

WT GROUP HOLDINGS LIMITED
W T 集團控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 8422)

**ANNOUNCEMENT OF THIRD QUARTERLY RESULTS
FOR THE NINE MONTHS ENDED 31 MARCH 2020**

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

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*This announcement, for which the directors (the “**Directors**”) of WT Group Holdings Limited (the “**Company**”, 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 enquires, 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.*

FINANCIAL RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated financial results of the Group for the three months and nine months ended 31 March 2020, together with the comparative unaudited figures for the corresponding periods in 2019 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 31 March 2020

	<i>Notes</i>	Three months ended 31 March		Nine months ended 31 March	
		2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)
Revenue	3	16,523	21,172	50,812	58,903
Cost of sales		<u>(19,852)</u>	<u>(16,908)</u>	<u>(49,690)</u>	<u>(46,743)</u>
Gross (loss)/profit		(3,329)	4,264	1,122	12,160
Administrative expenses		<u>(2,226)</u>	<u>(2,201)</u>	<u>(6,590)</u>	<u>(6,455)</u>
Operating (loss)/profit		(5,555)	2,063	(5,468)	5,705
Finance income/(costs), net		<u>50</u>	<u>(4)</u>	<u>62</u>	<u>13</u>
(Loss)/profit before income tax		(5,505)	2,059	(5,406)	5,718
Income tax credit/(expense)	4	<u>724</u>	<u>(322)</u>	<u>726</u>	<u>(322)</u>
(Loss)/profit and total comprehensive (loss)/profit for the period attributable to owners of the Company		<u>(4,781)</u>	<u>1,737</u>	<u>(4,680)</u>	<u>5,396</u>
Dividends	6	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
(Loss)/earnings per share (expressed in HK cents per share)					
Basic and diluted	5	<u>(0.48)</u>	<u>0.17</u>	<u>(0.47)</u>	<u>0.54</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the nine months ended 31 March 2020

	Attributable to owners of the Company				
	Share capital	Share premium	Other reserve	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2018	10,000	36,855	10,100	9,179	66,134
Comprehensive income:					
Profit and total comprehensive income for the period	—	—	—	5,396	5,396
At 31 March 2019	<u>10,000</u>	<u>36,855</u>	<u>10,100</u>	<u>14,575</u>	<u>71,530</u>
At 1 July 2019	10,000	36,855	10,100	13,760	70,715
Comprehensive loss:					
Loss and total comprehensive loss for the period	—	—	—	(4,680)	(4,680)
At 31 March 2020	<u>10,000</u>	<u>36,855</u>	<u>10,100</u>	<u>9,080</u>	<u>66,035</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 11 July 2017 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) 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 and its principal place of business in Hong Kong is Flat A, 6/F, Evernew Commercial Centre, 33 Pine Street, Tai Kok Tsui, Kowloon, Hong Kong. The Company's immediate and ultimate holding company is Talent Gain Ventures Limited ("**Talent Gain**"), a company incorporated in the British Virgin Islands ("**BVI**").

The Company is an investment holding company. The Group is principally engaged in the business of specialised works and general building works in Hong Kong.

The shares of the Company (the "**Shares**") were listed on GEM of the Stock Exchange by way of placing and public offer (the "**Share Offer**") on 28 December 2017.

These unaudited condensed consolidated financial statements are presented in Hong Kong dollars ("**HK\$**") and all values are rounded to the nearest thousands (HK\$'000), unless otherwise stated.

The condensed consolidated financial statements have not been audited by the Company's auditor, but has been reviewed by the audit committee of the Company.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements for the nine months ended 31 March 2020 have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure requirements of chapter 18 of the GEM Listing Rules. The unaudited condensed consolidated financial statements have been prepared under the historical cost convention.

The unaudited condensed consolidated financial statements do not include all information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's consolidated financial statements for the year ended 30 June 2019, which have been prepared in accordance with the HKFRSs issued by the HKICPA, as set out in the latest annual report.

The accounting policies that have been used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the preparation of the Company's consolidated financial statements for the year ended 30 June 2019 except for the adoption of the new standards, amendments to standards and interpretations issued by the HKICPA mandatory for the annual periods beginning on 1 July 2019.

The Group has adopted and applied the new standards, amendments to standards and interpretations that have been issued and effective for the accounting periods beginning on 1 July 2019. The impact of the adoption of HKFRS 16 "Lease" is disclosed below.

Impacts of the adoption of HKFRS 16 “Leases”

The Group has adopted HKFRS 16 retrospectively from 1 July 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

(a) Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of HKAS 17 “Leases”. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 July 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 2.5%.

	<i>HK\$’000</i>
Operating lease commitments, disclosed as at 30 June 2019	791
Discounted using the lease’s incremental borrowing rate at the date of initial application	<u>(15)</u>
Lease liabilities recognised as at 1 July 2019	<u>776</u>
Of which are:	
Current lease liabilities	556
Non-current lease liabilities	<u>220</u>
	<u><u>776</u></u>

Impact on profit, comprehensive income and earnings per share

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019. There was no onerous lease contract that would have required an adjustment to the right-of-use assets at the date of initial application.

The change in accounting policy affected the following items in the balance sheet on 1 July 2019:

- right-of-use assets — increased by HK\$776,000
- lease liabilities — increased by HK\$776,000.

The impact on the profit before income tax, profit for the period attributable to owners of the Company, total comprehensive income and basic and diluted earnings per share as a result of the adoption of HKFRS 16 are insignificant.

(b) The Group's leasing activities and how these are accounted for

The Group leases its office premises and Director's quarter in Hong Kong. Rental contracts are typically made for fixed periods of 2 years but may have terminated options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Until the financial year ended 30 June 2019, leases of office premises and Director's quarter were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed lease payments. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability.

Other than the increase in assets and financial liabilities in the unaudited condensed consolidated statement of financial position and the financial performance impact in the unaudited condensed consolidated statement of comprehensive income as stated above, the Directors expect that the adoption of HKFRS 16 will not have significant impact on the financial position and financial performance of the Group.

Save as disclosed above, the adoption of other new standards, amendment to standards and interpretations did not have material impact on the Group's financial positions and results of operations.

For those new standards, amendments to standards and interpretations which have been issued but are not yet effective and have not been early adopted, the Group is in the process of assessing their impact on the Group's results and financial position.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Actual results may differ from these estimates.

3 REVENUE AND SEGMENT INFORMATION

	Three months ended		Nine months ended	
	31 March		31 March	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue:				
Contract revenue	<u>16,523</u>	<u>21,172</u>	<u>50,812</u>	<u>58,903</u>

The chief operating decision-maker (the “**CODM**”) has been identified as the executive Directors of the Company who reviews the Group’s internal reporting in order to assess performance and allocate resources.

The CODM assesses the performance based on a measure of profit after income tax and considers all businesses to be included in a single operating segment.

The Group is principally engaged in the business of specialised works and general building works in Hong Kong. Information reported to CODM, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group’s resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

All of the Group’s activities are carried out in Hong Kong and all of the Group’s assets and liabilities are located in Hong Kong. Accordingly, no analysis by geographical basis during the period would be shown.

4 INCOME TAX CREDIT/(EXPENSE)

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profit for the nine months ended 31 March 2020 (2019: no Hong Kong profits tax has been provided as the Group did not have assessable profit for the respective period after the utilisation of the tax losses from prior year).

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day.

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The two-tiered profits tax rates regime is applicable to the Group’s companies with estimated assessable profits for annual reporting periods ending on or after 1 April 2018.

No overseas profits tax has been calculated for entities of the Group that are incorporated in the BVI or the Cayman Islands as they are exempted from tax (2019: same).

5 (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective periods.

	Three months ended 31 March		Nine months ended 31 March	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss)/profit attributable to owners of the Company (in HK\$'000)	(4,781)	1,737	(4,680)	5,396
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>
(Loss)/earnings per share (HK cents per share)	<u>(0.48)</u>	<u>0.17</u>	<u>(0.47)</u>	<u>0.54</u>

(b) Diluted

Diluted (loss)/earnings per share is the same as basic (loss)/earnings per share due to the absence of dilutive potential ordinary shares during the respective periods.

6 DIVIDENDS

The Directors do not recommend the payment of dividend for the nine months ended 31 March 2020 (2019: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the provision of specialised works and general building works as a main contractor in Hong Kong, through Wai Tat Foundation & Engineering Limited (“**Wai Tat**”), the key operating subsidiary. The Group undertakes specialised works which include (i) foundation and site formation works; (ii) demolition works; and (iii) ground investigation field works. The Group also undertake general building works including superstructure building works, slope maintenance works, hoarding works, alteration and addition works and other miscellaneous construction works.

For the nine months ended 31 March 2020, the Group recorded a net loss of approximately HK\$4.7 million as compared to net profit of approximately HK\$5.4 million for the corresponding period in 2019. The reversal of the Group’s net profit to net loss for the nine months ended 31 March 2020 was mainly attributable to the decrease in the gross profit due to the (i) decline in gross profit margin of the projects undertaken by the Group as compared to the corresponding period in 2019; (ii) decrease in the number of construction projects undertaken by the Group during the nine months ended 31 March 2020 as compared to the corresponding period in 2019; (iii) and the provision of the possible liquidated damages of approximately HK\$4.1 million in relation to a project completed in April 2020 due to delay in its completion.

FUTURE PROSPECTS

The construction industry in Hong Kong is challenging and competitive. Given the economic uncertainty and the outbreak of the novel coronavirus, the Group is of the view that the overall construction industry in Hong Kong will be rollbacked in the coming year. Also, under the keen competition in the construction industry, securing a construction contract has become more difficult than before. Therefore, the Group has to take part more rigorously in tender bidding and has to adopt a competitive tender pricing policy, which undoubtedly affect the financial performance of the Group.

Nevertheless, the Group is prudently optimistic in the long term and believes opportunities always exist in the construction market in Hong Kong. With the experienced and professional management team, established relationship with the customers and suppliers as well as the Group’s commitment to maintain high safety and working standard, the Directors are of the view that the Group is well-positioned to capture further business opportunities by focusing on the foundation and site formation works and superstructure building works projects in Hong Kong. The Group will continue to pursue its business objectives and strategies: (i) expanding the market share and compete for more foundation and site formation projects, and superstructure building works projects and (ii) adherence to prudent financial management to ensure sustainable growth and capital sufficiency. While the Group is closely monitoring the latest development of the novel coronavirus and its impact on the industry and the economy of Hong Kong, it would adjust its strategies from time to time when necessary.

Bearing in mind the associated risk and in order to maximise the returns to the shareholders of the Company (the “**Shareholders**”), the Directors may also consider other investment opportunities to broaden the sources of income of the Group. Currently, the Group has not identified any investment opportunity.

FINANCIAL REVIEW

Revenue

For the nine months ended 31 March 2019 and 2020, the Group generated total revenue of approximately HK\$58.9 million and HK\$50.8 million, respectively. The decrease in revenue was mainly attributable to a decrease in the number of construction projects undertaken by the Group for the nine months ended 31 March 2020 compared to the corresponding period in 2019.

Gross profit and gross profit margin

For the nine months ended 31 March 2019 and 2020, the Group recorded gross profit of approximately HK\$12.2 million and HK\$1.1 million, respectively and the gross profit margin of the Group was approximately 20.6% and 2.2% for the respective periods. Decline in gross profit and gross profit margin was primarily attributable to the (i) decline in gross profit margin of the projects undertaken by the Group as compared to the corresponding period in 2019; (ii) decrease in the number of construction projects undertaken by the Group during the nine months ended 31 March 2020 as compared to the corresponding period in 2019; (iii) and the provision of the possible liquidated damages of approximately HK\$4.1 million in relation to a project completed in April 2020 due to delay in its completion.

Administrative expenses

Our administrative expenses mainly consist of employee benefits expenses including Director's emoluments, audit fees and other professional fees. Our administrative expenses amounted to approximately HK\$6.5 million and HK\$6.6 million for the nine months ended 31 March 2019 and 2020, respectively. There was no significant change of the administrative expenses for the nine months ended 31 March 2020 compared to the corresponding period in 2019.

Income tax expense/credit

For the nine months ended 31 March 2019 and 2020, the Group recorded income tax expense of approximately HK\$0.3 million and income tax credit of approximately HK\$0.7 million, respectively. The reversal of the income tax expense to income tax credit was mainly attributable to the reversal of the net profit for the nine months ended 31 March 2019 to net loss for the nine months ended 31 March 2020.

Profit/loss and total comprehensive income/loss attributable to owners of the Company

Profit and total comprehensive income attributable to owners of the Company and loss and total comprehensive loss for the nine months ended 31 March 2019 and 2020 amounted to approximately HK\$5.4 million and HK\$4.7 million, respectively. Such reversal of the Group's net profit to net loss for the nine months ended 31 March 2020 was mainly attributable to the decrease in the gross profit for the nine months ended 31 March 2020 as compared to the corresponding period in 2019 mentioned in the paragraph headed "Gross profit and gross profit margin" in this announcement above.

DISCLOSURE OF INTERESTS

A. Directors' and Chief Executives' Interests and Short Positions in the Shares, the Underlying Shares or Debentures

As at 31 March 2020, the interests and short positions of the Directors or chief executives of the Company in the Shares, the underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) (i) 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 or short positions which any such director or chief executive was taken or deemed to have under such provision of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required, pursuant to standard of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) Long positions in the Shares

Name of Directors	Capacity	Number of the Shares held/ interested in	Approximate percentage of total issued share capital of the Company
Mr. Kung Cheung Fai ("Mr. Kung")	Interest in controlled corporation (<i>Note</i>)	638,600,000	63.86%
Mr. Yip Shiu Ching ("Mr. Yip")	Interest in controlled corporation (<i>Note</i>)	638,600,000	63.86%
Mr. Kam Kin Bun ("Mr. Kam")	Interest in controlled corporation (<i>Note</i>)	638,600,000	63.86%

Note:

Talent Gain, which beneficially owns 63.86% of the issued Shares of the Company, is owned as to 34% by Mr. Kung, 33% by Mr. Yip and 33% by Mr. Kam. Since Mr. Kung is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Talent Gain, Mr. Kung is deemed to be interested in the Shares in which Talent Gain is interested under the SFO. Further, pursuant to the Concert Party Deed, details of which are set out in the paragraph headed “History and Development — Concert Party Deed” of the prospectus of the Company dated 13 December 2017, Mr. Yip, Mr. Kam and Mr. Kung are acting in concert with one another and each of them is deemed to exercise or control the exercise of 63.86% of the voting power of Talent Gain at general meetings of the Company, and is therefore deemed to be interested in the Shares in which Talent Gain is interested under the SFO.

Save as disclosed above, as at 31 March 2020, none of the Directors nor chief executives of the Company has 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) (i) 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 (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

B. Substantial Shareholders’ and Other Persons’ Interests and Short Positions in the Shares or Underlying Shares

So far as the Directors are aware, as at 31 March 2020, the following persons (other than the Directors or chief executives of the Company) or corporations had interests or short positions in the Shares or underlying Shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholders	Nature of interest	Number of the Shares held/ interested in (Note 4)	Approximate percentage of total issued share capital of the Company
Talent Gain	Beneficial owner	638,600,000 (L)	63.86%
Mrs. Kung Szeto Pauline Sin Fun	Family interest (Note 1)	638,600,000 (L)	63.86%
Ms. Chiu Wai King Clara	Family interest (Note 2)	638,600,000 (L)	63.86%
Ms. Chan Kit Yee	Family interest (Note 3)	638,600,000 (L)	63.86%
China Silver Asset Management Limited	Investment manager	110,410,000 (L) 35,000,000 (S)	11.04% 3.50%
CS Asia Opportunities Master Fund	Beneficial owner	110,410,000 (L) 35,000,000 (S)	11.04% 3.50%

Notes:

1. Mrs. Kung Szeto Pauline Sin Fun is Mr. Kung's spouse and is deemed to be interested in the Shares in which Mr. Kung is interested under the SFO.
2. Ms. Chiu Wai King Clara is Mr. Yip's spouse and is deemed to be interested in the Shares in which Mr. Yip is interested under the SFO.
3. Ms. Chan Kit Yee is Mr. Kam's spouse and is deemed to be interested in the Shares in which Mr. Kam is interested under the SFO.
4. The Letter "L" denotes the person's long position in the Shares or underlying Shares. The Letter "S" denotes the person's short position in the Shares or underlying Shares.

Save as disclosed above, as at 31 March 2020, there was no person or corporation, other than the Directors and chief executives of the Company, had any interest or a short position in the Shares or underlying Shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

RESTORATION OF PUBLIC FLOAT

Reference is made to the announcements of the Company dated 19 November 2019, 24 December 2019, 23 January 2020 and 9 March 2020. As disclosed in these announcements, to the best knowledge, information and belief of the Directors, the public float of the Company was approximately 24.10% at the relevant times, which was below 25% of the total number of issued Shares and that prescribed by Rule 11.23(7) of the GEM Listing Rules.

The controlling Shareholder of the Company, Talent Gain, has on 9 March 2020 disposed of 10,000,000 Shares beneficially held by Talent Gain to Excel Jumbo Limited (the "**Purchaser**"), representing 1% of the total number of issued Shares (the "**Disposal**"). To the best knowledge, information and belief of the Directors, the Purchaser is a limited liability company incorporated in the BVI which is wholly-owned by Mr. Ho Kwan Chuen ("**Mr. Ho**"). Immediately after the Disposal as disclosed in the announcement of the Company dated 9 March 2020, the public float of the Company was approximately 25.10%. Details of which are set out in that announcement. As such, immediately after the Disposal, the public float of the Company had been restored and the Company has fulfilled the minimum public float requirement under Rule 11.23(7) of the GEM Listing Rules.

Saved as disclosed above, based on the information that is publicly available to the Company and to the best knowledge, information and belief of the Directors, the Company has maintained the prescribed minimum public float under the GEM Listing Rules for the nine months ended 31 March 2020 and at any time up to the date of this announcement.

INSIDE INFORMATION

Reference is made to the announcement of the Company dated 16 October 2019 in relation to a former assistant project manager of Wai Tat was charged by the Independent Commission Against Corruption of Hong Kong (the “**ICAC**”) to have conspired to accept advantages as rewards for assisting a supplier to secure the orders in relation to the supply of materials to a columbarium project of the Group in Tuen Mun (the “**Charge**”). The relevant assistant project manager has resigned from the Group with effect from 16 October 2019. On 13 January 2020, such former employee admitted at the Tuen Mun Magistracy that he had solicited and accepted illegal commissions from the supplier.

As of the date of this announcement, other than the abovementioned former employee, none of the Company itself, its subsidiaries, the Directors and its staff has been investigated or charged by the ICAC. The Directors hold the view that the Charge has no material impact to the operations and financial position of the Group.

The Group always strives to uphold a high standard of corporate governance. After the Charge, training on anti-bribery was conducted to the employees. The Board had also assessed the internal control policy and reviewed certain payment records and are not aware of any matters that should be brought to their attention nor the Shareholders.

CANCELLATION OF THE PROPOSED CHANGE OF COMPANY NAME

Reference is made to the announcements dated 30 April 2019 and 23 August 2019 in relation to the proposed change of Company name. After taking into account of the opinions from various stakeholders, the Board had decided not to proceed with the proposed change of Company name.

RESIGNATION OF EXECUTIVE DIRECTOR

Reference is made to the announcement dated 30 August 2019 in relation to the resignation of the executive Director. Ms. Du Juan tendered her resignation as an executive Director with effect from 30 August 2019 due to her other business commitments. Ms. Du Juan confirmed that she had no disagreement with the Board and there were no other matters in relation to her resignation that needed to be brought to the attention of the Shareholders and the Stock Exchange.

PASS AWAY OF INDEPENDENT NON-EXECUTIVE DIRECTOR AND THE APPOINTMENT OF THE SUCCESSOR

Reference is made to the announcements dated 22 October 2019 and 20 December 2019 in relation to the non-compliance with Rule 5.05(1) and Rule 5.28 of the GEM Listing Rules. Following the pass-away of Ms. Hung Siu Woon Pauline on 19 October 2019, the Board comprised of five members with three executive Directors and two independent non-executive Directors. As a result, the number of independent non-executive Directors of the Board was below the minimum number prescribed under Rule 5.05 of the GEM Listing Rules. The number of members of the audit committee of the Company (the “**Audit Committee**”) was reduced to two which was below the minimum number prescribed under Rule 5.28 of the

GEM Listing Rules. The number of members of the remuneration committee of the Company (the “**Remuneration Committee**”) was reduced to two which was below the minimum number prescribed under the terms of reference of the Remuneration Committee. The number of members of the nomination committee of the Company (the “**Nomination Committee**”) was reduced to two which was below the minimum number prescribed under the terms of reference of the Nomination Committee. On 20 December 2019, Ms. Yen Kwun Wing (“**Ms. Yen**”) was appointed as an independent non-executive Director, chairman of the Nomination Committee and a member of each of the Audit Committee and Remuneration Committee. For details of Ms. Yen’s biography and appointment, please refer to the announcement of the Company dated 20 December 2019.

Following the appointment of Ms. Yen as the abovementioned positions, the Company have fulfilled the requirements under Rules 5.05 and 5.28 of the GEM Listing Rules and the requirements as stipulated in the terms of reference of the Remuneration Committee and Nomination Committee.

COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors nor the controlling Shareholders of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete, directly or indirectly, with the business of the Group or any other conflicts of interest which any such person has or may have with the Group during the nine months ended 31 March 2020.

INTEREST OF COMPLIANCE ADVISER

As notified by Advent Corporate Finance Limited (“**Advent**”), the Company’s compliance adviser, save for (i) the compliance agreement entered into between the Company and Advent dated 22 March 2019 in connection with the compliance with the GEM Listing Rules and (ii) the advisory agreement entered into between the Company and Advent dated 10 May 2019 in connection with the proposed change of Company name, none of Advent or its directors, employees or close associates (as defined in the GEM Listing Rules) had any interest in the Company as at the date of this announcement, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the nine months ended 31 March 2020.

CORPORATE GOVERNANCE CODE

The Company has complied with the principles and code provisions in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 to the GEM Listing Rules except the following:

The principle of code provision A.2.1 of the CG Code stipulates that there should be a clear division of the management of the Board and the day-to-day management of the business. The Group has not appointed the chief executive officer. However, the management of the Board and the day-to-day management of the business are primarily performed by Mr. Yip. The Group is of the view that there is a deviation from code provision A.2.1 of the CG Code. In view of Mr. Yip has been operating and managing Wai Tat, our operating subsidiary, since 2002, the Board believes that it is in the best interest of the Group to have Mr. Yip taking up both roles for effective management and business development.

Therefore, the Directors consider that the deviation from code provision A.2.1 of the CG Code is appropriate in such circumstance. The Board believes that the balance of power and authority is ensured by the operations of the Board which comprises experienced and competent individuals, with three of them being independent non-executive Directors.

During the nine months ended 31 March 2020, the Group has failed to comply with Rule 5.05(1) and Rule 5.28 of the GEM Listing Rules in relation to the appointment of a sufficient number of independent non-executive Directors. Please refer to the paragraph headed “Pass Away of Independent Non-Executive Director and the Appointment of the Successor” in this announcement for details.

Except for the deviation from code provision A.2.1 of the CG Code and the non-compliance with the appointment of a sufficient number of independent non-executive Directors, the Company’s corporate governance practices have complied with the CG Code.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard of dealings and the code of conduct concerning securities transactions by the Directors during the nine months ended 31 March 2020.

DIVIDEND

The Board does not recommend the payment of the dividend for the nine months ended 31 March 2020 (for the nine months ended 31 March 2019: nil).

EVENTS AFTER THE REPORTING PERIOD

As of the date of this announcement, save as disclosed in this announcement, the Board is not aware of any significant events after the reporting period that require disclosure.

SHARE OPTION SCHEME

The share option scheme was adopted pursuant to a resolution passed by the Company's then Shareholders on 1 December 2017 (the "**Share Option Scheme**"). The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentives to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group. No share option was granted, lapsed, exercised or cancelled by the Company under the Share Option Scheme during the nine months ended 31 March 2020 and there was no outstanding share option as at the date of this announcement.

AUDIT COMMITTEE

The Audit Committee was established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 and C.3.7 of the CG Code. The Audit Committee currently comprises three independent non-executive Directors and is chaired by Mr. Leung Chi Hung. The other members are Ms. Wong Lai Na and Ms. Yen Kwun Wing. The written terms of reference of the Audit Committee are posted on the websites of the Stock Exchange and the Company.

The primary duties of the Audit Committee are mainly to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

Save as the non-compliance as disclosed under the paragraph headed "Pass Away of Independent Non-Executive Director and the Appointment of the Successor" in this announcement, the Company has complied with Rule 5.28 of the GEM Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

The Group's unaudited condensed consolidated financial statements for the nine months ended 31 March 2020 and this announcement had been reviewed by the Audit Committee. The Audit Committee is of the opinion that the unaudited condensed consolidated financial statements of the Group for the nine months ended 31 March 2020 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

By order of the Board
WT Group Holdings Limited
Yip Shiu Ching
Chairman and Executive Director

Hong Kong, 14 May 2020

As at the date of this announcement, the Board comprises Mr. Yip Shiu Ching (Chairman), Mr. Kung Cheung Fai Patrick and Mr. Kam Kin Bun as executive Directors; Mr. Leung Chi Hung, Ms. Wong Lai Na and Ms. Yen Kwun Wing as independent non-executive Directors.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the Company’s website at www.wtgholdings.com.

This announcement is prepared in English language and translated into Chinese. In the event of any inconsistencies between the Chinese and the English version, the latter shall prevail.