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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)**

**ANNUAL RESULTS ANNOUNCEMENT FOR  
THE YEAR ENDED 31 DECEMBER 2018**

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

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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 2018, together with the comparative results for the previous year:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2018

	<i>Notes</i>	<b>2018</b> <b>HK\$'000</b>	2017 HK\$'000
REVENUE	4	<b>136,218</b>	132,934
Cost of inventories consumed		<b>(88,514)</b>	(89,019)
Other income		<b>1,487</b>	1,461
Employee benefit expenses		<b>(21,246)</b>	(19,693)
Depreciation		<b>(7,140)</b>	(4,882)
Transportation and storage fee		<b>(3,560)</b>	(3,368)
Utilities and consumables		<b>(2,992)</b>	(2,718)
Rental and related expenses		<b>(1,506)</b>	(1,291)
Listing expenses		–	(11,590)
Other operating expenses		<b>(7,462)</b>	(7,371)
<b>PROFIT/(LOSS) BEFORE TAX FROM OPERATIONS</b>		<b>5,285</b>	(5,537)
Finance costs		<b>(549)</b>	(796)
<b>PROFIT/(LOSS) BEFORE TAX</b>	6	<b>4,736</b>	(6,333)
Income tax expense	7	<b>(1,167)</b>	(1,490)
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>3,569</b>	(7,823)
Attributable to:			
Owners of the Company		<b>3,555</b>	(7,534)
Non-controlling interests		<b>14</b>	(289)
		<b>3,569</b>	(7,823)
<b>EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY</b>			
— Basic and diluted (expressed in HK cents per share)	8	<b>0.25</b>	(0.60)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
PROFIT/(LOSS) FOR THE YEAR	<u>3,569</u>	<u>(7,823)</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(expense) that will not be reclassified to profit or loss in subsequent periods:		
Revaluation surplus	15,102	14,114
Deferred tax debited to asset revaluation reserve	<u>(2,492)</u>	<u>(2,329)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>12,610</u>	<u>11,785</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>16,179</u></u>	<u><u>3,962</u></u>
Attributable to:		
Owners of the Company	16,165	4,251
Non-controlling interests	<u>14</u>	<u>(289)</u>
	<u><u>16,179</u></u>	<u><u>3,962</u></u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***31 December 2018*

	<i>Notes</i>	<b>2018</b> <b>HK\$'000</b>	2017 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>139,320</b>	115,785
Goodwill		<b>2,302</b>	2,302
Prepayments		–	2,394
Due from a related party		<b>130</b>	–
Deferred tax assets		<b>388</b>	–
Total non-current assets		<b>142,140</b>	120,481
<b>CURRENT ASSETS</b>			
Inventories		<b>4,953</b>	4,141
Trade receivables	9	<b>19,850</b>	18,264
Prepayments, deposits and other receivables		<b>3,170</b>	2,396
Due from related parties		<b>577</b>	192
Tax recoverable		<b>796</b>	617
Cash and cash equivalents		<b>21,668</b>	24,620
Total current assets		<b>51,014</b>	50,230
<b>CURRENT LIABILITIES</b>			
Trade payables	10	<b>6,105</b>	6,732
Other payables and accruals		<b>4,412</b>	3,714
Due to related parties		<b>121</b>	168
Interest-bearing bank borrowings	11	<b>2,337</b>	1,863
Tax payable		<b>287</b>	116
Total current liabilities		<b>13,262</b>	12,593
<b>NET CURRENT ASSETS</b>		<b>37,752</b>	37,637
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>179,892</b>	158,118
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings	11	<b>25,023</b>	22,393
Deferred tax liabilities		<b>11,737</b>	8,772
Total non-current liabilities		<b>36,760</b>	31,165
<b>Net assets</b>		<b>143,132</b>	126,953

	<i>Notes</i>	<b>2018</b> <b>HK\$'000</b>	2017 <i>HK\$'000</i>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	<i>12</i>	<b>14,000</b>	14,000
Reserves		<b>125,162</b>	108,997
		<u><b>139,162</b></u>	<u>122,997</u>
Non-controlling interests		<b>3,970</b>	3,956
		<u><b>143,132</b></u>	<u>126,953</u>

## NOTES TO 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 and the provision of transportation services. In the opinion of the directors, the ultimate holding company of the Company is Keyview Ventures Limited, a company incorporated in the British Virgin Islands with limited liability.

### 2 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"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for leasehold land and buildings held for the Group's own use classified as property, plant and equipment, 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.

### 3 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.

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts</i>
HKFRS 9	<i>Financial Instruments</i>
HKFRS 15	<i>Revenue from Contracts with Customers</i>
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers</i>
Amendments to HKAS 40	<i>Transfers of Investment Property</i>
HK(IFRIC)-Int 22	<i>Foreign Currency Transactions and Advance Consideration</i>
<i>Annual Improvements 2014–2016 Cycle</i>	Amendments to HKFRS 1 and HKAS 28

Other than as explained below, the adoption of the above new and revised standards has had no significant financial effect on these financial statements.

- (a) Amendments to HKFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet an employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The amendments have had no impact on the financial position or performance of the Group as the Group does not have any cash-settled share-based payment transactions and has no share-based payment transactions with net settlement features for withholding tax.
- (b) HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group has recognised the transition adjustments against the applicable opening balances at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39. The following information sets out the impacts of adopting HKFRS 9 on the statement of financial position, including the effect of replacing HKAS 39's incurred credit loss calculations with HKFRS 9's expected credit losses ("ECLs").

A reconciliation between the carrying amounts under HKAS 39 and the balances reported under HKFRS 9 as at 1 January 2018 is as follows:

	HKAS 39 measurement		ECL	HKFRS 9 measurement	
	Category	Amount HK\$'000	Amount HK\$'000	Amount HK\$'000	Category
<b>Financial assets</b>					
Trade receivables	L&R <sup>1</sup>	18,264	–	18,264	AC <sup>2</sup>
Financial assets included in prepayments, deposits and other receivables	L&R <sup>1</sup>	513	–	513	AC <sup>2</sup>
Due from related parties	L&R <sup>1</sup>	192	–	192	AC <sup>2</sup>
Cash and cash equivalents	L&R <sup>1</sup>	24,620	–	24,620	AC <sup>2</sup>
		<u>43,589</u>	<u>–</u>	<u>43,589</u>	

There was no significant impact from replacing the aggregate opening impairment allowance under HKAS 39 with ECLs allowances under HKFRS 9 on the above financial assets as at 1 January 2018.

	HKAS 39 measurement		HKFRS 9 measurement	
	Category	Amount HK\$'000	Amount HK\$'000	Category
<b>Financial liabilities</b>				
Trade payables	AC <sup>2</sup>	6,732	6,732	AC <sup>2</sup>
Financial liabilities included in other payables and accruals	AC <sup>2</sup>	2,213	2,213	AC <sup>2</sup>
Due to related parties	AC <sup>2</sup>	168	168	AC <sup>2</sup>
Interest-bearing bank borrowings	AC <sup>2</sup>	24,256	24,256	AC <sup>2</sup>
		33,369	33,369	
		33,369	33,369	

<sup>1</sup> L&R: Loans and receivables

<sup>2</sup> AC: Financial assets or financial liabilities at amortised cost

- (c) HKFRS 15 and its amendments replace HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. As a result of the application of HKFRS 15, the Group has changed the accounting policy with respect to revenue recognition.

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 January 2018.

#### **Sale of goods with variable consideration**

Some contracts for the sale of goods provide customers with a right of return and volume rebates. Before adopting HKFRS 15, the Group recognised revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and volume rebates. If revenue could not be reliably measured, the Group deferred the recognition of revenue until the uncertainty was resolved. Under HKFRS 15, rights of return and volume rebates give rise to variable consideration which is determined using the expected value method or the most likely amount method.

#### *Rights of return*

For a contract that provides a customer with a right to return the goods within a specified period, the Group previously estimated expected returns based on the average historical return rate. Before the adoption of HKFRS 15, the amount of revenue related to the expected returns was deferred and recognised as deferred revenue which was included in other payables and accruals in the statement of financial position with a corresponding adjustment to cost of sales. The initial carrying amount of goods expected to be returned was included in inventories.



The Group recognised a right-of-return asset which is included in prepayments, deposits and other receivables and other assets and is measured at the former carrying amount of the goods to be returned less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. In addition, a refund liability was recognised based on the amount that the Group expects to return to the customers using the expected value method. Upon the adoption of HKFRS 15, the Group had no significant impact on the right of return as at 1 January 2018.

*Volume rebates*

Before the adoption of HKFRS 15, the Group estimated the expected volume rebates using the probability-weighted average amount of rebates approach and included an allowance for rebates in other payables and accruals.

Upon the adoption of HKFRS 15, the Group has applied either the most likely amount method or the expected value method for the estimation of the variable consideration for expected volume rebates which are recorded as refund liabilities included in other payables and accruals in the statement of financial position. Accordingly, the Group reclassified HK\$562,000 and HK\$509,000 from other payables and accruals to refund liabilities for the expected future rebates as at 1 January 2018 and 31 December 2018, respectively.

**4. REVENUE**

	<b>2018</b>	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue from contracts with customers</b>		
Wholesale of processed raw food	<b>114,178</b>	110,366
Wholesale of processed cooked food	<b>14,233</b>	15,871
Internet sales and trading of food products	<b>4,032</b>	3,235
Income from provision of transportation services	<b>3,775</b>	3,462
	<u><b>136,218</b></u>	<u>132,934</u>

## 5. SEGMENT INFORMATION

The Group is principally engaged in the processing and trading of raw, frozen and cooked food products and the provision of transportation services. For management purpose, the Group operates in one business unit based on its products and the nature of production, sales and distribution processes, and has one reportable operating segment which is processing and trading of food products.

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.

### Information about major customers

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Customer A #	<b>43,213</b>	45,067
Customer B #	<b>25,817</b>	23,615
Customer C #	<b>18,046</b>	23,011

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

## 6. PROFIT/(LOSS) BEFORE TAX

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

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Cost of inventories consumed	<b>88,514</b>	89,019
Depreciation	<b>7,140</b>	4,882
Minimum lease payments under operating leases	<b>645</b>	600
Other related expenses	<b>861</b>	691
Rental and related expenses	<b>1,506</b>	1,291
Directors' remuneration	<b>5,526</b>	4,464
Employee benefit expenses (excluding directors' remuneration):		
Salaries, wages and other benefits	<b>15,083</b>	14,601
Pension scheme contributions	<b>637</b>	628
Total employee benefit expenses	<b>21,246</b>	19,693
Listing expenses	–	11,590
Auditor's remuneration	<b>1,014</b>	990
Impairment of trade receivables	<b>56</b>	–
Write-off of items of property, plant and equipment	<b>28</b>	32
Bank interest income	<b>(85)</b>	(82)

## 7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Current — Hong Kong		
Charge for the year	<b>1,148</b>	1,825
Overprovision in prior years	<b>(66)</b>	(70)
Deferred	<b>85</b>	(265)
	<u>1,167</u>	<u>1,490</u>
Total tax charge for the year	<u><b>1,167</b></u>	<u>1,490</u>

## 8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings/(loss) per share attributable to owners of the Company is based on the following data:

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
<b>Earnings/(loss)</b>		
Profit/(loss) attributable to owners of the Company used in the basic earnings/(loss) per share calculation	<u><b>3,555</b></u>	<u>(7,534)</u>
	<b>Number of shares</b>	
	<b>2018</b> <i>'000</i>	2017 <i>'000</i>
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation	<u><b>1,400,000</b></u>	<u>1,261,918</u>
<b>Earnings/(loss) per share</b>		
Basic (HK cents)	<u><b>0.25</b></u>	<u>(0.60)</u>

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the years ended 31 December 2018 and 2017 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years.

## 9. TRADE RECEIVABLES

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade receivables from:		
Third party customers	<b>16,159</b>	14,253
Related companies	<b>3,747</b>	4,011
	<hr/>	<hr/>
	<b>19,906</b>	18,264
Impairment	<b>(56)</b>	–
	<hr/>	<hr/>
	<b>19,850</b>	18,264
	<hr/> <hr/>	<hr/> <hr/>

The Group's trading terms with its customers are mainly on credit. The credit period is generally one month, extending up to two months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An 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:

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Within 1 month	<b>12,658</b>	12,368
1 to 2 months	<b>6,812</b>	5,870
2 to 3 months	<b>380</b>	26
	<hr/>	<hr/>
	<b>19,850</b>	18,264
	<hr/> <hr/>	<hr/> <hr/>

## 10. TRADE PAYABLES

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade payables to:		
Third party suppliers	<b>5,577</b>	5,507
Related companies		
— Golden Cup	<b>415</b>	856
— Yau Heng	<b>47</b>	10
— Guangzhou Ge Yu	<b>66</b>	359
	<hr/>	<hr/>
	<b>6,105</b>	6,732
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Within 1 month	<u><b>6,105</b></u>	<u>6,732</u>

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

#### 11. INTEREST-BEARING BANK BORROWINGS

	<b>2018</b>			2017		
	<b>Effective interest rate (%)</b>	<b>Maturity</b>	<b>HK\$'000</b>	Effective interest rate (%)	Maturity	<i>HK\$'000</i>
<b>Current</b>						
Bank loans — secured	<b>2.75 to 3.00 below prime rate</b>	<b>2019</b>	<b>2,337</b>	3.00 below prime rate	2018	1,863
<b>Non-current</b>						
Bank loans — secured	<b>2.75 to 3.00 below prime rate</b>	<b>2020–2035</b>	<b>25,023</b>	3.00 below prime rate	2019–2035	22,393
			<u><b>27,360</b></u>			<u>24,256</u>

#### 12. SHARE CAPITAL

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

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Authorised:		
10,000,000,000 ordinary shares of HK\$0.01 each	<u><b>100,000</b></u>	<u>100,000</u>
Issued and fully paid:		
1,400,000,000 ordinary shares of HK\$0.01 each	<u><b>14,000</b></u>	<u>14,000</u>

#### 13. DIVIDENDS

The board of directors does not recommend a payment of a final dividend for the year ended 31 December 2018. In prior year, no dividend had been paid or declared by the Company during the period from its incorporation date to 31 December 2017.

## 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 and provision of transportation services in Hong Kong.

On 30 June 2018, 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.

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.

### USE OF PROCEEDS

From the listing date to 31 December 2018 (the “**Review Period**”), the net proceeds raised from listing as disclosed in the prospectus of the Company dated 19 June 2017 (the “**Prospectus**”) have been applied as follows:

	<b>Planned use of proceeds as stated in the Prospectus (HK\$ million)</b>	<b>Actual use of proceeds during the Review Period (HK\$ million)</b>
Acquisition of new factory premises	22.0	22.0
Renovation of new premises as refrigeration facility	8.8	8.8
Strengthening Group’s logistics team	2.4	2.4
Setting up human resources department	0.9	0.3
Upgrade of internal management system	0.7	0.2
Working capital and other corporate development	5.1	5.1
	<u>39.9</u>	<u>38.8</u>

## COMPARISON BETWEEN BUSINESS OBJECTIVES AND ACTUAL BUSINESS PROGRESS

The following is the comparison of the business objectives as stated in the Prospectus and the actual objectives achieved during the Review Period:

	<b>Planned Business objective</b>	<b>Actual Business progress</b>
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 expand processing capacity	To acquire a new factory premises and renovate it as a refrigeration facility	Acquired two premises and renovation completed
To strengthen logistics team	To acquire three more vehicles equipped with refrigeration facilities before the end of 2018	Acquired three vehicles equipped with refrigeration facilities
To enhance internal support	To hire two new staff and set up and oversee human resources department	An administrative assistant was hired to handle administration works.  In the process of interviewing candidates for the human resources manager

## RESULTS AND FINANCIAL REVIEW

### Revenue

For the year ended 31 December 2018, the Group recorded approximately HK\$136 million revenue as compared with last year's corresponding period of approximately HK\$133 million, representing an increase of approximately 2.3%. The increase was mainly due to the increase in sales order for raw, frozen and processed food products.

### **Cost of inventories consumed and loss before tax**

For the year ended 31 December 2018, the Group's cost of inventories consumed and profit before tax from operations was approximately HK\$88.5 million and HK\$5.3 million respectively, while the cost of inventories consumed and loss before tax in last year's corresponding period was approximately HK\$89.0 million and approximately HK\$5.5 million respectively. The decrease in cost of inventories consumed was due to concentrate on high margin products while the turnaround from loss to profit before tax from operations was mainly due to the non-recurring listing expenses incurred for the listing on the GEM of the Company in 2017 did not incur in 2018 and the increase in sales in 2018.

### **Employee benefit expenses**

For the year ended 31 December 2018, the Group's employee benefit expenses increased to approximately HK\$21.2 million from last year's corresponding period's approximately HK\$19.7 million which was attributable to increase in wages.

### **Income tax expense**

For the year ended 31 December 2018, the Group's income tax expense was approximately HK\$1.2 million which was lower than last year's corresponding period's approximately HK\$1.5 million. The decrease in tax expense was due to the tax non-deductible expenses incurred last year did not incur in the current financial year.

### **Profit for the year**

Based on the above reasons, for the year ended 31 December 2018, the Group recorded a net profit for the period of approximately HK\$3.6 million versus a net loss of approximately HK\$7.8 million of last year's corresponding period.

## **FINANCIAL KEY PERFORMANCE**

The above financial data were chosen to present in this results 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 2018.

### **Liquidity and financial resources**

As at 31 December 2018, the Group had net current assets of approximately HK\$37.8 million (2017: net current assets approximately HK\$37.6 million), of which cash at bank consisted of approximately HK\$21.7 million (2017: approximately HK\$24.6 million). The decrease in cash was due to nearly all the proceeds raised in 2017 has been utilised. The Group had bank borrowings amounted to approximately HK\$27.4 million (2017: approximately HK\$24.3 million).



## **Gearing ratio**

As at 31 December 2018, the Group's gearing ratio was approximately 19.1% (2017: 19.1%), which is calculated based on the Group's total interest-bearing debt of approximately HK\$27.4 million (2017: HK\$24.3 million) and the Group's total equity of approximately HK\$143.1 million (2017: HK\$127.0 million).

## **Capital structure**

As at 31 December 2018, 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 from 31 December 2017.

## **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 2018, the Group's leasehold land and buildings held for own use with a net carrying amount of approximately HK\$103.0 million (2017: HK\$92.8 million) have been pledged to secure banking facilities granted to the Group.

## **Currency risk**

As at 31 December 2018, 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 2018, the Group did not have any material capital commitments (31 December 2017: HK\$2.1 million).

## **Contingent liabilities**

As at 31 December 2018, the Group did not have any material contingent liabilities (31 December 2017: nil).

## **Event after report date**

There were no significant events occurring after the year ended 31 December 2018.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

During the year ended 31 December 2018, save as disclosed in the Prospectus, the Company did not redeem any of its shares, and neither did the Company nor any of its subsidiaries purchase or sell any of the Company's shares.

## **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 consolidated financial results and was in the opinion that such results have complied with the applicable accounting standards and adequate disclosures have been made.

## **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, have for the following deviation:

### **Code provision F.1.1**

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.

## **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 2018.

## **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 2018 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, 21 March 2019

*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. Chow Kuen Chung and Ms. Ho Lai Sze Jacqueline; and the independent non-executive directors are Mr. Chau Chun Wai, Mr. Lo Sun Tong and Mr. Lam Lai Kiu Kelvin.*

*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.*

*This announcement will remain on the "Latest Company Announcements" page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its publication and on the website of the Company at [www.wtgl.hk](http://www.wtgl.hk).*