

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

2023 INTERIM REPORT

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

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This report, 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 report 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 report 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.

This report 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 report will also be published on the website of the Company at www.wtgl.hk.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Lai King Wah
Mr. Lai Ho Yin Eldon
Mr. Ho Timothy Kin Wah

Non-executive Directors

Mr. Yu Ting Hei
Mr. Wong Wang Leong
Ms. Ou Honglian

Independent Non-executive Directors

Mr. Chau Chun Wai
Mr. Lo Sun Tong
Mr. Lam Lai Kiu Kelvin

AUDIT COMMITTEE

Mr. Lo Sun Tong
Mr. Chau Chun Wai
Mr. Lam Lai Kiu Kelvin

NOMINATION COMMITTEE

Mr. Lai King Wah
Mr. Chau Chun Wai
Mr. Lo Sun Tong

REMUNERATION COMMITTEE

Mr. Chau Chun Wai
Mr. Lo Sun Tong
Mr. Lai King Wah

COMPLIANCE OFFICER

Mr. Ho Timothy Kin Wah

COMPANY SECRETARY

Mr. Tsang Hing Bun

AUTHORISED REPRESENTATIVES

Mr. Lai Ho Yin Eldon
Mr. Tsang Hing Bun

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 803, 8/F
Riley House
88 Lei Muk Road
Kwai Chung
New Territories
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKER

Shanghai Commercial Bank Limited

COMPANY'S WEBSITE

www.wtjl.hk

STOCK CODE

8362

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 a joint venture (the “**Joint Venture**”), 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.

For the six months ended 30 June 2023, revenue from the Joint Venture recorded approximately HK\$8.9 million, representing an increase of 2.3% compared with last year’s corresponding period.

On 2 June 2021 (after trading hours), a joint venture agreement (the “**Joint Venture Agreement**”) was entered into between Winning Tower Group, Skyye Limited (“**Skyye**”) 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 Skyye 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 Skyye, respectively; and (ii) Winning Tower Group and Skyye 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 Skyye 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to the Joint Venture Agreement, the Group will be the sole supplier of all food and beverage ingredients for all the restaurant(s) of the Joint Venture, save for certain exceptions stipulated in the Joint Venture Agreement. Being the sole 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 2023, the Group recorded approximately HK\$52.0 million revenue as compared with last year’s corresponding period of approximately HK\$56.1 million, representing a decrease of approximately 7.3%. Of which, approximately HK\$37.5 million was contributed from processing and trading of food products (which includes provision of transportation services) (2022: HK\$44.8 million). Moreover, income from restaurant operation also improved to approximately HK\$14.5 million (2022: HK\$11.3 million).

Cost of inventories and loss before tax

For the six months ended 30 June 2023, the Group’s cost of inventories consumed and loss before tax from operations was approximately HK\$28.3 million and HK\$3.0 million respectively, where those for the last year’s corresponding period were approximately HK\$36.9 million and approximately HK\$5.6 million respectively. The decrease in cost of inventories consumed was in line with the decrease 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 2023 was HK\$23.7 million and 45.6% respectively (2022: HK\$19.2 million and 34.2% respectively).

MANAGEMENT DISCUSSION AND ANALYSIS

Employee benefit expenses

For the six months ended 30 June 2023, the Group's employee benefit expenses increased to approximately HK\$13.5 million from last year's corresponding period's approximately HK\$12.6 million which was mainly attributable to the staff salary increment.

Income tax credit/(expense)

For the six months ended 30 June 2023, no income tax credit/(expense) was recorded compared with last year's corresponding period's income tax credit was approximately HK\$71,000. It was due to no deferred tax asset/(liability) movement in the reporting period.

Loss for the period

Based on the above reasons, for the six months ended 30 June 2023, the Group recorded a net loss for the period of approximately HK\$3.2 million versus HK\$5.8 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 2023.

Liquidity and financial resources

As at 30 June 2023, the Group had net current assets of approximately HK\$12.0 million (31 December 2022: HK\$14.6 million), of which cash at bank consisted of approximately HK\$14.9 million (31 December 2022: HK\$15.6 million). The Group had bank borrowings amounted to approximately HK\$3.4 million (31 December 2022: HK\$2.9 million).

Gearing ratio

As at 30 June 2023, the Group's gearing ratio was approximately 3.6% (31 December 2022: 3.0%), which is calculated based on the Group's bank loans of approximately HK\$3.4 million (31 December 2022: HK\$2.9 million) and the Group's total equity of approximately HK\$93.7 million (31 December 2022: HK\$95.3 million).

Capital structure

As at 30 June 2023, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2023, the Group did not have material contingent liabilities (31 December 2022: nil).

Charge of assets

As at 30 June 2023, the Group's leasehold land and owned buildings held for own use with a net carrying amount of approximately HK\$59.8 million (2022: HK\$59.8 million) have been pledged to secure banking facilities granted to the Group.

Currency risk

As at 30 June 2023, 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 2023, the Group did not have any material capital commitments (31 December 2022: nil).

Material acquisitions and disposals of subsidiaries and affiliated companies

Saved as disclosed, during the six months ended 30 June 2023, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

MANAGEMENT DISCUSSION AND ANALYSIS

On 2 July 2019, Winning Tower Group had entered into property disposal agreements (the “**Property Disposal Agreements**”) with lao Ip Property Investment Limited (“**lao Ip**”), pursuant to which lao Ip Property 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, lao Ip Property and Winning Tower Group shall enter into the respective leasing agreements (the “**Leasing Agreements**”) where lao Ip Property 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.

lao Ip Property 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. As such, lao Ip Property 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 2022, approximately HK\$22.7 million had been used to repay certain bank facilities, approximately HK\$18.9 million had been applied for settlement of import purchases with deposit requirement and the remaining approximately HK\$3.9 million had been used for the expansion of business under the joint venture.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2023, the Group had 83 employees (30 June 2022: 78). 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 2023.

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

As at 30 June 2023, 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%

Save as disclosed above, as at 30 June 2023, 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.

OTHER INFORMATION

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 2023, 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 2023, 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 2023 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.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2023, 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 2023.

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 2023, 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.

OTHER INFORMATION

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 report 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, 8 August 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2023

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 2023, together with the unaudited comparative figures for the corresponding periods in 2022, are as follows:

	Notes	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
		2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
REVENUE	5	25,691	28,544	52,030	56,101
Cost of inventories consumed		(13,706)	(18,905)	(28,292)	(36,862)
Other income		130	2,107	270	2,909
Employee benefit expenses		(6,621)	(6,469)	(13,506)	(12,585)
Depreciation		(2,006)	(2,791)	(3,976)	(5,605)
Transportation and storage fee		(519)	(431)	(1,047)	(961)
Utilities and consumables		(1,343)	(1,212)	(2,681)	(2,267)
Rental and related expenses		(371)	(329)	(719)	(660)
Other operating expenses		(2,576)	(2,906)	(5,047)	(5,652)
LOSS BEFORE TAX FROM OPERATIONS		(1,321)	(2,392)	(2,968)	(5,582)
Finance costs		(110)	(143)	(229)	(294)
LOSS BEFORE TAX	6	(1,431)	(2,535)	(3,197)	(5,876)
Income tax credit	7	-	28	-	71
LOSS FOR THE PERIOD		(1,431)	(2,507)	(3,197)	(5,805)
Attributable to:					
Owners of the Company		(1,438)	(2,435)	(2,952)	(5,201)
Non-controlling interests		7	(72)	(245)	(604)
		(1,431)	(2,507)	(3,197)	(5,805)
Loss per share attributable to the owners of the Company					
– Basic and diluted (expressed in HK cents per share)	9	(0.10)	(0.17)	(0.21)	(0.37)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2023

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
LOSS FOR THE PERIOD	(1,431)	(2,507)	(3,197)	(5,805)
OTHER COMPREHENSIVE INCOME				
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:				
Revaluation surplus, net	775	798	1,550	1,596
Deferred tax debited to asset revaluation reserve	(128)	(131)	(256)	(263)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	647	667	1,294	1,333
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(784)	(1,840)	(1,903)	(4,472)
Attributable to:				
Owners of the Company	(791)	(1,768)	(1,658)	(3,868)
Non-controlling interests	7	(72)	(245)	(604)
	(784)	(1,840)	(1,903)	(4,472)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

		Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		27,264	28,354
Right-of-use assets		62,857	64,192
Prepayments, deposits and other receivables		2,032	2,107
Deferred tax assets		2,328	2,328
Total non-current assets		94,481	96,981
CURRENT ASSETS			
Inventories		4,567	4,302
Trade receivables	10	9,503	11,810
Prepayments, deposits and other receivables		4,407	3,351
Due from related parties	11	46	38
Tax recoverable		61	61
Cash and cash equivalents		14,874	15,601
Total current assets		33,458	35,163
CURRENT LIABILITIES			
Trade payables	12	2,985	3,619
Other payables and accruals		11,039	10,311
Interest-bearing bank borrowings	13	1,017	347
Lease liabilities		6,422	6,330
Total current liabilities		21,463	20,607
NET CURRENT ASSETS		11,995	14,556
TOTAL ASSETS LESS CURRENT LIABILITIES		106,476	111,537

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Notes	Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	13	2,378	2,553
Other payables and accruals		1,180	1,180
Lease liabilities		8,348	11,587
Deferred tax liabilities		6,597	6,341
Total non-current liabilities		18,503	21,661
Net assets		87,973	89,876
EQUITY			
Equity attributable to owners of the Company			
Share capital	14	14,000	14,000
Reserves		79,687	81,345
Non-controlling interests		93,687	95,345
		(5,714)	(5,469)
Total equity		87,973	89,876

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2023

	Attributable to owners of the Company								Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Merger Reserve HK\$'000	Capital reserve HK\$'000	Asset revaluation reserve HK\$'000	Accumulated loss HK\$'000	Total HK\$'000	Non-controlling interests 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)	14,000	103,491*	(36,733)*	5,100*	33,382*	(25,553)*	93,687	(5,714)	87,973

	Attributable to owners of the Company								Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Merger Reserve HK\$'000	Capital reserve HK\$'000	Asset revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
At 1 January 2022 (Audited)	14,000	103,491	(36,733)	5,100	34,015	(13,021)	106,852	(1,486)	105,366
Loss for the period	-	-	-	-	-	(5,201)	(5,201)	(604)	(5,805)
Other comprehensive income/(loss) for the period:									
Revaluation surplus, net	-	-	-	-	1,596	-	1,596	-	1,596
Deferred tax debited to asset revaluation reserve	-	-	-	-	(263)	-	(263)	-	(263)
Total comprehensive income/(loss) for the period	-	-	-	-	1,333	(5,201)	(3,868)	(604)	(4,472)
At 30 June 2022 (Unaudited)	14,000	103,491	(36,733)	5,100	35,348	(18,222)	102,984	(2,090)	100,894

* These reserve accounts comprise the consolidated reserves of HK\$79,687,000 (31 December 2022: HK\$81,345,000) in the condensed consolidated statements of financial position as at 30 June 2023.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

AS AT 30 JUNE 2023

	Unaudited Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(3,197)	(5,876)
Adjustments for:		
Bank interest income	(154)	(17)
Finance costs	229	294
Depreciation of property, plant and equipment	1,521	2,230
Depreciation of right-of-use assets	2,455	3,375
Gain on disposal of items of property, plant and equipment	–	(630)
	854	(624)
Increase in inventories	(265)	(1,303)
Decrease in trade receivables	2,307	453
Decrease/(increase) in prepayments, deposits and other receivables	(982)	59
Increase in amounts due from related parties	(8)	(23)
Increase/(decrease) in trade payables	(634)	681
Increase in other payables and accruals	478	1,308
	1,750	551
Cash generated from operations	(188)	(258)
	1,562	293
Net cash flows from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	154	17
Purchases of items of property, plant and equipment	–	(154)
Proceeds from disposal of items of property, plant and equipment	–	630
	154	493
Net cash flows from investing activities		

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

AS AT 30 JUNE 2023

	Unaudited Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans	666	–
Repayment of bank loans	(171)	(172)
Principle portion of lease payments	(3,147)	(2,956)
Loan from non-controlling shareholder	250	825
Interest paid	(41)	(36)
Net cash flows used in financing activities	(2,443)	(2,339)
NET DECREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	15,601	23,115
CASH AND CASH EQUIVALENTS AT END OF PERIOD	14,874	21,562
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	6,734	11,562
Non-pledged time deposits with original maturity of less than three months when acquired	8,140	10,000
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	14,874	21,562

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 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 2022 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 2023.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (CONTINUED)

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 2023 and 2022:

Segments	Processing and trading of food products (which includes the transportation services)		Restaurant operation		Total	
	Unaudited		Unaudited		Unaudited	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Segment revenue (note 5)						
Sales to external customers	37,498	44,790	14,532	11,311	52,030	56,101
Intersegment sales	1,187	1,319	-	-	1,187	1,319
	38,685	46,109	14,532	11,311	53,217	57,420
Reconciliation:						
Elimination of intersegment sales					(1,187)	(1,319)
Revenue					52,030	56,101
Segment results	(3,391)	(4,761)	81	(1,096)	(3,310)	(5,857)
Interest income					154	17
Finance costs (other than interest on lease liabilities)					(41)	(36)
Loss before tax					(3,197)	(5,876)
Income tax credit/(expense)					-	71
Loss for the period					(3,197)	(5,805)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (CONTINUED)

(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	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Customer A [#]	6,387	10,022	12,412	17,445
Customer B [#]	N/A*	N/A*	N/A*	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	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Revenue from contracts with customers	25,691	28,544	52,030	56,101

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. REVENUE (CONTINUED)

Revenue from contracts with customers

(a) Disaggregated revenue information

Segments	Processing and trading of food products (which includes the transportation service)		Restaurant operation		Total	
	Unaudited Six months ended 30 June		Unaudited Six months ended 30 June		Unaudited Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Type of goods or services						
Sales of food products	37,453	44,487	-	-	37,453	44,487
Income from the provision of transportation services	45	303	-	-	45	303
Income from the operation of restaurants	-	-	14,532	11,311	14,532	11,311
Total revenue from contracts with customers	37,498	44,790	14,532	11,311	52,030	56,101
Timing of revenue recognition						
Goods transferred at a point in time	37,453	44,487	14,532	11,311	51,985	55,798
Services transferred over time	45	303	-	-	45	303
Total revenue from contracts with customers	37,498	44,790	14,532	11,311	52,030	56,101

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. REVENUE (CONTINUED)

Revenue from contracts with customers (Continued)

(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 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 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Cost of inventories consumed	13,706	18,905	28,292	36,862
Depreciation of property, plant and equipment	760	1,103	1,521	2,230
Depreciation of right-of-use assets	1,246	1,688	2,455	3,375
Total depreciation	2,006	2,791	3,976	5,605
Lease payments not included in the measurement of leases liabilities	-	-	-	-
Other related expenses	371	329	719	660
Rental and related expenses	371	329	719	660
Total employee benefit expenses	6,621	6,469	13,506	12,585
Bank interest income	(73)	(15)	(154)	(17)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the six months ended 30 June 2023, 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 (2022: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 16.5%).

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Current – Hong Kong Charge/(credit) for the period	-	-	-	-
Deferred	-	(28)	-	(71)
Total tax credit for the period	-	(28)	-	(71)

8. DIVIDENDS

The board of Directors does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (2022: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
	Loss			
Loss attributable to owners of the Company used in the basic loss per share calculation	(1,438)	(2,435)	(2,952)	(5,201)

	Number of shares			
	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2023 '000	2022 '000	2023 '000	2022 '000
Shares				
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	14,000,000	1,400,000	1,400,000	1,400,000
Loss per share:				
Basic (HK cents)	(0.10)	(0.17)	(0.21)	(0.37)

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2023 and 2022 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. TRADE RECEIVABLES

	Unaudited As at 30 June 2023 HK\$'000	Audited As at 31 December 2022 HK\$'000
Trade receivables from:		
Third party customers	8,980	11,934
Related companies	1,007	360
Impairment	9,987 (484)	12,294 (484)
	9,503	11,810

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 2023 HK\$'000	Audited As at 31 December 2022 HK\$'000
Within 1 month	5,943	6,188
1 to 2 months	1,866	2,291
2 to 3 months	668	642
Over 3 months	1,026	2,689
	9,503	11,810

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

	Unaudited As at 30 June 2023 HK\$'000	Audited As at 31 December 2022 HK\$'000
Trade payables to:		
Third party suppliers	2,904	3,475
Related companies		
– Guangzhou Ge Yun	81	144
	2,985	3,619

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 2023 HK\$'000	Audited As at 31 December 2022 HK\$'000
Within 1 month	2,985	3,619

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. INTEREST-BEARING BANK BORROWINGS

	Unaudited As at 30 June 2023			Audited As at 31 December 2022		
	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
Current						
Bank loans – secured	2.7 below prime rate	July 2023	666	- -		-
Bank loans – secured	3.0 below prime rate	July 2023– June 2024	351	3.0 below prime rate	2023	347
			1,017			347
Non-current						
Bank loans – secured	3.0 below prime rate	July 2024– 2030	2,378	3.0 below prime rate	2024– 2030	2,553
			3,395			2,900

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 2023 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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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:

<u>Name of the related party</u>	<u>Relationship with the Group</u>
Ms. leong Sok leng ("Ms. leong")	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. leong, are beneficial shareholders of Yau Heng.
Winning Futures	Ms. leong, mother of Mr. Yu, is a beneficial and Controlling shareholder of Winning Futures.
lao Ip Property	Mr. Yu and his family members are beneficial shareholders of lao Ip Property.
Guangzhou Ge Yun	The spouse of Ms. Ou Honglian ("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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. RELATED PARTY TRANSACTIONS (CONTINUED)

- (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 Three months ended 30 June		Unaudited Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Yau Heng[^]				
Sales of goods	2,510	1,814	4,250	3,513
Purchases of goods	–	–	–	–
Transportation service income	28	18	45	42
Guangzhou Ge Yun[^]				
Purchase of goods	359	180	852	873
Consumable expenses	13	6	22	8
lao Ip Property[^]				
Rental expense (note)	–	–	–	–
Winning Futures[^]				
Sales of goods	–	–	–	237
Transportation service income	–	–	–	2

[^] 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 lao Ip Property as food factory and warehouse. The monthly lease payables were charged with reference to market rates. Rental deposits of HK\$561,000 (31 December 2022: HK\$561,000) paid to lao Ip were included in the non-current portion of prepayments, deposits and other receivables as at 30 June 2023. Right-of-use assets of HK\$2,020,000 (31 December 2022: HK\$2,591,000) and lease liabilities of HK\$4,739,000 (31 December 2022: HK\$5,929,000) with respect to the leases were recognized in the condensed consolidated statement of financial position as at 30 June 2023. For the six months ended 30 June 2023, depreciation of right-of-use assets of HK\$571,000 (2022: HK\$585,000) and finance costs on lease liabilities of HK\$62,000 (2022: HK\$90,000) 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Compensation of key management personnel of the Group

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Short-term employee benefits	1,230	1,232	2,438	2,465
Post-employment benefits	18	18	36	36
Total compensation paid to key management personnel	1,248	1,230	2,474	2,501

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 8 August 2023.