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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

2021 THIRD QUARTERLY REPORT

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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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 the GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this 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.

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 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.wtgl.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, provision of transportation services and the operation of restaurants in Hong Kong.

On 2 June 2021 (after trading hours), a joint venture agreement (the “Joint Venture Agreement”) was entered into between Winning Tower, 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 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 and as to 40% by Skyye, respectively; and (ii) Winning Tower 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 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.

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

Dividend

The Board do not declare any dividend for nine months ended 30 September 2021 (2020: HK\$0.01 per share).

FINANCIAL REVIEW

Revenue

For the nine months ended 30 September 2021, the Group recorded approximately HK\$58.7 million revenue as compared with last year’s corresponding period of approximately HK\$55.1 million, representing an increase of approximately 6.5%. The increase was mainly due to the contribution from restaurant operation of approximately HK\$17.8 million, where the revenue from restaurant operation in last year’s corresponding period was approximately HK\$5.8 million. The remaining segments of the Group was still influenced by prolonged COVID-19 pandemic worldwide, including Hong Kong and China, causing the demand for the goods of the Company remained weak.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of inventories and loss before tax

For the nine months ended 30 September 2021, the Group's cost of inventories consumed and loss before tax from operations was approximately HK\$33.6 million and HK\$12.5 million respectively, where the cost of inventories consumed in last year's corresponding period was approximately HK\$35.7 million and the Group recorded a loss before tax of approximately HK\$6.4 million. The increase in cost of inventories consumed was in line with the increase in revenue.

Employee benefit expenses

For the nine months ended 30 September 2021, the Group's employee benefit expenses increased to approximately HK\$17.6 million from last year's corresponding period's approximately HK\$13.5 million which was mainly due to increase in headcounts regarding restaurant operation.

Income tax expense

For the nine months ended 30 September 2021, the Group's income tax expense was approximately HK\$1.1 million compared with last year's corresponding period, the income tax credit was approximately HK\$0.2 million. The change in income tax expense was mainly due to the written off of deferred tax assets.

Loss for the period

Although based on the above reasons, for the nine months ended 30 September 2021, the Group recorded a net loss for the period of approximately HK\$14.0 million versus approximately HK\$6.8 million of last year's corresponding period.

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 September 2021, 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	Capacity/Nature	Name of Director	Number of shares	Approximate Percentage
Keyview Ventures Limited	Beneficial Owner	Lai King Wah	6,975	24.53%
Keyview Ventures Limited	Beneficial Owner	Lai Ho Yin Eldon	307	1.08%
Keyview Ventures Limited	Beneficial Owner	Ho Timothy Kin Wah	815	2.87%
Keyview Ventures Limited	Beneficial Owner	Yu Ting Hei	5,407	19.02%
Keyview Ventures Limited	Beneficial Owner	Ou Honglian	6,600	23.22%

Save as disclosed above, as at 30 September 2021, 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 into 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 September 2021, 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:

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

Save as disclosed above, as at 30 September 2021, 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 nine months ended 30 September 2021 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 nine months ended 30 September 2021, 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 period under review.

COMPETING INTERESTS

As at 30 September 2021, none of the Directors, the substantial shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

CORPORATE GOVERNANCE

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

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 November 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2021

The board of directors (the “Board”) of the Company presents the unaudited condensed consolidated results of the Group for the three months and nine months ended 30 September 2021, together with the unaudited comparative figures for the corresponding periods in 2020, are as follows:

	Notes	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
		2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
REVENUE	4	22,233	17,343	58,733	55,112
Cost of inventories consumed		(12,826)	(11,488)	(33,572)	(35,729)
Other income		623	1,769	1,692	4,238
Employee benefit expenses		(6,589)	(4,103)	(17,566)	(13,481)
Depreciation		(3,415)	(2,046)	(8,812)	(6,213)
Transportation and storage fee		(602)	(752)	(1,838)	(1,987)
Utilities and consumables		(1,411)	(632)	(3,321)	(1,757)
Rental and related expenses		(617)	(411)	(1,581)	(1,320)
Other operating expenses		(2,238)	(1,319)	(6,281)	(5,257)
LOSS BEFORE TAX FROM OPERATIONS		(4,842)	(1,639)	(12,546)	(6,394)
Finance costs		(138)	(177)	(363)	(576)
LOSS BEFORE TAX	6	(4,980)	(1,816)	(12,909)	(6,970)
Income tax credit/(expense)	7	(1,688)	(338)	(1,071)	168
LOSS FOR THE PERIOD		(6,668)	(2,154)	(13,980)	(6,802)
Attributable to:					
Owners of the Company		(5,842)	(2,132)	(12,660)	(6,978)
Non-controlling interests		(826)	(22)	(1,320)	176
		(6,668)	(2,154)	(13,980)	(6,802)
Loss per share attributable to the owners of the Company					
— Basic and diluted (expressed in HK cents per share)	9	(0.42)	(0.15)	(0.90)	(0.50)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2021

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
LOSS FOR THE PERIOD	(6,668)	(2,154)	(13,980)	(6,802)
OTHER COMPREHENSIVE INCOME/(EXPENSE)				
Other comprehensive income/(expense) not to be reclassified to profit or loss in subsequent periods:				
Revaluation surplus	711	597	2,131	1,790
Deferred tax debited to asset revaluation reserve	(118)	(99)	(352)	(296)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	593	498	1,779	1,494
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD	(6,075)	(1,656)	(12,201)	(5,308)
Attributable to:				
Owners of the Company	(5,249)	(1,634)	(10,881)	(5,484)
Non-controlling interests	(826)	(22)	(1,320)	176
	(6,075)	(1,656)	(12,201)	(5,308)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 30 SEPTEMBER 2021

	Attributable to owners of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Capital reserve HK\$'000	Asset revaluation reserve HK\$'000	Retained profits/ (accumulated loss) HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2021 (Audited)	14,000	103,491*	(36,733)*	5,100*	26,382*	10,112*	122,352	1,509	123,861
Loss for the period	-	-	-	-	-	(12,660)	(12,660)	(1,320)	(13,980)
Other comprehensive income/(expense) for the period:									
Release of revaluation reserve upon revaluation surplus	-	-	-	-	2,131	-	2,131	-	2,131
Deferred tax debited to asset revaluation reserve	-	-	-	-	(352)	-	(352)	-	(352)
Total comprehensive income/(expense) for the period	-	-	-	-	1,779	(12,660)	(10,881)	(1,320)	(12,201)
Dividend paid for the period (note 8)	-	-	-	-	-	-	-	-	-
At 30 September 2021 (Unaudited)	14,000	103,491*	(36,733)*	5,100*	28,161*	(2,548)*	111,471	189	111,660

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 30 SEPTEMBER 2020

	Attributable to owners of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Capital reserve HK\$'000	Asset revaluation reserve HK\$'000	Retained profits/ (accumulated loss) HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2020 (Audited)	14,000	103,491*	(36,733)*	5,100*	23,773*	29,846*	139,477	2,231	141,708
Profit/(loss) for the period	-	-	-	-	-	(6,978)	(6,978)	176	(6,802)
Other comprehensive income/(expense) for the period:									
Release of revaluation reserve upon revaluation surplus	-	-	-	-	1,790	-	1,790	-	1,790
Deferred tax debited to asset revaluation reserve	-	-	-	-	(296)	-	(296)	-	(296)
Total comprehensive income/(expense) for the period	-	-	-	-	1,494	(6,978)	(5,484)	176	(5,308)
Dividend paid to a non-controlling shareholder	-	-	-	-	-	-	-	(300)	(300)
Dividend for the period (note 8)	-	-	-	-	-	(14,000)	(14,000)	-	(14,000)
At 30 September 2020 (Unaudited)	14,000	103,491*	(36,733)*	5,100*	25,267*	8,868*	119,993	2,107	122,100

* These reserve accounts comprise the consolidated reserves of HK\$97,471,000 (31 December 2020: HK\$108,352,000) in the condensed consolidated statements of financial position as at 30 September 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

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

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

The condensed consolidated financial information has not been audited.

2. BASIS OF PREPARATION

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

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

The condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should read in conjunction with the Group's financial information included in the Prospectus and the annual report for the year ended 31 December 2020.

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 2020 except for the application of the new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA, which have become effective in the current period.

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

4. SEGMENT INFORMATION

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

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (CONTINUED)

(a) Operating segment information

The following tables present revenue and loss for the Group's operating segments for the nine months ended 30 September 2021 and 2020.

Segment revenue/results:

	Processing and trading of food products Unaudited Nine months ended 30 September		Restaurant operation Unaudited Nine months ended 30 September		Elimination Unaudited Nine months ended 30 September		Total Unaudited Nine months ended 30 September	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
	Sales to external customers	40,929	49,347	17,804	5,765	-	-	58,733
Intersegment sales	1,913	636	52	-	(1,965)	(636)	-	-
Total	42,842	49,983	17,856	5,765	(1,965)	(636)	58,733	55,112
Segment results	(11,163)	(7,457)	(1,729)	(33)	-	-	(12,892)	(7,490)
Interest income							42	925
Finance costs (other than interest on leases)							(59)	(405)
Loss before tax							(12,909)	(6,970)
Income tax credit/(expense)							(1,071)	168
Loss for the period							(13,980)	(6,802)

(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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. REVENUE

An analysis of revenue is as follows:

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue from contracts with customers	22,233	17,343	58,733	55,112

Revenue from contracts with customers

(a) Disaggregated revenue information

Segments	Processing and trading of food products		Restaurant operation		Total	
	Unaudited Nine months ended 30 September		Unaudited Nine months ended 30 September		Unaudited Nine months ended 30 September	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Type of goods or services						
Sales of goods	38,798	47,032	-	-	38,798	47,032
Income from the provision of transportation services	2,131	2,315	-	-	2,131	2,315
Income from the operation of a restaurant	-	-	17,804	5,765	17,804	5,765
Total revenue from contracts with customers	40,929	49,347	17,804	5,765	58,733	55,112
Timing of revenue recognition						
Goods transferred at a point in time	38,798	47,032	17,804	5,765	56,602	52,797
Services transferred over time	2,131	2,315	-	-	2,131	2,315
Total revenue from contracts with customers	40,929	49,347	17,804	5,765	58,733	55,112

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 goods

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

Restaurant operation

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

Provision of transportation services

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

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 September		Unaudited Nine months ended 30 September	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Cost of inventories consumed	12,826	11,488	33,572	35,729
Depreciation of property, plant and equipment	1,990	1,076	5,772	3,304
Depreciation of right-of-use assets	1,425	970	3,040	2,909
Total depreciation	3,415	2,046	8,812	6,213
Lease payment not included in the measurement of leases liabilities	292	205	827	720
Other related expenses	325	206	754	600
Rental and related expenses	617	411	1,581	1,320
Total employee benefit expenses	6,589	4,103	17,566	13,481
Bank interest income	(20)	(186)	(42)	(925)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the period ended 30 September 2021, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2018/19. The first HK\$2,000,000 (2020: HK\$2,000,000) of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Current — Hong Kong				
Charge/(credit) for the period	13	75	65	98
Deferred	1,675	263	1,006	(266)
Total tax charge/(credit) for the period	1,688	338	1,071	(168)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. DIVIDENDS

No dividend has been paid or declared by the Company for the nine months ended 30 September 2021 (2020: HK\$14,000,000).

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 September		Unaudited Nine months ended 30 September	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Loss				
Loss attributable to owners of the Company used in the basic loss per share calculation	(5,842)	(2,132)	(12,660)	(6,978)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (CONTINUED)

	Number of shares			
	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2021 (Unaudited) '000	2020 (Unaudited) '000	2021 (Unaudited) '000	2020 (Unaudited) '000
Shares				
Weighted average number of shares in issue used in the basic loss per share calculation	1,400,000	1,400,000	1,400,000	1,400,000
Loss per share:				
— Basic (HK cents)	(0.42)	(0.15)	(0.90)	(0.50)

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30 September 2021 and 2020 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

10. 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 November 2021.