

# 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

2022 THIRD QUARTERLY REPORT

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

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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 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](http://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](http://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.wtgi.hk](http://www.wtgi.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 nine months ended 30 September 2022, revenue from the Joint Venture recorded approximately HK\$13.6 million, representing an increase of 56.3% 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 main 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 main supplier to the Joint Venture, our Directors consider that the future sales and revenue of the Group will be strengthened. The Directors are of the view that the entering into of the Tenancy Agreement and the terms and conditions thereof are fair and reasonable and in the interests of the Company and the shareholders of the Company (the “Shareholders”) as a whole.

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

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

## Dividend

The Board do not declare any dividend for nine months ended 30 September 2022 (2021: Nil).

## FINANCIAL REVIEW

### Revenue

For the nine months ended 30 September 2022, the Group recorded approximately HK\$82.5 million revenue as compared with last year’s corresponding period of approximately HK\$60.7 million, representing an increase of approximately 35.9%. The increase was mainly due to the exploration of new business in trading and processing of raw and frozen food products. Of which, approximately HK\$63.7 million was contributed from processing and trading of food products (which includes provision of transportation services) (2021: HK\$42.3 million) and approximately HK\$18.8 million was from restaurant operation (2021: HK\$18.4 million).

### Cost of inventories and loss before tax

For the nine months ended 30 September 2022, the Group’s cost of inventories consumed and loss before tax from operations was approximately HK\$52.3 million and HK\$7.2 million respectively, where the cost of inventories consumed in last year’s corresponding period was approximately HK\$33.6 million and the Group recorded a loss before tax of approximately HK\$12.5 million. The increase in cost of inventories consumed was in line with the increase in revenue.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Employee benefit expenses

For the nine months ended 30 September 2022, the Group's employee benefit expenses decreased to approximately HK\$19.4 million from last year's corresponding period's approximately HK\$17.6 million which was mainly due to increase in headcounts.

## Income tax credit

For the nine months ended 30 September 2022, the Group's income tax credit was approximately HK\$0.1 million compared with last year's corresponding period's income tax expense was approximately HK\$1.1 million. The change in income tax credit was due to decrease in loss before tax.

## Loss for the period

Although based on the above reasons, for the nine months ended 30 September 2022, the Group recorded a net loss for the period of approximately HK\$7.5 million versus approximately HK\$14.0 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 2022, 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 2022, 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 2022, 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>Number of shares</u>	<u>Percentage to the issued share capital of the Company</u>
Keyview Ventures Limited	1,050,000,000	75%

Save as disclosed above, as at 30 September 2022, 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 2022 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 2022, 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 September 2022.

### 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 September 2022, 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, 9 November 2022

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2022

The board of directors of the Company presents the unaudited condensed consolidated results of the Group for the three months and nine months ended 30 September 2022, together with the unaudited comparative figures for the corresponding periods in 2021, are as follows:

	Notes	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
		2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
REVENUE	4	26,422	22,819	82,523	60,724
Cost of inventories consumed		(15,397)	(12,826)	(52,259)	(33,572)
Other income		2,091	623	5,000	1,692
Employee benefit expenses		(6,847)	(6,589)	(19,432)	(17,566)
Depreciation		(2,798)	(3,415)	(8,403)	(8,812)
Transportation and storage fee		(450)	(602)	(1,411)	(1,838)
Utilities and consumables		(1,488)	(1,411)	(3,755)	(3,321)
Rental and related expenses		(290)	(617)	(950)	(1,581)
Other operating expenses		(2,827)	(2,824)	(8,479)	(8,272)
LOSS BEFORE TAX FROM OPERATIONS		(1,584)	(4,842)	(7,166)	(12,546)
Finance costs		(133)	(138)	(427)	(363)
LOSS BEFORE TAX	6	(1,717)	(4,980)	(7,593)	(12,909)
Income tax credit/(expense)	7	49	(1,688)	120	(1,071)
LOSS FOR THE PERIOD		(1,668)	(6,668)	(7,473)	(13,980)
Attributable to:					
Owners of the Company		(1,297)	(5,842)	(6,498)	(12,660)
Non-controlling interests		(371)	(826)	(975)	(1,320)
		(1,668)	(6,668)	(7,473)	(13,980)
Loss per share attributable to the owners of the Company					
– Basic and diluted (expressed in HK cents per share)	9	(0.09)	(0.42)	(0.46)	(0.90)

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2022

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
LOSS FOR THE PERIOD	(1,668)	(6,668)	(7,473)	(13,980)
OTHER COMPREHENSIVE INCOME/ (EXPENSE)				
Other comprehensive income/(expense) not to be reclassified to profit or loss in subsequent periods:				
Revaluation surplus	798	711	2,394	2,131
Deferred tax debited to asset revaluation reserve	(132)	(118)	(395)	(352)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	666	593	1,999	1,779
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD	(1,002)	(6,075)	(5,474)	(12,201)
Attributable to:				
Owners of the Company	(631)	(5,249)	(4,499)	(10,881)
Non-controlling interests	(371)	(826)	(975)	(1,320)
	(1,002)	(6,075)	(5,474)	(12,201)

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 30 SEPTEMBER 2022

	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 2022 (Audited)	14,000	103,491*	(36,733)*	5,100*	34,015*	(13,021)*	106,852	(1,486)	105,366
Loss for the period	-	-	-	-	-	(6,498)	(6,498)	(975)	(7,473)
Other comprehensive income/ (expense) for the period:									
Release of revaluation reserve upon revaluation surplus	-	-	-	-	2,394	-	2,394	-	2,394
Deferred tax debited to asset revaluation reserve	-	-	-	-	(395)	-	(395)	-	(395)
Total comprehensive income/ (expense) for the period	-	-	-	-	1,999	(6,498)	(4,499)	(975)	(5,474)
At 30 September 2022 (Unaudited)	14,000	103,491*	(36,733)*	5,100*	36,014*	(19,519)*	102,353	(2,461)	99,892

\* These reserve accounts comprise the consolidated reserves of HK\$88,353,000 (31 December 2021: HK\$92,852,000) in the condensed consolidated statements of financial position as at 30 September 2022.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 30 SEPTEMBER 2021

	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/(accumulated loss) HK\$'000	Total HK\$'000	Non-controlling interests 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)
At 30 September 2021 (Unaudited)	14,000	103,491	(36,733)	5,100	28,161	(2,548)	111,471	189	111,660

# 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 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 annual report for the year ended 31 December 2021.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 3. ACCOUNTING POLICIES

The accounting policies used in the preparation of the unaudited condensed consolidated financial information are consistent with those followed in the preparation of the Group's financial information for the year ended 31 December 2021 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 (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.

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 managed on group basis.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 4. SEGMENT INFORMATION (CONTINUED)

### (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 nine months ended 30 September 2022 and 2021.

Segments	Processing and trading of food products (which includes the transportation services)		Restaurant operation		Total	
	Unaudited		Unaudited		Unaudited	
	Nine months ended 30 September		Nine months ended 30 September		Nine months ended 30 September	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Segment revenue (note 5)						
Sales to external customers	63,675	42,343	18,848	18,381	82,523	60,724
Intersegment sales	1,948	1,913	-	-	1,948	1,913
	65,623	44,256	18,848	18,381	84,471	62,637
Reconciliation:						
Elimination of intersegment sales					(1,948)	(1,913)
Revenue					82,523	60,274
Segment results	(5,988)	(11,163)	(1,584)	(1,729)	(7,572)	(12,892)
Interest income					32	42
Finance costs (other than interest on lease liabilities)					(53)	(59)
Loss before tax					(7,593)	(12,909)
Income tax credit/(expense)					120	(1,071)
Loss for the period					(7,473)	(13,980)

# 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.

## 5. REVENUE

An analysis of revenue is as follows:

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue from contracts with customers	26,422	22,819	82,523	60,724

# 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		Unaudited		Unaudited	
	Nine months ended 30 September		Nine months ended 30 September		Nine months ended 30 September	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
<b>Type of goods or services</b>						
Sales of goods	63,372	40,212	-	-	63,372	38,798
Income from the provision of transportation services	303	2,131	-	-	303	2,131
Income from the operation of a restaurant	-	-	18,848	18,381	18,848	17,804
<b>Total revenue from contracts with customers</b>	<b>63,675</b>	<b>42,343</b>	<b>18,848</b>	<b>18,381</b>	<b>82,523</b>	<b>58,733</b>
<b>Timing of revenue recognition</b>						
Goods transferred at a point in time	63,372	40,212	18,848	18,381	82,220	56,602
Services transferred over time	303	2,131	-	-	303	2,131
<b>Total revenue from contracts with customers</b>	<b>63,675</b>	<b>42,343</b>	<b>18,848</b>	<b>18,381</b>	<b>82,523</b>	<b>60,724</b>

# 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 of income from restaurant operations 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 September		Unaudited Nine months ended 30 September	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Cost of inventories consumed	15,397	12,826	52,259	33,572
Depreciation of property, plant and equipment	1,110	1,437	3,340	4,111
Depreciation of right-of-use assets	1,688	1,978	5,063	4,701
Total depreciation	2,798	3,415	8,403	8,812
Lease payment not included in the measurement of leases liabilities	-	292	-	827
Other related expenses	290	325	950	754
Rental and related expenses	290	617	950	1,581
Total employee benefit expenses	6,847	6,589	19,432	17,566
Bank interest income	(15)	(20)	(32)	(42)

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the nine months ended 30 September 2022, 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 (2021: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 16.5%).

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Current – Hong Kong Charge for the period	–	13	–	65
Deferred	(49)	1,675	(120)	1,006
Total tax charge/(credit) for the period	(49)	1,688	(120)	1,071

## 8. DIVIDENDS

The board of Directors does not recommend the payment of any dividend for the nine months ended 30 September 2022 (2021: 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 September		Unaudited Nine months ended 30 September	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
<b>Loss</b>				
Loss attributable to owners of the Company used in the basic loss per share calculation	(1,297)	(5,842)	(6,498)	(12,660)

	Number of shares			
	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2022 '000	2021 '000	2022 '000	2021 '000
<b>Shares</b>				
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
<b>Loss per share:</b>				
– Basic (HK cents)	(0.09)	(0.42)	(0.46)	(0.90)

No adjustment has been made to the basic loss per share amounts presented for the nine months ended 30 September 2022 and 2021 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 9 November 2022.