

TARGET

Intelligence Report

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S A T U R D A Y

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WINNING TOWER GROUP HOLDINGS LTD: MEMORIES OF THE LOSSES ARE UNLIKELY TO BE FORGOTTEN, POST-HASTE

On Monday, August 8, 2022, Winning Tower Group Holdings Ltd (運興泰集團控股有限公司) (Code: 8362, The Growth Enterprise Market [the GEM], The Stock Exchange of Hongkong Ltd) published the Interim Results in respect of the six months, ended June 30, 2022.

At Page Two of the public announcement of the Interim Results, the '**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**' was presented.

The following table contains the highlights of those Interim Results:

	For The Six Months, Ended June 30		Percentage Increase/(Decrease) *
	2022	2021	
	All Figures Are Denominated In \$HK'000 (except where otherwise stipulated)		
Revenue	56,101	37,905	48.00
Loss Before Taxation From Operations	(5,582)	(7,704)	(27.54)
Loss For The Period	(5,805)	(7,312)	(20.61)
Net Loss Attributable To Shareholders Of The Company	(5,201)	(6,818)	(23.72)
Loss Per Share Attributable To Shareholders Of The Company	(37 Hongkong cents)	(49 Hongkong cents)	(24.49)

* These are **TARGET**'s calculations

At Page Five of the Interim Results Announcement, under the heading, '**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**', one was informed that the Net Assets of the Company (Shareholders' Funds), as at June 30, 2022, stood at \$HK100,894,000.00 (December 31, 2021: \$HK105,366,000.00).

At Pages 23 and 24 of the Interim Results Announcement, under the subhead, '**Material acquisitions and disposals of subsidiaries and affiliated companies**', the following intelligence was produced:

‘Saved as disclosed, during the six months ended 30 June 2022, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

*‘On 2 July 2019, Winning Tower Group had entered into property disposal agreements (the “**Property Disposal Agreements**”) with Iao Ip Property Investment Limited (友業物業投資有限公司) (“**Iao Ip Property**”), pursuant to which Iao Ip Property has conditionally agreed to acquire and Winning Tower Group has conditionally agreed to sell two properties, namely, Unit 803 and 808, 8/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong is (sic) HK\$27,645,000, while the consideration about the sale and purchase of Unit 808, 8/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong (the “**Properties**”) at the aggregated consideration of HK\$45,516,400. Of which, the consideration of Unit 803 and 808 was HK\$27,645,000 and HK\$17,841,400 respectively. Pursuant to the Property Disposal Agreements, Iao Ip Property and Winning Tower Group shall enter into the respective leasing agreements (the “**Leasing Agreements**”) where Iao Ip Property as landlord shall lease to Winning Tower Group as tenant the Properties for a term of three years commencing from the date which all the conditions precedent are fulfilled according to the Property Disposal Agreements. According to the Leasing Agreements, the rent for Unit 803 and 808 is HK\$87,300 and HK\$56,436 per month respectively, totaling HK\$143,736 per month, inclusive of property tax, management fee, government rent and rates but exclusive of water, gas and electricity charges.*

*‘Iao Ip Property was owned as to 20% by Mr. Yu Ting Hei (余庭曦), a non-executive Director (“**Mr. Yu**”) and as to 80% in aggregate by three associates of Mr. Yu. Mr. Yu is a non-executive Director and one of the controlling shareholders of the Company. As such, Iao Ip Property is an associate of Mr. Yu and hence a connected person of the Company for the purpose of Chapter 20 of the GEM Listing Rules. Accordingly, the disposal of the Properties also constituted a connected transaction of the Company, and was subject to the announcement, reporting, circular (including independent financial advice) and independent shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules.*

*‘As a result, an extraordinary general meeting was convened and held on 9 September 2019 (the “**EGM**”) at which Keyview Ventures Limited (建景創投有限公司), the Company’s controlling shareholder, was required to abstain from voting. At the EGM, the resolution was passed by the independent shareholder and the transactions were completed on 30 September 2019. The proceeds arisen from the disposal of the Properties were approximately HK\$45.5 million which were intended to repay certain bank borrowings. As at 30 June 2022, the proceeds were fully applied, of which approximately HK\$22.5 million had been used to repay certain bank borrowings, approximately HK\$19.1 million had been applied for settlement of import purchases with deposit requirement and*

approximately HK\$3.9 million had been used for the expansion of business under the Joint Venture.'

Also, mentioned in the first paragraph of Page 24 of the Interim Results Announcement was the fact that, as at June 30, 2022, Winning Tower Group Holdings Ltd had a workforce, numbering 78 full-time employees (June 30, 2021: 67 employees).

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