

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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

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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.

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

The board of directors (the “**Board**”) of Winning Tower Group Holdings Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2023, together with the comparative results for the previous year:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000
REVENUE	4	108,383	93,299
Cost of inventories consumed		(58,262)	(49,461)
Other income and gains		1,785	3,761
Employee benefit expenses		(27,281)	(26,144)
Depreciation		(7,810)	(11,226)
Transportation and storage fee		(2,126)	(1,872)
Utilities and consumables		(5,393)	(5,080)
Rental and related expenses		(1,466)	(1,299)
Impairment of property, plant and equipment		(801)	(2,542)
Impairment of right-of-use assets		–	(3,308)
Other operating expenses, net		(9,565)	(10,534)
LOSS BEFORE TAX FROM OPERATIONS		(2,536)	(14,406)
Finance costs		(439)	(553)
LOSS BEFORE TAX	5	(2,975)	(14,959)
Income tax credit/(expense)	6	(129)	1,396
LOSS FOR THE YEAR		(3,104)	(13,563)
Attributable to:			
Owners of the Company		(3,199)	(9,580)
Non-controlling interests		95	(3,983)
		(3,104)	(13,563)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
– Basic and diluted (<i>expressed in HK cents per share</i>)	8	(0.23)	(0.68)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
LOSS FOR THE YEAR	<u>(3,104)</u>	<u>(13,563)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Revaluation surplus/(deficit), net	100	(2,308)
Deferred tax credited/(charged) to asset revaluation reserve	<u>(16)</u>	<u>381</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	<u>84</u>	<u>(1,927)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(3,020)</u>	<u>(15,490)</u>
Attributable to:		
Owners of the Company	(3,115)	(11,507)
Non-controlling interests	<u>95</u>	<u>(3,983)</u>
	<u>(3,020)</u>	<u>(15,490)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	<i>Notes</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		27,025	28,354
Right-of-use assets		53,856	64,192
Goodwill		–	–
Prepayments, deposits and other receivables		1,305	2,107
Deferred tax assets		2,199	2,328
		<hr/>	<hr/>
Total non-current assets		84,385	96,981
CURRENT ASSETS			
Inventories		5,612	4,302
Trade receivables	9	15,922	11,810
Prepayments, deposits and other receivables		4,392	3,351
Due from a related party		34	38
Tax recoverable		–	61
Cash and cash equivalents		10,283	15,601
		<hr/>	<hr/>
Total current assets		36,243	35,163
CURRENT LIABILITIES			
Trade and bills payables	10	5,664	3,619
Other payables and accruals		11,271	10,311
Interest-bearing bank borrowings	11	698	347
Lease liabilities		4,824	6,330
		<hr/>	<hr/>
Total current liabilities		22,457	20,607
NET CURRENT ASSETS			
		<hr/>	<hr/>
		13,786	14,556
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<hr/>	<hr/>
		98,171	111,537

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Other payables and accruals		600	1,180
Interest-bearing bank borrowings	11	2,200	2,553
Lease liabilities		2,158	11,587
Deferred tax liabilities		6,357	6,341
		<hr/>	<hr/>
Total non-current liabilities		11,315	21,661
		<hr/>	<hr/>
Net assets		86,856	89,876
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the Company			
Share capital		14,000	14,000
Reserves		78,230	81,345
		<hr/>	<hr/>
		92,230	95,345
Non-controlling interests		(5,374)	(5,469)
		<hr/>	<hr/>
Total equity		86,856	89,876
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for leasehold land and owned 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. These financial statements are presented in Hong Kong dollars ("**HK\$**") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 Changes in accounting policies and disclosures

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.
- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022. The amendments had no significant impact on the Group's financial statements.
- (d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3. 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 borrowings (other than bank overdrafts) as the liabilities are 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, loss and certain asset, liability and expenditure information for the Group's operating segments for the years ended 31 December 2023 and 2022.

Segment revenue

	Processing and trading of food products (which includes the transportation services)		Restaurant operation		Total	
	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue (note 4)						
Sales to external customers	79,073	67,242	29,310	26,057	108,383	93,299
Intersegment sales	2,254	2,561	-	-	2,254	2,561
Total segment revenue	<u>81,327</u>	<u>69,803</u>	<u>29,310</u>	<u>26,057</u>	<u>110,637</u>	<u>95,860</u>
Reconciliation:						
Elimination of intersegment sales					<u>(2,254)</u>	<u>(2,561)</u>
Revenue					<u>108,383</u>	<u>93,299</u>
Segment results	<u>(4,581)</u>	<u>(9,151)</u>	<u>1,421</u>	<u>(5,853)</u>	<u>(3,160)</u>	<u>(15,004)</u>
Interest income					289	116
Finance costs (other than interest on leases liabilities)					<u>(104)</u>	<u>(71)</u>
Loss before tax					<u>(2,975)</u>	<u>(14,959)</u>
Income tax credit/(expense)					<u>(129)</u>	<u>1,396</u>
Loss for the year					<u>(3,104)</u>	<u>(13,563)</u>

Segment assets/liabilities

	Processing and trading of food products (which includes the transportation services)		Restaurant operation		Total	
	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	115,472	113,518	4,826	11,970	120,298	125,488
Reconciliation:						
Elimination of intersegment receivables					(9,953)	(8,945)
Corporate and other unallocated assets					10,283	15,601
Total assets					<u>120,628</u>	<u>132,144</u>
Segment liabilities	18,562	18,293	22,608	30,020	41,170	48,313
Reconciliation:						
Elimination of intersegment payables					(9,953)	(8,945)
Corporate and other unallocated liabilities					2,555	2,900
Total liabilities					<u>33,772</u>	<u>42,268</u>
Other segment information:						
Depreciation of items of property, plant and equipment	2,245	1,450	801	3,026	3,046	4,476
Depreciation of right-of-use assets	3,304	3,655	1,460	3,095	4,764	6,750
Impairment of property, plant and equipment	-	25	801	2,517	801	2,542
Impairment of right-of-use assets	-	189	-	3,119	-	3,308
Impairment/(reversal of impairment) of trade receivables, net	28	(250)	-	-	28	(250)
Gain on disposal of items of property, plant and equipment	-	(630)	-	-	-	(630)
Gain on lease modification	-	-	(1,265)	-	(1,265)	-
Additions of property, plant and equipment	136	1,752	-	-	136	1,752

(b) Geographical information

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

(c) Information about major customers

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Processing and trading of food products segment (which includes the transportation services) Customer A	<u>30,640</u>	<u>17,212</u>

4. REVENUE

An analysis of revenue is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from contracts with customers	<u>108,383</u>	<u>93,299</u>

Revenue from contracts with customers

(a) Disaggregated revenue information

Segments	Processing and trading of food products (which includes the transportation services)		Restaurant operation		Total	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Types of goods or services						
Sales of food products	78,992	66,908	-	-	78,992	66,908
Income from the provision of transportation services	81	334	-	-	81	334
Income from the operation of restaurants	-	-	29,310	26,057	29,310	26,057
	<u>79,073</u>	<u>67,242</u>	<u>29,310</u>	<u>26,057</u>	<u>108,383</u>	<u>93,299</u>
Total revenue from contracts with customers	<u>79,073</u>	<u>67,242</u>	<u>29,310</u>	<u>26,057</u>	<u>108,383</u>	<u>93,299</u>
Timing of revenue recognition						
Goods transferred at a point in time	78,992	66,908	29,310	26,057	108,302	92,965
Services transferred over time	81	334	-	-	81	334
	<u>79,073</u>	<u>67,242</u>	<u>29,310</u>	<u>26,057</u>	<u>108,383</u>	<u>93,299</u>
Total revenue from contracts with customers	<u>79,073</u>	<u>67,242</u>	<u>29,310</u>	<u>26,057</u>	<u>108,383</u>	<u>93,299</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.

5. LOSS BEFORE TAX

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Cost of inventories consumed	<u>58,262</u>	<u>49,461</u>
Depreciation of property, plant and equipment	3,046	4,476
Depreciation of right-of-use assets	<u>4,764</u>	<u>6,750</u>
Total depreciation	<u>7,810</u>	11,226
Other related expenses	1,466	1,325
Covid-19-related rent concessions from lessors	<u>–</u>	<u>(26)</u>
Total rental and related expenses	<u>1,466</u>	1,299
Directors' remuneration	4,500	4,500
Employee benefit expenses (excluding directors' remuneration):		
Salaries, wages and other benefits	21,838	20,721
Pension scheme contributions (defined contribution scheme)*	<u>943</u>	<u>923</u>
Total employee benefit expenses	<u>27,281</u>	26,144
Auditor's remuneration [#]	1,295	1,260
Professional fee [#]	1,203	1,192
Insurance [#]	909	929
Repairing and maintenance [#]	1,332	1,574
Cleaning [#]	1,329	1,156
Impairment/(reversal of impairment) of trade receivables, net [#]	28	(250)
Impairment of property, plant and equipment	801	2,542
Impairment of right-of-use assets	–	3,308
Gain on disposal of items of property, plant and equipment	<u>–</u>	<u>(630)</u>

[#] These balances are included in "Other operating expenses, net" in the consolidated statement of profit or loss.

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

6. 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 year, 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%).

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current – Hong Kong		
Overprovision in prior years	–	(10)
Deferred	<u>129</u>	<u>(1,386)</u>
Total tax charge/(credit) for the year	<u><u>129</u></u>	<u><u>(1,396)</u></u>

7. DIVIDEND

The board of directors of the Company does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

8. 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss		
Loss attributable to owners of the Company used in the basic loss per share calculation	<u><u>(3,199)</u></u>	<u><u>(9,580)</u></u>
	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation ('000)	<u><u>1,400,000</u></u>	<u><u>1,400,000</u></u>
Loss per share		
Basic (<i>HK cents</i>)	<u><u>(0.23)</u></u>	<u><u>(0.68)</u></u>

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2023 and 2022 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 and 2022.

9. TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables from:		
Third party customers	15,471	11,934
Related companies	963	360
	<u>16,434</u>	<u>12,294</u>
Impairment	(512)	(484)
	<u>15,922</u>	<u>11,810</u>
Net carrying amount	<u>15,922</u>	<u>11,810</u>

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 1 month	7,364	6,188
1 to 2 months	4,555	2,291
2 to 3 months	2,654	642
Over 3 months	1,349	2,689
	<u>15,922</u>	<u>11,810</u>
Total	<u>15,922</u>	<u>11,810</u>

10. TRADE AND BILLS PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables to:		
Third party suppliers	3,601	3,475
Related company		
– Guangzhou Ge Yun	183	144
	<u>3,784</u>	<u>3,619</u>
Subtotal	<u>3,784</u>	<u>3,619</u>
Bills payable	1,880	–
	<u>5,664</u>	<u>3,619</u>
Total trade and bills payables	<u>5,664</u>	<u>3,619</u>

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

	2023 HK\$'000	2022 HK\$'000
Within 1 month	5,629	3,619
1 to 2 months	35	–
Total	<u>5,664</u>	<u>3,619</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 within three months.

11. INTEREST-BEARING BANK BORROWINGS

	2023			2022		
	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 loan – secured	3.00 below prime rate	2024	355	3.00 below prime rate	2023	347
			<u>698</u>			<u>347</u>
Non-current						
Bank loan – secured	3.00 below prime rate	2025–2030	2,200	3.00 below prime rate	2024–2030	2,553
Total			<u>2,898</u>			<u>2,900</u>

2023 HK\$'000	2022 HK\$'000
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Analysed into:

Bank loan and overdrafts repayable:

Within one year or on demand	698	347
In the second year	366	357
In the third to fifth years, inclusive	1,171	1,136
Beyond five years	663	1,060

Total	<u>2,898</u>	<u>2,900</u>
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The bank loans and overdrafts of the Group are denominated in Hong Kong dollars. They are secured by the mortgage over the Group's leasehold land and owned buildings, which had an aggregate carrying value of HK\$57,500,000 (2022: HK\$59,800,000).

12. EVENT AFTER THE REPORTING PERIOD

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 (the “**Sale Shares**”), 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.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Winning Tower Group Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) is principally engaged in processing and trading of raw, frozen and cooked food products (which includes provision of transportation services) and the operation of restaurants in Hong Kong.

On 30 June 2017 (the “**Listing Date**”), the Company was successfully listed on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). 350,000,000 shares (or 25% of the total issued shares) were allotted and sold to the public at HK\$0.2 per share and a total of approximately HK\$39.9 million was successfully raised.

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 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 (“**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, 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 on 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 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 develop by maintaining its customer base while exploring any new business opportunities and expanding its business capacity by increasing its refrigeration capacity.

	Planned business objective	Actual business progress
To continue to maintain the relations of the existing customers	To offer more tailor-made products and services To broaden our customer base into more restaurants and hotels	Commenced research and development discussion on new products with potential and existing customers
To maintain logistics capacity	To maintain logistics capacity	Redesigned logistics routes and arrangements to maintain logistics capacity

RESULTS AND FINANCIAL REVIEW

Revenue

For the year ended 31 December 2023, the Group recorded approximately HK\$108.4 million revenue as compared with last year's corresponding period of approximately HK\$93.3 million, representing an increase of approximately 16.2%. Of which, approximately HK\$79.1 million was contributed from processing and trading of food products (which includes provision of transportation services) (2022: HK\$67.2 million) and approximately HK\$29.3 million was from restaurant operation (2022: HK\$26.1 million). The increase was mainly due to the gradual recovery of airline catering services and general catering providers to pre-pandemic levels once the pandemic subsidies and normalcy is restored.

Cost of inventories consumed and loss before tax

For the year ended 31 December 2023, the Group's total cost of inventories consumed amounted to approximately HK\$58.3 million, (2022: HK\$49.5 million), of which, approximately HK\$51.7 million was from processed food business (2022: HK\$43.7 million) and the remaining approximately HK\$6.6 million was from restaurant operation (2022: HK\$5.8 million). Loss before tax from operations was approximately HK\$2.5 million, while that in last year's corresponding period was approximately HK\$14.4 million. The increase in cost of inventories consumed was in line with the increase in revenue.

Employee benefit expenses

For the year ended 31 December 2023, the Group's employee benefit expenses increased to approximately HK\$27.3 million from last year's corresponding period's approximately HK\$26.1 million which was due to the salary increment.

Income tax credit/(expense)

For the year ended 31 December 2023, the Group's income tax expense was approximately HK\$0.1 million while last year's income tax credit was HK\$1.4 million. The change in income tax credit/(expense) was the derecognition of deferred tax assets.

Loss for the year

Based on the above reasons, for the year ended 31 December 2023, the Group recorded a net loss for the year of approximately HK\$3.1 million versus approximately HK\$13.6 million of last year's corresponding period.

FINANCIAL KEY PERFORMANCE

The above financial data were chosen to present in this announcement as they represent a material financial impact on the financial statements of the Group for the current and/or the previous financial year, with that a change of which could affect the revenue and profit conspicuously. It is believed that by presenting the changes of these financial data can effectively explain the financial performance of the Group for the year ended 31 December 2023.

Liquidity and financial resources

As at 31 December 2023, the Group had net current assets of approximately HK\$13.8 million (2022: HK\$14.6 million), of which cash and cash equivalents consisted of approximately HK\$10.3 million (2022: approximately HK\$15.6 million). The Group had bank borrowings and overdrafts amounted to approximately HK\$2.9 million (2022: approximately HK\$2.9 million).

Gearing ratio

As at 31 December 2023, the Group's gearing ratio was approximately 3.1% (2022: 3.0%), which is calculated based on the Group's bank borrowings and overdrafts of approximately HK\$2.9 million (2022: HK\$2.9 million) and the equity attributable to owners of the Company of approximately HK\$92.2 million (2022: HK\$95.3 million).

Capital structure

As at 31 December 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 during the financial year under review.

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.

Charge of assets

As at 31 December 2023, the Group's leasehold land and owned buildings held for own use with a net carrying amount of approximately HK\$57.5 million (2022: HK\$59.8 million) have been pledged to secure banking facilities granted to the Group.

Currency risk

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

Contingent liabilities

As at 31 December 2023, the Group did not have any material contingent liabilities (2022: Nil).

Event after report date

Save as disclosed in note 12 to the consolidated financial statements, there were no any significant events occurring after the year ended 31 December 2023.

Material acquisitions and disposals of subsidiaries and affiliated companies

As at 31 December 2023, the Group did not have material acquisitions and disposals of subsidiaries and affiliated companies.

Major and connected transactions

On 2 July 2019, Winning Tower Group, an indirect wholly-owned subsidiary of the Company, entered into property disposal agreements (the “**Property Disposal Agreements**”) with Iao Ip Property Investment Limited (“**Iao Ip Property**”), pursuant to which Iao Ip Property had conditionally agreed to acquire and Winning Tower Group had conditionally agreed to sell two properties, namely, units 803 and 808, 8/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong (the “**Properties**”) while the consideration about the sale and purchase of the Properties at the aggregated consideration of HK\$45,516,400. Of which, the consideration of units 803 and 808 was HK\$27,645,000 and HK\$17,871,400 respectively. Pursuant to the Property Disposal Agreements, Iao Ip Property and Winning Tower Group shall enter into the respective leasing agreements (the “**Leasing Agreements**”) where Iao Ip Property as landlord should lease to Winning Tower Group as tenant the Properties for a term of three years commencing from the date which all the conditions precedents were fulfilled according to the Property Disposal Agreements. According to the Leasing Agreements, the rent for units 803 and 808 was 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.

As the Leasing Agreements expired, Winning Tower Group had, on 26 September 2022, entered new leasing agreements (the “**2022 Leasing Agreements**”) with Iao Ip Property for a term of three years from 30 September 2022 to 29 September 2025 (both days inclusive).

Iao 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 of the Company. As such, Iao 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.

PURCHASE, REDEMPTION OR SALE OF SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the year.

AUDIT COMMITTEE

The Company has established an audit committee on 5 June 2017 with 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 primary duties of the audit committee are (but without limitation) to assist the Board in providing an independent view of the effectiveness of the Company's financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

The audit committee has reviewed this announcement and was in the opinion that such report has complied with the applicable accounting standards and adequate disclosures have been made.

CORPORATE GOVERNANCE PRACTICES

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.

The Board recognizes the value and importance of achieving high corporate governance standards and is committed to upholding good corporate standards and procedures for the best interest of the Company's shareholders. The Company was listed on 30 June 2017. To the best knowledge of the Directors, the Company had complied with the code provisions in the CG Code throughout the year ended 31 December 2023.

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 GEM Listing Rules.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to the code provision A.2.1 of the Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing. To ensure a balance of power and authority, the Company fully supports the division of responsibility between the chairman and the chief executive officer. The roles of the chairman and the chief executive officer are segregated and performed by Mr. Lai King Wah and Mr. Lai Ho Yin Eldon respectively.

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 day of listing to 31 December 2023.

REVIEW OF ANNUAL RESULTS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Company's auditor to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on the preliminary announcement.

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

Hong Kong, 27 March 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. Wong Wang Leong 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 <https://www.hkexnews.hk> for at least 7 days from the date of its publication and on the website of the Company at www.wtgl.hk.