ended 30 June 2024, the Group's employee benefit expenses decreased to approximately HK\$12.9 million from last year's corresponding period's approximately HK\$13.5 million. This decrease was mainly due to a reduction in employees in operation of restaurants.

Income tax credit/(expense)

For the six months ended 30 June 2024, no income tax credit or expense was recorded while no income tax credit or expense was recorded in last year's corresponding period.

Loss for the period

Based on the above reasons, for the six months ended 30 June 2024, the Group recorded a net loss for the period of approximately HK\$0.8 million versus approximately HK\$3.2 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 2024.

Liquidity and financial resources

As at 30 June 2024, the Group had net current assets of approximately HK\$14.9 million (31 December 2023: HK\$13.8 million), of which cash at bank consisted of approximately HK\$14.1 million (31 December 2023: HK\$10.3 million). The Group had bank borrowings amounted to approximately HK\$2.4 million (31 December 2023: HK\$2.9 million).

Gearing ratio

As at 30 June 2024, the Group's gearing ratio was approximately 2.6% (31 December 2023: 3.1%), which is calculated based on the Group's bank loans of approximately HK\$2.4 million (31 December 2023: HK\$2.9 million) and the equity attributable to owners of the Company of approximately HK\$93.1 million (31 December 2023: HK\$92.2 million).

Capital structure

As at 30 June 2024, 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 2024, the Group did not have material contingent liabilities (31 December 2023: nil).

Charge of assets

As at 30 June 2024, the Group's leasehold land and owned buildings held for own use with a net carrying amount of approximately HK\$57.5 million (31 December 2023: HK\$57.5 million) have been pledged to secure banking facilities granted to the Group.

Currency risk

As at 30 June 2024, 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 2024, the Group did not have any material capital commitments (31 December 2023: nil).

Material acquisitions and disposals of subsidiaries and affiliated companies

As at 30 June 2024, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Employee and emolument policies

As at 30 June 2024, the Group had 71 employees (30 June 2023: 83). 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 2024.

OTHER INFORMATION

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

Immediately before 26 January 2024, 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 Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) are as follows:

Shares of associated corporations of the Company

Name of associated corporation	Name of Director	Number of shares	Approximate Percentage
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%

On 26 January 2024, Mr. Lai King Wah, Mr. Lai Ho Yin Eldon, Mr. Ho Timothy Kin Wah, Ms. Li Sheung Oi, Mr. Yu Ting Hei and Top Ocean Investment Limited (collectively the “**Vendors**”) entered into sale and purchase agreement with Mr. Zhong Yuhua, Ms. Ou Honglian, Mr. Zhong Juzhi and Mr. Zhong Rongzhi (collective the “**Offerors**”), pursuant to which the Vendors agreed to sell and transfer, and the Offerors agreed to purchase, 21,829 shares of Keyview Ventures Limited (“**Keyview Ventures**”) (the “**Sale Shares**”), free from all encumbrances, for a cash Consideration of HK\$41,924,211.19. The Sale Shares representing approximately 76.78% of the total issued share capital of Keyview Ventures immediately before completion.

The completion took place on 26 January 2024. Immediately after the completion and as at the date of the joint announcement, the Offerors and parties acting in concert with them, through Keyview Ventures, hold 1,050,000,000 shares of the Company, representing 75% of the issued share capital of the Company. The Offerors are therefore required under Rule 26.1 of the Codes on Takeovers and Mergers and Share Buybacks (the “**Takeovers Code**”) to make a mandatory unconditional cash offer to be made by Rainbow Capital (HK) Limited for and on behalf of the Offerors to acquire all the issued shares of the Company not already owned or agreed to be acquired by the Offerors and parties acting in concert with them in accordance with the Takeovers Code. The Offer will be made to the holders of shares of the Company, other than the Offerors and parties acting in concert with them. For details, please refer to the announcement of the Company dated 1 February 2024.

Save as disclosed above, as at 30 June 2024, 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 2024, 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:

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

Save as disclosed above, as at 30 June 2024, 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 2024 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 2024, 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 six months ended 30 June 2024.

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 2024, none of the Directors, the substantial Shareholders 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 C1 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 Part 1F of Appendix C1 to the Listing Rules, 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 Part 1F of Appendix C1. 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, 19 August 2024

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. Zhong Yuhua 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 Listed Company Information" page of the website of the Stock Exchange at www.hkexnews.hk for at least seven days from the date of its posting. This announcement will also be published on the website of the Company at www.wtgl.hk.