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WT GROUP HOLDINGS LIMITED

WT 集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8422)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

The board (the “**Board**”) of directors (the “**Directors**”) of WT Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (together as the “**Group**”) for the six months ended 31 December 2020. This announcement, containing the full text of the 2020/2021 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities (“**GEM Listing Rules**”) on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to information to accompany preliminary announcement of interim results. Printed version of the 2020/2021 interim report of the Company containing the information required by the GEM Listing Rules will be dispatched to the shareholders of the Company in due course in the manner as required by the GEM Listing Rules.

The Company’s 2020/2021 interim results announcement is published on the website of the Stock Exchange at <http://www.hkgem.com> and the Company’s website at www.wtgholdings.com.

By Order of the Board
WT Group Holdings Limited
Kam Kin Bun
Chairman and Executive Director

Hong Kong, 10 February 2021

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

This announcement, for which the Directors 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, 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 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.

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 the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange 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 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 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. Kam Kin Bun (*Chairman*)
Mr. Kung Cheung Fai Patrick

Independent Non-executive Directors:

Mr. Leung Chi Hung
Ms. Wong Lai Na
Ms. Yen Kwun Wing

AUDIT COMMITTEE

Mr. Leung Chi Hung (*Chairman*)
Ms. Wong Lai Na
Ms. Yen Kwun Wing

REMUNERATION COMMITTEE

Ms. Wong Lai Na (*Chairman*)
Mr. Leung Chi Hung
Ms. Yen Kwun Wing

NOMINATION COMMITTEE

Ms. Yen Kwun Wing (*Chairman*)
Mr. Leung Chi Hung
Ms. Wong Lai Na

COMPLIANCE OFFICER

Mr. Kam Kin Bun

COMPANY SECRETARY

Mr. Lei Wai Hoi, *CPA*

AUTHORISED REPRESENTATIVES

Mr. Kam Kin Bun
Mr. Lei Wai Hoi

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Flat A, 6/F, Evernew Commercial Centre
33 Pine Street, Tai Kok Tsui
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Union Registrars Limited
Suites 3301-04, 33/F.
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

LEGAL ADVISERS TO THE COMPANY

D. S. Cheung & Co.

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
DBS Bank (Hong Kong) Limited

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

STOCK CODE

8422

COMPANY'S WEBSITE

<http://www.wtgholdings.com>

FINANCIAL RESULTS

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the three months ended 31 December		For the six months ended 31 December	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	5	3,957		12,212	
Cost of sales		(5,850)	10,951 (9,383)	(12,968)	34,289 (29,838)
Gross (loss)/profit		(1,893)	1,568	(756)	4,451
Other income	6	403	27	712	27
Administrative expenses		(1,435)	(2,202)	(3,756)	(4,364)
Finance costs	8	(6)	(8)	(11)	(15)
(Loss)/profit before income tax	7	(2,931)	(615)	(3,811)	99
Income tax credit	9	35	60	36	2
(Loss)/profit and total comprehensive (loss)/ income for the period attributable to owners of the Company		(2,896)	(555)	(3,775)	101
Dividends	19	–	–	–	–
(Loss)/earnings per share (expressed in HK cents per share)					
Basic and diluted	10	(0.29)	(0.06)	(0.38)	0.01

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2020 HK\$'000 (Unaudited)	As at 30 June 2020 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property and equipment	11	222	300
Deposits, prepayments and other receivables	14	71	43
Deferred income tax assets		973	938
Right-of-use assets		832	664
		2,098	1,945
Current assets			
Trade and retention receivables	12	1,323	4,771
Contract assets	13	8,825	18,684
Deposits, prepayments and other receivables	14	1,363	2,013
Current income tax recoverable		2,589	2,589
Restricted cash	15	1,800	5,012
Cash and cash equivalents	15	49,114	37,996
		65,014	71,065
Total assets		67,112	73,010
EQUITY			
Share capital	18	10,000	10,000
Share premium	18	36,855	36,855
Other reserves		10,100	10,100
Retained earnings		4,111	7,886
Total equity		61,066	64,841

	Notes	As at 31 December 2020 HK\$'000 (Unaudited)	As at 30 June 2020 HK\$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities		236	132
		236	132
Current liabilities			
Trade and retention payables	16	3,511	5,259
Accruals and other payables	17	1,737	2,280
Lease liabilities		562	498
		5,810	8,037
Total liabilities			
		6,046	8,169
Total equity and liabilities			
		67,112	73,010

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended 31 December 2020

	Attributable to owners of the Company				
	Share capital	Share premium	Other reserves	Retained earnings	Total
	HK\$'000 (Note 18)	HK\$'000 (Note 18)	HK\$'000	HK\$'000	HK\$'000
At 1 July 2019	10,000	36,855	10,100	13,760	70,715
Comprehensive income:					
Profit and total comprehensive income for the period	–	–	–	101	101
At 31 December 2019 (Unaudited)	10,000	36,855	10,100	13,861	70,816
At 1 July 2020	10,000	36,855	10,100	7,886	64,841
Comprehensive loss:					
Loss and total comprehensive loss for the period	–	–	–	(3,775)	(3,775)
At 31 December 2020 (Unaudited)	10,000	36,855	10,100	4,111	61,066

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended
31 December

	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Net cash generated from operating activities	11,196	13,909
Net cash generated from/(used in) investing activities	11	(45)
Net cash used in financing activities	(89)	(361)
Increase in cash and cash equivalents	11,118	13,503
Cash and cash equivalents at beginning of the period	37,996	29,726
Cash and cash equivalents at end of the period	49,114	43,229

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM 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 Company and its subsidiaries comprising the group are 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 on 28 December 2017 (the "**Share Offer**").

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

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements for the six months ended 31 December 2020 have been prepared in accordance with Hong Kong Accounting Standards ("**HKAS**") 34 "Interim Financial Reporting" 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 interim financial statements have been prepared under the historical cost convention.

The unaudited condensed consolidated interim 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 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**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 interim financial statements are consistent with those used in the preparation of the Company's consolidated financial statements for the year ended 30 June 2020 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 2020.

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 2020.

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.

3 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, cash flow and fair value interest rate risk and liquidity risk. The unaudited condensed consolidated interim financial statements do not include all financial risk management information and disclosures 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 2020, which have been prepared in accordance with HKFRSs issued by the HKICPA, as set out in the latest annual report.

There have been no changes in the risk management policies since 30 June 2020.

3.2 Fair value estimation

The carrying amounts of the Group's current financial assets, including trade and retention receivables, deposits and other receivables, restricted cash and cash and cash equivalents, and current financial liabilities, including trade and retention payables, accruals and other payables, and lease liabilities, approximate their fair values as at the reporting date due to their short maturities. The nominal value less estimated credit adjustments for financial assets and liabilities with maturities of less than one year are assumed to approximate their fair values. The carrying value of non-current lease liabilities is assumed to approximate its fair value as the amount bears interest at commercial rate.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the unaudited condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing the unaudited condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the Company's consolidated financial statements for the year ended 30 June 2020, which have been prepared in accordance with HKFRSs issued by the HKICPA, as set out in the latest annual report.

5 REVENUE AND SEGMENT INFORMATION

	Three months ended 31 December		Six months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue:				
Contract revenue	3,957	10,951	12,212	34,289

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 is presented.

6 OTHER INCOME

	Three months ended 31 December		Six months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Government grants	403	–	712	–
Interest income	–	27	–	27
	403	27	712	27

7 (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is arrived after charging:

	Three months ended 31 December		Six months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Construction costs recognised				
in cost of sales	5,850	9,383	12,968	29,838
Employee benefits expenses (Note a)	2,293	2,706	4,832	5,137
Depreciation of property and equipment	27	94	54	188
Depreciation of right-of-use assets	175	147	303	291
Auditors' remuneration				
— Audit services	175	237	350	475
Short term lease expenses	15	—	15	—
Loss on disposal of property and equipment	—	—	14	—
Reversal of expected credit losses of trade and retention receivables and contract assets	(487)	—	(487)	—

Note (a) Employee benefit expenses — including directors' emoluments

Employee benefits expenses, including directors emoluments during the relevant period are as follows:

	Three months ended 31 December		Six months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Wages salaries, bonuses and other benefits	2,234	2,640	4,713	5,011
Pension costs defined contribution plans	59	66	119	126
	2,293	2,706	4,832	5,137
Amount included in construction costs	(1,283)	(1,627)	(2,673)	(2,876)
	1,010	1,079	2,159	2,261
Amount included in administrative expenses				

8 FINANCE COSTS

	Three months ended 31 December		Six months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interest on lease liabilities	6	8	11	15

9 INCOME TAX CREDIT

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profit for the six months ended 31 December 2020 (2019: no Hong Kong profits tax has been provided as the Group did not have assessable profit for the respective period).

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).

The amount of income tax expense charged to the unaudited condensed consolidated statement of comprehensive income represents:

	Three months ended 31 December		Six months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Current income tax				
— Hong Kong profits tax	—	47	—	—
Deferred income tax	35	13	36	2
Income tax credit	35	60	36	2

10 (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 December		Six months ended 31 December	
	2020 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
(Loss)/profit attributable to owners of the Company (in HK\$'000)	(2,896)	(555)	(3,775)	101
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share (in thousand)	1,000,000	1,000,000	1,000,000	1,000,000
(Loss)/earnings per share (HK cents per share)	(0.29)	(0.06)	(0.38)	0.01

(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.

11 PROPERTY AND EQUIPMENT

	Furniture and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Six months ended 31 December 2020			
Opening net book amount	204	96	300
Disposals	(24)	–	(24)
Depreciation	(44)	(10)	(54)
Closing net book amount	136	86	222
Six months ended 31 December 2019			
Opening net book amount	314	474	788
Additions	45	–	45
Depreciation	(62)	(126)	(188)
Closing net book amount	297	348	645

12 TRADE AND RETENTION RECEIVABLES

	As at 31 December 2020 HK\$'000 (Unaudited)	As at 30 June 2020 HK\$'000 (Audited)
Trade receivables	1,425	3,741
Retention receivables	45	1,527
Trade and retention receivables	1,470	5,268
Less: Allowance for expected credit losses	(147)	(497)
Trade and retention receivables, net	1,323	4,771

The Group's credit terms granted to third-party customers other than those retention receivables range from 30 days to 180 days. The Group does not hold any collateral as security.

The ageing analysis of the third-party trade receivables, based on invoice date, are as follows:

	As at 31 December 2020 HK\$'000 (Unaudited)	As at 30 June 2020 HK\$'000 (Audited)
Up to 30 days	184	2,241
31–60 days	–	–
61–90 days	–	–
91–120 days	13	–
121–365 days	1,228	–
Over 1 year	–	1,500
	1,425	3,741

In the unaudited condensed consolidated statements of financial position, retention receivables were classified as current assets based on operating cycle. The ageing of the retention receivables, based on invoice date, are as follows:

	As at 31 December 2020 HK\$'000 (Unaudited)	As at 30 June 2020 HK\$'000 (Audited)
Up to 1 year	–	545
Over 1 year	45	982
	45	1,527

The carrying amounts of trade and retention receivables are denominated in HK\$ and approximate their fair values.

13 CONTRACT ASSETS

	As at 31 December 2020 HK\$'000 (Unaudited)	As at 30 June 2020 HK\$'000 (Audited)
Contract assets relating to:		
Uncertified work-in-progress	900	11,008
Retention receivables	8,059	7,947
	8,959	18,955
Less: Allowance for expected credit losses	(134)	(271)
Contract assets, net	8,825	18,684

In the unaudited condensed consolidated statement of financial position, contract assets relating to retention receivables were classified as current assets based on operating cycle. The ageing of the retention receivables, based on invoice date, was as follows:

	As at 31 December 2020 HK\$'000 (Unaudited)	As at 30 June 2020 HK\$'000 (Audited)
Up to 1 year	1,640	787
Over 1 year	6,419	7,160
	8,059	7,947

14 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December 2020 HK\$'000 (Unaudited)	As at 30 June 2020 HK\$'000 (Audited)
Deposits and other receivables	1,240	1,519
Prepayments	230	573
	1,470	2,092
Less: Allowance for expected credit losses	(36)	(36)
Deposits, prepayments and other receivables, net	1,434	2,056
Less: Non-current portion — Deposits and prepayments	(71)	(43)
	1,363	2,013

The carrying amounts of deposits and other receivables are denominated in HK\$ and approximate their fair values.

15 RESTRICTED CASH AND CASH AND CASH EQUIVALENTS

	As at 31 December 2020 HK\$'000 (Unaudited)	As at 30 June 2020 HK\$'000 (Audited)
Restricted cash	1,800	5,012

As at 31 December 2020, restricted cash represented deposits of HK\$1,800,000 (as at 30 June 2020: HK\$5,012,000) were placed in insurance companies as collateral for performance bonds. Restricted cash is interest-free.

	As at 31 December 2020 HK\$'000 (Unaudited)	As at 30 June 2020 HK\$'000 (Audited)
Cash and cash equivalents	49,114	37,996

The carrying amounts of cash and cash equivalents are denominated in HK\$ and approximate their fair values.

16 TRADE AND RETENTION PAYABLES

Trade and retention payables at the end of each reporting period comprise amounts outstanding to contract creditors and suppliers. The average credit period taken for trade payables is generally 30 days.

	As at 31 December 2020 HK\$'000 (Unaudited)	As at 30 June 2020 HK\$'000 (Audited)
Trade payables	950	2,604
Retention payables	2,561	2,655
	3,511	5,259

The ageing analysis of the trade payables, based on invoice date, are as follows:

	As at 31 December 2020 HK\$'000 (Unaudited)	As at 30 June 2020 HK\$'000 (Audited)
Up to 30 days	950	2,604

The ageing of the retention payables by invoice date are as follows:

	As at 31 December 2020 HK\$'000 (Unaudited)	As at 30 June 2020 HK\$'000 (Audited)
Up to 1 year	823	1,578
Over 1 year	1,738	1,077
	2,561	2,655

The carrying amounts of trade and retention payables are denominated in HK\$ and approximate their fair values.

17 ACCRUALS AND OTHER PAYABLES

	As at 31 December 2020 HK\$'000 (Unaudited)	As at 30 June 2020 HK\$'000 (Audited)
Accruals for legal and professional fees	538	766
Other accruals and other payables	1,199	1,514
	1,737	2,280

The carrying amounts of accruals and other payables are denominated in HK\$ and approximate their fair values.

18 SHARE CAPITAL AND SHARE PREMIUM

	Number of shares (in thousand)	Total HK\$'000	Share premium HK\$'000
Ordinary shares of HK\$0.01 each			
Authorised:			
At 30 June 2020 and 31 December 2020	5,000,000	50,000	–
Issued and fully paid:			
At 30 June 2020 and 31 December 2020	1,000,000	10,000	36,855

19 DIVIDENDS

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

20 RELATED PARTY TRANSACTIONS

The directors are of the view that the following individuals were related parties that had transactions or balances with the Group during the six months ended 31 December 2020:

Key management compensation

Key management includes executive and non-executive directors and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	For the three months ended 31 December		For the six months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Salaries, allowances and benefits in kind	1,050	1,286	2,349	2,703
Retirement benefit costs – defined contribution plans	14	18	32	39
	1,064	1,304	2,381	2,742

21 CONTINGENT LIABILITIES

As at 31 December 2020, the Group has given guarantees on performance bonds issued by insurance companies of HK\$1,800,000 in respect of one construction contract of the Group in its ordinary course of business (as at 30 June 2020: HK\$5,012,000 in respect of four construction contracts). The performance bonds are expected to be released in accordance with the terms of the respective construction contracts.

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 six months ended 31 December 2020, the Group recorded a net loss of approximately HK\$3.8 million as compared to the net profit of approximately HK\$0.1 million for the corresponding period in 2019. The reversal of net profit after tax to net loss after tax was mainly attributable to the decrease in revenue and gross profit due to the decrease in the number of construction projects and the decline in the overall gross profit margin of the projects undertaken by the Group during the six months ended 31 December 2020 as compared to the corresponding period in 2019.

FUTURE PROSPECTS

The construction industry in Hong Kong is challenging and competitive. Given the economic uncertainty and the outbreak of the COVID-19, 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 affects the financial performance of the Group.

Despite the challenges ahead, 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 COVID-19 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 risks and in consideration to maximise the returns to the shareholders of the Company (the **"Shareholders"**), the Directors may also consider other investment opportunities to broaden the base of return of the Group. As at the date of this report, the Group has not identified any investment opportunities.

FINANCIAL REVIEW

Revenue

For the six months ended 31 December 2019 and 2020, the Group generated total revenue of approximately HK\$34.3 million and HK\$12.2 million, respectively. The decrease in revenue was mainly attributable to a decrease in the number of construction projects undertaken by the Group for the six months ended 31 December 2020 compared to the corresponding period in 2019.

Gross profit/(loss) and gross profit/(loss) margin

For the six months ended 31 December 2019 and 2020, the Group recorded gross profit of approximately HK\$4.5 million and gross loss of approximately HK\$0.8 million, respectively and the gross profit margin and the gross loss margin of the Group was approximately 13.0% and 6.2% for the respective periods. Reversal of gross profit and gross profit margin to gross loss and gross loss margin was primarily attributable to the decrease in the number of construction projects and the decline in the overall gross profit margin of the projects undertaken by the Group for the six months ended 31 December 2020 compared to the corresponding period in 2019.

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\$4.4 million and HK\$3.8 million for the six months ended 31 December 2019 and 2020, respectively. The decrease in the administrative expenses for the six months ended 31 December 2020 compared to the corresponding period in 2019 was primarily attributable in the decrease in employee benefits expenses and the reversal of expected credit losses of trade and retention receivables and contract assets due to their collection during the period ended 31 December 2020.

Income tax expense

For the six months ended 31 December 2019 and 2020, no Hong Kong profit tax has been provided as the Group did not have assessable profit.

(Loss)/profit and total comprehensive (loss)/income for the six months ended 31 December 2020 attributable to owners of the Company

Profit and total comprehensive income and loss and total comprehensive loss attributable to owners of the Company for the six months ended 31 December 2019 and 2020 amounted to approximately HK\$0.1 million and HK\$3.8 million respectively. The reversal of net profit after tax to net loss after tax was mainly attributable to the decrease in revenue and gross profit due to the decrease in the number of construction projects and the decline in the overall gross profit margin of the projects undertaken by the Group during the six months ended 31 December 2020 as compared to the corresponding period in 2019.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a good financial position during the six months ended 31 December 2020. As at 31 December 2020, the Group had bank balances and cash of approximately HK\$49.1 million (as at 30 June 2020: approximately HK\$38.0 million) and restricted cash balances of approximately HK\$1.8 million (as at 30 June 2020: approximately HK\$5.0 million). The current ratio as at 31 December 2020 was approximately 11.2 times (as at 30 June 2020: approximately 8.8 times). The Directors are of the view that the Group is in a healthy financial position to expand its core business and to achieve its business objectives.

GEARING RATIO

The gearing ratio is calculated based on the total debt divided by total equity as at the respective reporting date. Total debt represents the lease liabilities. As at 31 December 2020, the Group recorded gearing ratio of approximately 1.3% (as at 30 June 2020: approximately 1.0%).

CHARGE OVER THE GROUP'S ASSETS

As at 31 December 2020, the Group pledged its deposits in certain insurance companies of approximately HK\$1.8 million (as at 30 June 2020: approximately HK\$5.0 million) as collateral for performance bonds.

As at 31 December 2020, the Group pledged the leased motor vehicles of approximately HK\$0.1 million (as at 30 June 2020: approximately HK\$0.2 million) as collateral to the lease liabilities.

Save as disclosed above, the Group does not have any other charges on its assets.

FOREIGN EXCHANGE EXPOSURE

For the six months ended 31 December 2020, most of the revenue-generating operations were transacted in Hong Kong dollars. There was no significant exposure to foreign exchange rate fluctuations. As such, the Group currently does not have a foreign currency hedging policy.

CAPITAL STRUCTURE

During the six months ended 31 December 2020, there has been no change in the capital structure of the Company. The capital structure of the Company comprises of ordinary shares and reserves. The Group mainly finances its operations, working capital, capital expenditures and other liquidity requirements through a combination funds generated from operations and net proceeds from the Share Offer.

TREASURY POLICY

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group believes that there are certain risks and uncertainties involved in the operations, some of which are beyond the Group's control. Some of the major risks include:

- (i) the Group's revenue relies on successful tenders or quotations of specialised works and general building works projects which are non-recurring in nature, and there is no guarantee that the customers will provide the Group with new business opportunities or that the Group will secure new customers;
- (ii) the Group makes estimation of our project costs in our tenders and quotations and any failure to accurately estimate the costs involved and/or delay in completion of any project may lead to cost overruns or even result in losses;
- (iii) the Group relies on our subcontractors to perform a portion of the site works and unsatisfactory performance or unavailability of the Group's subcontractors may adversely affect our operations and profitability;
- (iv) the Group is exposed to our customers' credit risks and the Group's liquidity position may be adversely affected if our customers fail to make payment on time or in full;
- (v) the Group's performance depends on the trends and developments in the construction industry in Hong Kong; and
- (vi) the Group's performance depends on the market conditions and the general economic and political conditions in Hong Kong.

CAPITAL COMMITMENTS

As at 31 December 2020, the Group did not have any capital commitment (as at 30 June 2020: nil).

SEGMENT INFORMATION

Segment information of the Group is presented as disclosed in note 5 to the unaudited condensed consolidated interim financial statements.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, there was no significant investment held, material acquisition and disposal of subsidiaries and associated companies by the Company during the six months ended 31 December 2020. The Group currently does not have any other plan for material investments or capital assets.

CONTINGENT LIABILITIES

As at 31 December 2020, the Group has given guarantees on performance bonds issued by insurance companies of approximately HK\$1.8 million in respect of one construction contract of the Group in its ordinary course of business (as at 30 June 2020: approximately HK\$5.0 million in respect of four construction contracts). The Group has contingent liabilities to indemnify the insurance companies for any claims from customers under the guarantee due to the failure of the Group's performance. The performance bonds are expected to be released in accordance with the terms of the respective construction contracts. As at 31 December 2020, the Directors do not consider it probable that a claim will be made against the Group.

Save as disclosed above, the Group has no other material contingent liabilities (as at 30 June 2020: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2020, the Group employed a total of 19 employees (as at 30 June 2020: 18 employees). The employee benefits expenses of the Group, including Directors' emoluments, were approximately HK\$4.8 million for the six months ended 31 December 2020 (for the six months ended 31 December 2019: approximately HK\$5.1 million).

The Group remunerates the employees based on their position, qualifications and performance. On top of the basic salaries, bonuses may be paid with reference to the Group's performance as well as employee's performance. Various types of trainings are provided to the employees for the improvement of their standards and skills. The Company maintains a share option scheme for the purpose of providing incentives and rewards to the participants for their contributions to the Group. As at the date of this report, no option has been granted under the share option scheme.

DISCLOSURE OF INTERESTS

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

As at 31 December 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 Patrick ("Mr. Kung")	Interest in controlled corporation (<i>Note</i>)	638,600,000	63.86%
Mr. Yip Shiu Ching (deceased) ("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:

As at 31 December 2020, Talent Gain, which beneficially owns 63.86% of the issued Shares, was owned as to 34% by Mr. Kung, 33% by Mr. Yip (deceased) and 33% by Mr. Kam. Since Mr. Kung was entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Talent Gain, Mr. Kung was deemed to be interested in the Shares in which Talent Gain was 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, Mr. Yip (deceased), Mr. Kam and Mr. Kung are acting in concert with one another and each of them was deemed to exercise or control the exercise of 63.86% of the voting power of Talent Gain at general meetings of the Company, and was therefore deemed to be interested in the Shares in which Talent Gain was interested under the SFO.

Save as disclosed above, as at 31 December 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 December 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 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%
Ms. 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	123,140,000 (L)	12.31%
CS Asia Opportunities Master Fund	Beneficial owner	123,140,000 (L)	12.31%

Notes:

1. Ms. 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 (deceased)'s spouse and is deemed to be interested in the Shares in which Mr. Yip (deceased) 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.

Save as disclosed above, as at 31 December 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 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.

SUFFICIENCY OF PUBLIC FLOAT

Reference is made to the announcements of the Company dated 3 December 2020, 31 December 2020 and 29 January 2021. To the best knowledge, information and belief of the Directors, as at the date of this report, the public float of the Company is approximately 23.83%, which is below the requirement of 25% of the total issued share capital of the Company held by the public as prescribed by Rule 11.23(7) of the GEM Listing Rules. As at the date of this report, the controlling Shareholder has indicated its intention to assist the Company to restore the public float by disposing of its existing Shares. Such disposal will be subject to, among others, the commercial decision of the controlling Shareholder and market sentiment in general. The Company is actively communicating with the controlling Shareholder and is given to understand that the controlling Shareholder has been in preliminary discussion with potential independent third party buyer(s). However, due to the dealing restrictions under Rule 5.56 of the GEM Listing Rules (in particular the blackout period prescribed under Rule 5.56(a)(ii) of the GEM Listing Rules which restricts dealings in securities of the Company by the Directors during the period of 30 days immediately preceding the publication date of the half-year results of the Company, the proposal to restore public float has been suspended and, as at the date of this report, no definitive agreement(s) has been entered into between the controlling Shareholder and the potential independent third party buyer(s). Accordingly, the completion of the restoration of the public float is expected to be delayed from the end of January 2021 as previously disclosed to the end of February 2021.

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 six months ended 31 December 2020 and up to the date of this report.

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 six months ended 31 December 2020.

CORPORATE GOVERNANCE CODE

The Board is responsible for performing the corporate governance duties in the Corporate Governance Code (the **"CG Code"**) as set out in Appendix 15 of the GEM Listing Rules. The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, and the Company's compliance with the CG code and disclosure. During the six months ended 31 December 2020 and up to the date of this report, to the best knowledge of the Board, except for the following, the Company has complied with all the applicable code provisions set out in the CG Code:

The principle of code provision A.2.1 of 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 (deceased) and Mr. Kam following the passing of Mr. Yip. The Group is of the view that there is a deviation from code provision A.2.1 of CG Code. In view of Mr. Yip (deceased) and Mr. Kam has been operating and managing Wai Tat, our operating subsidiary, since 2002 and 2004 respectively, the Board believes that it is in the best interest of the Group to have Mr. Yip (deceased) and Mr. Kam taking up both roles for effective management and business development.

Therefore, the Directors consider that the deviation from code provision A.2.1 of 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.

Except for the deviation from code provision A.2.1 of CG Code, 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 six months ended 31 December 2020.

INTERIM DIVIDEND

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

EVENTS AFTER THE REPORTING PERIOD

As of the date of this report, save as disclosed in this report, the Board is not aware of any significant events after the reporting period that requires 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. No share option was granted, lapsed, exercised or cancelled by the Company under the Share Option Scheme during the six months ended 31 December 2020 and there was no outstanding share option as at the date of this report.

PASSING OF THE CHAIRMAN OF THE BOARD AND CHANGE OF AUTHORISED REPRESENTATIVE AND COMPLIANCE OFFICER AND PROCESS AGENT

Reference is made to the announcement of the Company dated 25 September 2020. Mr. Yip, one of the founders of the Group, the chairman of the Board, an executive Director, the compliance officer of the Company (the "**Compliance Officer**") for the purpose of Rule 5.19 of the GEM Listing Rules, an authorised representative of the Company for the purpose of Rule 5.24 of the GEM Listing Rules (the "**Authorised Representative**") and the authorised representative of the Company for accepting services of process and notices on the Company's behalf in Hong Kong under Chapter 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Process Agent**"), passed on 24 September 2020.

Following the passing of Mr. Yip, the Board has appointed Mr. Kam, an executive Director, as the Authorised Representative, the Compliance Officer and the Process Agent on 25 September 2020 with immediate effect.

APPOINTMENT OF CHAIRMAN

Reference is made to the announcement of the Company dated 2 November 2020 (the "**Chairman Announcement**"). The Board announced that Mr. Kam, an executive Director, has been appointed as the chairman of the Group (the "**Chairman**") with effect from 2 November 2020.

In view of the fact that Mr. Kam has been operating and managing Wai Tat, our operating subsidiary, since 2004, and was appointed as the executive Director on 18 July 2017, the Board believes that it is in the best interests of the Group to have Mr. Kam as the Chairman.

Biographical details of Mr. Kam:

Mr. Kam, aged 63, was appointed as the executive Director on 18 July 2017. He is the project director of the Group primarily responsible for day-to-day management and tendering of the Group.

Mr. Kam has over 37 years of experience in the construction industry in Hong Kong. Mr. Kam was a founder and a director of Wah Tat Foundation & Engineering Limited, a construction company in Hong Kong, from August 1998 to April 2002. Since January 2004, Mr. Kam has been a director of Wai Tat, the operating subsidiary of the Group. Mr. Kam was also a director of Golden Win Holdings Limited prior to its dissolution in 2015.

Mr. Kam obtained a Diploma in Civil Engineering from the Hong Kong Baptist College (currently known as the Hong Kong Baptist University) in June 1982.

Currently, Mr. Kam is the director of all subsidiaries of the Group.

Save as disclosed above, as at the date of the Chairman Announcement, Mr. Kam had not held any directorships in other public companies, the securities of which were listed on any securities market in Hong Kong or overseas in the last three years, did not hold any other positions with the Company or its subsidiaries, and did not have any relationship with any other director, senior management or substantial Shareholders or controlling Shareholders.

As at the date of the Chairman Announcement, Mr. Kam was taken to be interested in 638,600,000 Shares (representing 63.86% of the total number of the issued Shares) within the meaning of Part XV of the SFO. Save as disclosed herein, Mr. Kam did not have any interest in the Shares within the meaning of Part XV of the SFO.

Pursuant to the existing service contract entered into between Mr. Kam and the Company on 1 December 2017, Mr. Kam has been appointed as an executive Director for an initial term of three years and will continue thereafter until terminated in accordance with the terms of the agreement subject to retirement by rotation and re-election in accordance with the articles of association of the Company. Other than that, he has not entered into nor proposed to enter into any service contracts which fall within the meanings of Rule 17.90 of the GEM Listing Rules requiring the prior approval of the Shareholders at general meetings.

The director's fee payable to him is HK\$1,184,040 per annum. Such salary will be reviewed annually by the Board and the remuneration committee of the Board (the **"Remuneration Committee"**), and he is entitled to a discretionary bonus as the Remuneration Committee may recommend to the Board and which the Board may approve with reference to his performance and the operating results of the Group.

Save as disclosed above, as of the date of the Chairman Announcement there is no other information required to be disclosed pursuant to Rules 17.50(2)(h) to (v) of the GEM Listing Rules, nor is there any other matter which needs to be brought to the attention of the Shareholders in connection with Mr. Kam's appointment as the Chairman.

CHANGE OF AUDITORS

Reference is made to the announcement of the Company dated 9 July 2020 in relation to the change of auditors of the Company. PricewaterhouseCoopers ("**PwC**") has resigned as auditors of the Company with effect from 9 July 2020. The Company has, with the recommendation from the audit committee of the Company, resolved to appoint HLB Hodgson Impey Cheng Limited ("**HLB**") as auditors of the Company on the same day to fill the casual vacancy following the resignation of PwC as auditors of the Company. HLB was re-appointed as the auditors of the Company at the annual general meeting of the Company dated 6 November 2020.

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.

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 interim financial statements for the six months ended 31 December 2020 and this report had not been audited by the Company's auditors but had been reviewed by the Audit Committee. The Audit Committee is of the opinion that the unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 December 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

Kam Kin Bun

Chairman and executive Director

Hong Kong, 10 February 2021

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

This report 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 report 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.