



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

2018
INTERIM 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 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. Chow Kuen Chung
Ms. Ho Lai Sze Jacqueline

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

COMPLIANCE ADVISER

Kingsway Capital Limited

AUDITOR

Ernst & Young
Certified Public Accountants

LEGAL ADVISOR

David Fong & Co.

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 22, 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 trading of raw, frozen and cooked food products and provision of transportation services in Hong Kong.

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.

USE OF PROCEEDS

From the listing date to 30 June 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:

	Planned use of proceeds as stated in the Prospectus (HK\$ million)	Actual use of proceeds during the Review Period (HK\$ million)
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	0.1
Setting up human resources department	0.9	0.2
Upgrade of internal management system	0.7	0.2
Working capital and other corporate development	5.1	2.8
	39.9	34.1

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2018, the Group recorded approximately HK\$68.8 million revenue as compared with last year's corresponding period of approximately HK\$64.3 million, representing an increase of approximately 7.0%. The increase was mainly due to increase in sales order for raw, frozen and processed food products.

Cost of inventories and loss before tax

For the six months ended 30 June 2018, the Group's cost of inventories consumed and profit before tax from operations was approximately HK\$44.2 million and HK\$4.1 million respectively, where the cost of inventories consumed in last year's corresponding period was approximately HK\$42.7 million and the group recorded a loss before tax of approximately HK\$7.8 million. The increase in cost of inventories consumed was in line with the increase in revenue. The turnover of profit before tax was mainly due to the non-recurring listing expenses incurred for the listing on the GEM of the Company in last year which did not occur in current financial year.

Employee benefit expenses

For the six months ended 30 June 2018, the Group's employee benefit expenses increased to approximately HK\$10.5 million from last year's corresponding period's approximately HK\$9.3 million which was mainly attributable to increase in wages.

Income tax expense

For the six months ended 30 June 2018, the Group's income tax expense was approximately HK\$1 million which was equivalent to last year's corresponding period's approximately HK\$1 million. It was due to the tax non-deductible listing expenses incurred last year did not incur during the period.

Profit for the period

Based on the above reasons, for the six months ended 30 June 2018, the Group recorded a net profit for the period of approximately HK\$2.9 million versus a net loss of approximately HK\$9.3 million of last year's corresponding period.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and financial resources

As at 30 June 2018, the Group had net current assets of approximately HK\$36.3 million (31 December 2017: HK\$37.6 million), of which cash at bank consisted of approximately HK\$20.0 million (31 December 2017: HK\$24.6 million). The Group had bank borrowings amounted to approximately HK\$23.3 million (31 December 2017: HK\$24.3 million).

Capital structure

As at 30 June 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 since its listing.

Treasury policy

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period. To manage liquidity risk, the management closely monitors the Group's liquidity position and maintains sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to settle the payables of the Group.

Contingent liabilities

As at 30 June 2018, The Group did not have material contingent liabilities (31 December 2017: nil).

Charge of assets

As at 30 June 2018, the Group's leasehold land and buildings held for own use with a net carrying amount of approximately HK\$92.8 million (31 December 2017: HK\$92.8 million) have been pledged to secure banking facilities granted to the Group.

Currency risk

As at 30 June 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Gearing ratio

As at 30 June 2018, the Group's gearing ratio was approximately 17.8% (31 December 2017: 19.1%), which is calculated based on the Group's total interest-bearing debt of approximately HK\$23.3 million (31 December 2017: HK\$24.3 million) and the Group's total equity of approximately HK\$131.1 million (31 December 2017: HK\$127.0 million).

Capital commitments

As at 30 June 2018, the Group's material capital commitments was approximately HK\$6.1 million (31 December 2017: HK\$2.1 million).

Contingent liability

As at 30 June 2018, the Group did not have any material contingent liabilities (31 December 2017: nil).

Material acquisitions and disposals of subsidiaries and affiliated companies

During the six months ended 30 June 2018, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Future plans for material investments and capital assets

Save as disclosed in the section "Future Plans and Use of Proceeds" of the Prospectus, as at 30 June 2018, the Group did not have other plans for material investments and capital assets.

Employee and emolument policies

As at 30 June 2018, the Group had 55 full-time employees (30 June 2017: 56). The pay scale of the Group's employees is maintained at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system. Other employee benefits include provident fund, insurance and medical cover.

Subsequent events

There were no material events occurred after the six months ended 30 June 2018.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2018, 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 GEM Listing Rules are as follows:

Shares of associated corporations of the Company

Name of associated corporation	Name of Director	Number of shares	Approximate Percentage
Keyview Ventures Limited	Lai King Wah	6,975	24.53%
Keyview Ventures Limited	Lai Ho Yin Eldon	307	1.08%
Keyview Ventures Limited	Ho Timothy Kin Wah	815	2.87%
Keyview Ventures Limited	Yu Ting Hei	5,407	19.02%

Save as disclosed above, as at 30 June 2018, none of the Directors and chief executives of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the standard of dealings by directors set out in Rules 5.46 to 5.67 of the GEM Listing Rules.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDER' S INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as at 30 June 2018, other than the director and chief executive of the Company, the following persons/entities have an interest or a short position in the shares or the underlying shares of the Company as recorded in the register of the Company required to be kept under section 336 of the SFO:

Name of shareholder	Number of shares	Percentage to the issued share capital of the Company
Keyview Ventures Limited	1,050,000,000	75%

Save as disclosed above, as at 30 June 2018, 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 shareholders of the Company by way of written resolution on 5 June 2017 which has a valid period of 10 years from the date of adoption of the Share Option Scheme (i.e., 5 June 2017, the "Adoption Date") to the tenth anniversary of the Adoption Date.

No share option has been granted under the Share Option Scheme since its adoption.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed above, at no time during the six months ended 30 June 2018 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the period from the Listing Date to 30 June 2018.

COMPETING INTERESTS

As at 30 June 2018, 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.

INTERESTS OF THE COMPLIANCE ADVISER

As at 30 June 2018, neither Kingsway Capital Limited, the compliance adviser of the Company, nor any of its directors, employees or associates had any interests in the securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities) pursuant to Rule 6A.32 of GEM Listing Rules.

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.

OTHER INFORMATION

AUDIT COMMITTEE

The Company has established an audit committee with the written terms of reference in compliance with the GEM Listing Rules. The audit committee consists of three independent non-executive Directors, namely Mr. Lo Sun Tong (chairperson), Mr. Chau Chun Wai and Mr. Lam Lai Kiu Kelvin. The audit committee has reviewed this report and are in the opinion that such report has complied with the applicable accounting standards and adequate disclosures have been made.

By order of the Board

Winning Tower Group Holdings Limited

Lai King Wah

Chairman and Executive Director

Hong Kong, 8 August 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2018

UNAUDITED INTERIM RESULTS

The board of directors (the “Board”) of the Company presents the unaudited condensed consolidated results of the Group for the three months and six months ended 30 June 2018, together with the unaudited comparative figures for the corresponding periods in 2017, are as follows:

	Notes	Three months ended 30 June		Six months ended 30 June	
		2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
REVENUE	5	33,560	32,177	68,830	64,262
Cost of inventories consumed		(21,563)	(21,132)	(44,184)	(42,678)
Other income		198	265	726	684
Employee benefit expenses		(5,238)	(4,902)	(10,461)	(9,342)
Depreciation		(1,660)	(1,233)	(3,313)	(2,418)
Transportation and storage fee		(890)	(819)	(1,660)	(1,569)
Utilities and consumables		(743)	(677)	(1,370)	(1,299)
Rental and related expenses		(364)	(316)	(732)	(631)
Listing expenses		-	(7,008)	-	(11,590)
Other operating expenses		(1,916)	(1,998)	(3,707)	(3,242)
PROFIT/(LOSS) BEFORE TAX FROM OPERATIONS		1,384	(5,643)	4,129	(7,823)
Finance costs		(134)	(254)	(268)	(509)
PROFIT/(LOSS) BEFORE TAX	6	1,250	(5,897)	3,861	(8,332)
Income tax expense	7	(414)	(515)	(981)	(985)
PROFIT/(LOSS) FOR THE PERIOD		836	(6,412)	2,880	(9,317)
Attributable to:					
Owners of the Company		998	(6,373)	3,015	(9,395)
Non-controlling interests		(162)	(39)	(135)	78
		836	(6,412)	2,880	(9,317)
Earning/(loss) per share attributable to the owners of the Company					
— Basic and diluted (expressed in HK cents per share)	9	0.07	(0.57)	0.22	(0.84)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2018

	Three months ended 30 June		Six months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
PROFIT/(LOSS) FOR THE PERIOD	836	(6,412)	2,880	(9,317)
OTHER COMPREHENSIVE INCOME				
Other comprehensive income/(expense) not to be reclassified to profit or loss in subsequent periods:				
Revaluation surplus	780	443	1,561	2,926
Deferred tax debited to asset revaluation reserve	(129)	(73)	(258)	(483)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	651	370	1,303	2,443
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD	1,487	(6,042)	4,183	(6,874)
Attributable to:				
Owners of the Company	1,649	(6,003)	4,318	(6,952)
Non-controlling interests	(162)	(39)	(135)	78
	1,487	(6,042)	4,183	(6,874)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Notes	30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		122,939	115,785
Goodwill		2,302	2,302
Prepayments		158	2,394
Total non-current assets		125,399	120,481
CURRENT ASSETS			
Inventories		4,320	4,141
Trade receivables	10	18,413	18,264
Prepayments, deposits and other receivables		5,273	2,396
Due from related parties	11	575	192
Tax recoverable		2,275	617
Cash and cash equivalents		19,992	24,620
Total current assets		50,848	50,230
CURRENT LIABILITIES			
Trade payables	12	5,296	6,732
Other payables and accruals		4,552	3,714
Due to related parties	11	151	168
Interest-bearing bank borrowings	13	1,884	1,863
Tax payable		2,677	116
Total current liabilities		14,560	12,593
NET CURRENT ASSETS/(LIABILITIES)		36,288	37,637
TOTAL ASSETS LESS CURRENT LIABILITIES		161,687	158,118
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		21,444	22,393
Deferred tax liabilities		9,107	8,772
Total non-current liabilities		30,551	31,165
Net assets		131,136	126,953

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Notes	30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	14	14,000	14,000
Reserves		113,315	108,997
		127,315	122,997
Non-controlling interests		3,821	3,956
Total equity		131,136	126,953

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2018

	Attributable to owners of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000 (note a)	Capital reserve HK\$'000 (note b)	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 2018 (Audited)	14,000	103,491*	(36,733)*	5,100*	44,050*	(6,911)*	122,997	3,956	126,953
Profit/(loss) for the period	-	-	-	-	-	3,015	3,015	(135)	2,880
Other comprehensive income/(expense) for the period:									
Revaluation surplus	-	-	-	-	1,561	-	1,561	-	1,561
Deferred tax debited to asset revaluation reserve	-	-	-	-	(258)	-	(258)	-	(258)
Total comprehensive income/(expense) for the period	-	-	-	-	1,303	3,015	4,318	(135)	4,183
Issuance of shares and effects of group reorganisation	-	-	-	-	-	-	-	-	-
Issue of new shares upon capitalisation issue	-	-	-	-	-	-	-	-	-
Issue of new shares in connection with the share offer	-	-	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-	-	-
Contributions from shareholders	-	-	-	-	-	-	-	-	-
At 30 June 2018 (Unaudited)	14,000	103,491*	(36,733)*	5,100*	45,353*	(3,896)*	127,315	3,821	131,136

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2018

	Attributable to owners of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000 (note a)	Capital reserve HK\$'000 (note b)	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 2017 (Audited)	32,230	-	-	-	32,265	623	65,118	4,245	69,363
Profit/(loss) for the period	-	-	-	-	-	(9,395)	(9,395)	78	(9,317)
Other comprehensive income/(expense) for the period:									
Revaluation surplus	-	-	-	-	2,926	-	2,926	-	2,926
Deferred tax debited to asset revaluation reserve	-	-	-	-	(483)	-	(483)	-	(483)
Total comprehensive income/(expense) for the period	-	-	-	-	2,443	(9,395)	(6,952)	78	(6,874)
Issuance of shares and effects of group reorganisation	(32,230)	68,963	(36,733)	-	-	-	-	-	-
Issue of new shares upon capitalisation issue	11,200	(11,200)	-	-	-	-	-	-	-
Issue of new shares in connection with the share offer	2,800	53,200	-	-	-	-	56,000	-	56,000
Share issue expenses	-	(7,472)	-	-	-	-	(7,472)	-	(7,472)
Contributions from shareholders	-	-	-	5,100	-	-	5,100	-	5,100
At 30 June 2017 (Unaudited)	14,000	103,491	(36,733)	5,100	34,708	(8,772)	111,794	4,323	116,117

* These reserve accounts comprise the consolidated reserves of HK\$113,316,000 (31 December 2017: HK\$108,997,000) in the condensed consolidated statements of financial position as at 30 June 2018.

Notes:

- Merger reserve represented the differences between the nominal value of the shares issued by the Company and the share capital of a subsidiary by the Company pursuant to the Reorganisation as defined in note 1 "Corporate Information and Reorganisation".
- Capital reserve represented the capital contributions from the shareholders of the Group in relation to listing expenses reimbursed to the Company during the period ended 30 June 2017.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

AS AT 30 JUNE 2018

	Six months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Notes		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash flows from/ (used in) operating activities	5,438	(2,452)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	36	2
Purchases of items of property, plant and equipment	(8,906)	(821)
Net cash flows used in investing activities	(8,870)	(819)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	–	56,000
Share issue expenses	–	(7,472)
Repayment of bank loans	(928)	(1,431)
Increase in an amount due to the ultimate holding company	–	12,950
Interest paid	(268)	(509)
Net cash flows from/(used in) financing activities	(1,196)	59,538
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(4,628)	56,267
Cash and cash equivalents at beginning of period	24,620	11,329
CASH AND CASH EQUIVALENTS AT END OF PERIOD	19,992	67,596

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

AS AT 30 JUNE 2018

	Notes	Six months ended 30 June	
		2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		19,992	67,596
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows		19,992	67,596

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION AND REORGANISATION

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.

Pursuant to the group reorganisation completed on 10 February 2017 (the "Reorganisation") to rationalise the structure of the Group in preparation for the listing of the ordinary shares with a nominal value of HK\$0.01 each in the share capital of the Company on the GEM of the Stock Exchange, the Company became the direct/indirect holding company of the subsidiaries now comprising the Group on 10 February 2017. Details of the Reorganisation were set out in the section headed "History, Reorganisation and Group Structure" to the prospectus dated 19 June 2017 (the "Prospectus") issued by the Company. The shares of the Company were listed on the GEM by way of share offer (the "Listing") on 30 June 2017 (the "Listing Date").

As the Reorganisation only involved inserting new holding entities at the top of an existing company and has not resulted in any change of economic substances, the condensed consolidated financial statements have been presented as a continuation of the existing company using the pooling of interest method. Accordingly, the condensed consolidated financial information are prepared as if the current group structure had been in existence throughout the entire periods presented.

The Company has not carried on any business since the date of its incorporation, save for the transaction relating to the Reorganisation, and is an investment holding company. The Group is principally engaged in the processing and trading of raw, frozen and cooked food products and provision of transportation services. 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 the leasehold land and building that are 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 2017.

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 2017 except for the application of the following new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA, which have become effective in the current period.

Amendments to HKFRS 1	<i>First time adoption of HKFRS</i>
Amendments to HKFRS 2	<i>Classification and Measurement of Share-Based Payment Transaction</i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts</i>
HKFRS 9	<i>Financial Instruments</i>

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION

The Group is principally engaged in processing and trading of raw, frozen and cooked food products and 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

	Three months ended 30 June		Six months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Customer A #	11,239	10,997	22,552	21,254
Customer B #	6,734	5,910	12,974	11,034
Customer C #	3,791	5,011	9,036	11,053

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. REVENUE

Revenue represents the invoiced value of goods sold, after allowances for returns and trade discounts to customers, and income from provision of transportation services.

An analysis of revenue is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Wholesale of processed raw food	28,469	26,794	57,470	52,408
Wholesale of processed cooked food	3,146	3,691	7,585	8,572
Internet sales and trading of food products	1,007	835	1,866	1,561
Income from provision of transportation services	938	857	1,909	1,721
	33,560	32,177	68,830	64,262

6. PROFIT/(LOSS) BEFORE TAX

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

	Three months ended 30 June		Six months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Cost of inventories consumed	21,563	21,132	44,184	42,678
Depreciation	1,660	1,233	3,313	2,418
Minimum lease payments under operating leases	150	150	300	300
Other related expenses	214	166	432	331
Rental and related expenses	364	316	732	631
Listing expenses	-	7,008	-	11,590

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 period ended 30 June 2018.

	Three months ended 30 June		Six months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Current — Hong Kong				
Charge for the period	326	538	906	1,031
Deferred	88	(23)	75	(46)
Total tax charge for the period	414	515	981	985

8. DIVIDENDS

No dividend has been paid or declared by the Company during the period from its incorporation date to 30 June 2018.

The rate for dividend and number of shares ranking for dividend are not presented as such information is not considered meaningful for the purpose of this report.

The board of Directors does not recommend a payment of an interim dividend for the six months ended 30 June 2018.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. 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:

	Three months ended 30 June		Six months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Earnings/(loss)				
Profit/(loss) attributable to owners of the Company used in the basic earnings/(loss) per share calculation	998	(6,373)	3,015	(9,395)

	Three months ended 30 June		Six months ended 30 June	
	2018 (Unaudited) '000	2017 (Unaudited) '000	2018 (Unaudited) '000	2017 (Unaudited) '000
Shares				
Weighted average number of shares in issue used in the basic earnings/(loss) per share calculation	1,400,000	1,123,077	1,400,000	1,121,547
Earnings/(loss) per share:				
— Basic (HK cents)	0.07	(0.57)	0.22	(0.84)

In determining the weighted average number of ordinary shares in issue, a total of 1,120,000,000 ordinary shares of the Company issued pursuant to the Reorganisation were deemed to have been issued since 1 January 2016.

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30 June 2018 and 2017 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. TRADE RECEIVABLES

	As at 30 June 2018 (Unaudited) HK\$'000	As at 31 December 2017 (Audited) HK\$'000
Trade receivables from:		
Third party customers	17,134	14,253
Related companies	1,279	4,011
	18,413	18,264

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. 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 aged analysis of the trade receivables as at the end of the reporting period, based on invoice date, is as follows:

	As at 30 June 2018 (Unaudited) HK\$'000	As at 31 December 2017 (Audited) HK\$'000
Neither past due nor impaired	9,943	17,587
Less than 1 month past due	7,477	676
1 to 3 months past due	993	1
	18,413	18,264

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. BALANCES WITH RELATED PARTIES AND THE ULTIMATE HOLDING COMPANY

Balances with related companies and the ultimate holding company are non-trade in nature, unsecured, interest-free and repayable on demand.

12. TRADE PAYABLES

	As at 30 June 2018 (Unaudited) HK\$'000	As at 31 December 2017 (Audited) HK\$'000
Trade payables to:		
Third party suppliers	4,857	5,507
Related companies	439	1,225
	5,296	6,732

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

	As at 30 June 2018 (Unaudited) HK\$'000	As at 31 December 2017 (Audited) HK\$'000
Within 1 month	5,296	6,732

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. INTEREST-BEARING BANK BORROWINGS

	As at 30 June 2018			As at 31 December 2017		
	Effective interest rate (%)	Maturity	HK\$'000 (Unaudited)	Effective interest rate (%)	Maturity	HK\$'000 (Audited)
Current						
Bank loans — secured	1.25 to 1.75 below prime rate	July 2018 to June 2019	1,884	1.25 to 1.75 below prime rate	2018	1,863
Non-current						
Bank loans — secured	1.25 to 1.75 below prime rate	July 2019 to 2035	21,444	1.25 to 1.75 below prime rate	2019 to 2035	22,393
			<u>23,328</u>			<u>24,256</u>

14. SHARE CAPITAL

The share capital balance as at 30 June 2018 in the condensed consolidated statement of financial position represented the issued share capital of the Company. Details of the authorised and issued and fully paid share capital of the Company are summarised as follows:

	As at 30 June 2018 (Unaudited) HK\$'000
Authorised: 10,000,000,000 ordinary shares of HK\$0.01 each	100,000
Issued and fully paid: 1,400,000,000 ordinary shares of HK\$0.01 each	14,000

15. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had no significant contingent liabilities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	As at 30 June 2018 (Unaudited) HK\$'000	As at 31 December 2017 (Audited) HK\$'000
Contracted but provided for: Acquisition of items of vehicle, plant and equipment	6,076	2,067

17. RELATED PARTY TRANSACTIONS

(a) The directors are of the view that the following persons and entities were related parties that had material transactions or balances with the Group:

Name of the related party	Relationship with the Group
Ms. leong Sok leng ("Ms. leong")	Mother of Mr. Yu Ting Hei ("Mr. Yu"). Mr. Yu is a director of the Company and a shareholder of Keyview Ventures.
Yau Heng	Mr. Yu, a director of the Company and a shareholder of Keyview Ventures, and his family members including Ms. leong, are beneficial shareholders of Yau Heng.
Winning Futures	Ms. leong, mother of Mr. Yu, is a beneficial shareholder of Winning Futures.
lao Ip	Mr. Yu and his family members are beneficial shareholders of lao Ip.
Guangzhou Ge Yun	The spouse of Ms. Ou Hong Lian ("Ms. Ou") and her family member are beneficial shareholders of Guangzhou Ge Yun. Ms. Ou is a shareholder of Keyview Ventures.
Golden Cup	Mr. Ho Wing Nin, a director and a beneficial shareholder of Top Ocean, is also a director and a shareholder of Golden Cup. Golden Cup is a wholly-owned subsidiary of Superstar Group Industries Limited ("Super Star Group").

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

- (b) In addition to the transactions detailed elsewhere in the condensed consolidated financial statements, the Group had the following material transactions with related parties:

	Three months ended 30 June		Six months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Golden Cup				
Sales of goods	2,926	4,177	7,255	9,384
Purchases of goods	865	1,387	2,202	3,429
Storage, handling and sub-contracting income	165	84	585	494
Transportation service income	865	835	1,780	1,669
Yau Heng				
Sales of goods	1,004	1,212	2,770	2,592
Purchases of goods	4	60	55	669
Transportation service income	15	12	34	31
Guangzhou Ge Yun				
Purchase of goods	981	837	1,971	2,202
Consumable expenses	3	11	16	38
Sponsorship income	-	10	-	10
lao Ip				
Rental expense	150	150	300	300
Top Ocean				
Sponsorship income	-	15	-	15
Winning Futures				
Sales of goods	866	1,030	2,393	1,956
Transportation service income	58	10	93	20

The transactions with related companies were conducted on terms and conditions mutually agreed between the relevant parties.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(c) Compensation of key management personnel of the Group

	Three months ended 30 June		Six months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Short term employee benefits	1,253	1,307	2,507	2,343
Post-employment benefits	18	17	36	36
Total compensation paid to key management personnel	1,271	1,324	2,543	2,379

(d) Commitments with related parties:

During the period, a subsidiary of the Company, as the lessee, entered into a tenancy agreement with lao Ip, a related company of the Company, for leasing an office property for a term of three years. The total operating lease commitments due within one year, and two to five years were HK\$150,000 (31 December 2017: HK\$450,000) and nil (31 December 2017: nil), respectively, as at 30 June 2018.

18. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved and authorised for issue by the board of directors on 8 August 2018.