

WT GROUP HOLDINGS LIMITED

WT 集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8422



INTERIM REPORT
2021/2022

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

*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.*

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 2021, together with the comparative unaudited figures for the corresponding periods in 2020 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the three months ended		For the six months ended	
		31 December		31 December	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	5	10,973	3,957	28,851	12,212
Cost of Services		(10,905)	(5,850)	(27,425)	(12,968)
Gross profit/(loss)		68	(1,893)	1,426	(756)
Other income	6	11	403	11	712
Administrative expenses		(5,729)	(1,435)	(7,581)	(3,756)
Finance costs	8	(8)	(6)	(17)	(11)
Loss before income tax	7	(5,658)	(2,931)	(6,161)	(3,811)
Income tax credit	9	59	35	-	36
Loss and total comprehensive loss for the period attributable to owners of the Company		(5,599)	(2,896)	(6,161)	(3,775)
Loss per share (expressed in HK cents per share)					
Basic and diluted	11	(0.53)	(0.29)	(0.60)	(0.38)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	As at 31 December 2021 HK\$'000 (Unaudited)	As at 30 June 2021 HK\$'000 (Audited)
Non-current assets			
Deposits, prepayments and other receivables	14	65	68
		65	68
Current assets			
Trade and retention receivables	12	10,181	271
Contract assets	13	10,524	12,301
Deposits, prepayments and other receivables	14	6,175	1,153
Current income tax recoverable		–	155
Restricted cash	15	5,528	2,100
Cash and cash equivalents	15	36,349	49,447
		68,757	65,427
Current liabilities			
Trade and retention payables	16	3,116	5,094
Accruals and other payables	17	2,766	2,277
Lease liabilities		353	528
		6,235	7,899
Net current assets		62,522	57,528
Total assets less current liabilities		62,587	57,596

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

	<i>Notes</i>	As at 31 December 2021 HK\$'000 (Unaudited)	As at 30 June 2021 HK\$'000 (Audited)
Non-current liabilities			
Lease liabilities		41	151
		41	151
Net assets			
		62,546	57,445
Capital and reserves attributable to owners of the Company			
Share capital	<i>18</i>	12,000	10,000
Reserves		50,546	47,445
Total equity			
		62,546	57,445

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended 31 December 2021

	Attributable to owners of the Company					Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Share option reserves HK\$'000	Retained earnings/ (Accumulated losses) HK\$'000	
At 1 July 2020	10,000	36,855	10,100	–	7,886	64,841
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
At 1 July 2021	10,000	36,855	10,100	–	490	57,445
Loss and total comprehensive loss for the period	–	–	–	–	(6,161)	(6,161)
Share-based payment expenses	–	–	–	3,115	–	3,115
Issue of shares upon placing	2,000	6,147	–	–	–	8,147
At 31 December 2021 (Unaudited)	12,000	43,002	10,100	3,115	(5,671)	62,546

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 31 December	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Net cash (used in)/generated from operating activities	(20,955)	11,196
Net cash generated from investing activities	11	11
Net cash from/(used in) financing activities	7,846	(89)
Net (Decrease)/increase in cash and cash equivalents	(13,098)	11,118
Cash and cash equivalents at beginning of the period	49,447	37,996
Cash and cash equivalents at end of the period	36,349	49,114

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 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.

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 2021 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 2021, 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 2021 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 2021.

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 2021.

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 2021, 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 2021.

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 2021, 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	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue:				
Contract revenue	10,973	3,957	28,851	12,212

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 or loss 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	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Government grants	–	403	–	712
Others	11	–	11	–
	11	403	11	712

7 LOSS BEFORE INCOME TAX

Loss before income tax is arrived after charging:

	Three months ended 31 December		Six months ended 31 December	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Construction costs recognised in cost of services	10,905	5,850	27,425	12,968
Employee benefits expenses (note (i))	5,217	2,293	7,502	4,832
Depreciation of property and equipment	–	27	–	54
Depreciation of right-of-use assets	–	175	–	303
Auditors' remuneration				
– Audit services	500	175	500	350
Short term lease expenses	8	15	17	15
Reversal of expected credit losses of trade and retention receivables and contract assets	56	(487)	(2)	(487)

Note:

- (i) Employee benefits expenses, including directors emoluments during the relevant period are as follows:

	Three months ended 31 December		Six months ended 31 December	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Wages, salaries, bonuses and other benefits	2,048	2,234	4,280	4,713
Share-based payment expenses	3,115	–	3,115	–
Pension costs-defined contribution plans	54	59	107	119
	5,217	2,293	7,502	4,832
Amount included in cost of services	(743)	(1,283)	(1,496)	(2,673)
Amount included in administrative expenses	4,474	1,010	6,006	2,159

8 FINANCE COSTS

	Three months ended 31 December		Six months ended 31 December	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest on lease liabilities	8	6	17	11

9 INCOME TAX CREDIT

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 Hong Kong profits tax has been provided as the Group did not have assessable profit for the six months ended 31 December 2021 and 2020.

No overseas profits tax has been calculated for entities of the Group that are incorporated in the British Virgin Islands or the Cayman Islands as they are exempted from for the six months ended 31 December 2021 and 2020.

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

	Three months ended 31 December		Six months ended 31 December	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current income tax				
– Hong Kong profits tax	59	–	–	–
Deferred income tax	–	35	–	36
Income tax credit	59	35	–	36

10 DIVIDENDS

The Directors do not recommend the payment of dividend for the six months ended 31 December 2021 (for the six months ended 31 December 2020: nil).

11 LOSS PER SHARE**(a) Basic**

Basic loss per share is calculated by dividing the loss 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	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Loss attributable to owners of the Company (in HK\$'000)	(5,599)	(2,896)	(6,161)	(3,775)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share (in thousand)	1,047,541	1,000,000	1,031,522	1,000,000
Loss per share (HK cents per share)	(0.53)	(0.29)	(0.60)	(0.38)

(b) Diluted

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

12 TRADE AND RETENTION RECEIVABLES

	As at 31 December 2021 HK\$'000 (Unaudited)	As at 30 June 2021 HK\$'000 (Audited)
Trade receivables	10,500	521
Retention receivables	98	130
Trade and retention receivables	10,598	651
Less: Allowance for expected credit losses	(417)	(380)
Trade and retention receivables, net	10,181	271

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 2021 HK\$'000 (Unaudited)	As at 30 June 2021 HK\$'000 (Audited)
Up to 90 days	4,610	192
91–180 days	5,561	–
181–365 days	–	–
Over 1 year	329	329
	10,500	521

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 2021 HK\$'000 (Unaudited)	As at 30 June 2021 HK\$'000 (Audited)
Up to 1 year	54	130
Over 1 year	44	–
	98	130

13 CONTRACT ASSETS

	As at 31 December 2021 HK\$'000 (Unaudited)	As at 30 June 2021 HK\$'000 (Audited)
Contract assets relating to:		
Uncertified work-in-progress	2,225	4,450
Retention receivables	8,585	8,186
	10,810	12,636
Less: Allowance for expected credit losses	(286)	(335)
Contract assets, net	10,524	12,301

14 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December 2021 HK\$'000 (Unaudited)	As at 30 June 2021 HK\$'000 (Audited)
Deposits and other receivables	5,920	1,130
Prepayments	358	120
	6,278	1,250
Less: Allowance for expected credit losses	(38)	(29)
Deposits, prepayments and other receivables, net	6,240	1,221
Less: Non-current portion – Deposits and prepayments	(65)	(68)
	6,175	1,153

15 RESTRICTED CASH AND CASH AND CASH EQUIVALENTS

	As at 31 December 2021 HK\$'000 (Unaudited)	As at 30 June 2021 HK\$'000 (Audited)
Restricted cash	5,528	2,100

As at 31 December 2021, restricted cash represented deposits were placed as collateral for performance bonds. Restricted cash is interest-free.

	As at 31 December 2021 HK\$'000 (Unaudited)	As at 30 June 2021 HK\$'000 (Audited)
Cash and cash equivalents	36,349	49,447

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 2021 HK\$'000 (Unaudited)	As at 30 June 2021 HK\$'000 (Audited)
Trade payables	742	2,881
Retention payables	2,374	2,213
	3,116	5,094

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

	As at 31 December 2021 HK\$'000 (Unaudited)	As at 30 June 2021 HK\$'000 (Audited)
Up to 30 days	742	2,881

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

	As at 31 December 2021 HK\$'000 (Unaudited)	As at 30 June 2021 HK\$'000 (Audited)
Up to 1 year	981	869
Over 1 year	1,393	1,344
	2,374	2,213

17 ACCRUALS AND OTHER PAYABLES

	As at 31 December 2021 HK\$'000 (Unaudited)	As at 30 June 2021 HK\$'000 (Audited)
Accruals for legal and professional fees	1,421	1,016
Other accruals and other payables	1,345	1,261
	2,766	2,277

18 SHARE CAPITAL

	Number of shares	Amount
	'000	HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
As at 30 June 2021 (audited) and 31 December 2021 (unaudited)	5,000,000	50,000
Issued and fully paid:		
As at 30 June 2021 (audited)	1,000,000	10,000
Issued of shares upon placing (note (i))		
As at 31 December 2021 (unaudited)	200,000	2,000
	1,200,000	12,000

Note:

- (i) On 3 December 2021, the Company placed 200,000,000 new shares at a price of HK\$0.042 per placing shares.

19 MATERIAL RELATED PARTY TRANSACTIONS**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:

	Three months ended 31 December		Six months ended 31 December	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Salaries, allowances and benefits in kind	955	1,050	1,769	2,349
Retirement benefit costs – defined contribution plans	9	14	18	32
Share-based payment expenses	1,303	–	1,303	–
	2,267	1,064	3,090	2,381

20 CONTINGENT LIABILITIES

As at 31 December 2021, the Group has given guarantees on performance bonds of HK\$5,528,000 in respect of the construction contracts of the Group in its ordinary course of business (as at 30 June 2021: HK\$2,100,000). 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 contractor in Hong Kong, through its operating subsidiaries. The Group undertakes specialised works including foundation and site formation works, demolition works and ground investigation field works. The Group also undertakes general building works including superstructure building works, slope maintenance works, hoarding works, alteration and addition works, other miscellaneous renovation and construction works.

For the six months ended 31 December 2021, the Group recorded a net loss of approximately HK\$6.2 million as compared to net loss of approximately HK\$3.8 million for the corresponding period in 2020. The increase in net loss was mainly attributable to the recognition of share-based payment expense of HK\$3.1 million during the six months ended 31 December 2021 as compared to the corresponding period in 2020.

FINANCIAL REVIEW

Revenue

For the six months ended 31 December 2020 and 2021, the Group generated total revenue of approximately HK\$12.2 million and HK\$28.9 million, respectively. The increase in revenue was mainly attributable to the increase in the number of construction projects undertaken by the Group for the six months ended 31 December 2021 compared to the corresponding period in 2020.

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

For the six months ended 31 December 2020 and 2021, the Group recorded gross loss of approximately HK\$0.8 million and gross profit of approximately HK\$1.4 million, respectively and the gross loss margin and the gross profit margin of the Group was approximately 6.2% and 4.9% for the respective periods. Reversal of gross loss and gross loss margin to gross profit and gross profit margin was primarily attributable to the increase in the number of construction projects and the improve in the overall gross profit margin of the projects undertaken by the Group for the six months ended 31 December 2021 compared to the corresponding period in 2020.

Administrative expenses

Our administrative expenses mainly consist of employee benefits expenses (including Director's emoluments and share-based payment expenses), audit fees and other professional fees. Our administrative expenses amounted to approximately HK\$3.8 million and HK\$7.6 million for the six months ended 31 December 2020 and 2021, respectively. The increase in the administrative expenses for the six months ended 31 December 2021 compared to the corresponding period in 2020 was primarily attributable in the recognition of share-based payment expenses of approximately HK\$3.1 million during the period ended 31 December 2021 (for the six months ended 31 December 2020: nil).

Income tax credit

For the six months ended 31 December 2020 and 2021, no Hong Kong profit tax has been provided as the Group did not have assessable profit.

Loss and total comprehensive loss attributable to owners of the Company

Loss and total comprehensive loss attributable to owners of the Company for the six months ended 31 December 2020 and 2021 amounted to approximately HK\$3.8 million and HK\$6.2 million respectively. The increase in net loss after tax was mainly attributable to the recognition of share-based payment expense of HK\$3.1 million during the six months ended 31 December 2021 as compared to the corresponding period in 2020.

PROSPECT

The Group expects the business environment continues to be challenging and competitive. Given the novel coronavirus (“COVID-19”) continuing to spread in early 2022, the uncertainties in the execution of the construction projects increase the overall operational risks of the Group.

Despite the challenges ahead, since the government of Hong Kong recently announced plans to develop the northern part of Hong Kong for housing and technology development, the Group is optimistic in the long term and believes opportunities always exist in the construction market.

The Board will continue to exercise due care in pursuing business development so as to strike a balance between various business risks and opportunities. 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, renovation works and superstructure building works projects. 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, superstructure building works projects, renovation works and (ii) adherence to prudent financial management to ensure sustainable growth and capital sufficiency. While the Group is closely monitoring the latest development of 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 order to maximise the returns to the Shareholders, the Directors may also consider other investment opportunities to broaden the sources of income of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a good financial position during the six months ended 31 December 2021. As at 31 December 2021, the Group had bank balances and cash of approximately HK\$36.3 million (as at 30 June 2021: approximately HK\$49.4 million) and restricted cash balances of approximately HK\$5.5 million (as at 30 June 2021: approximately HK\$2.1 million). The current ratio as at 31 December 2021 was approximately 11.0 times (as at 30 June 2021: approximately 8.3 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 2021, the Group recorded gearing ratio of approximately 0.6% (as at 30 June 2021: approximately 1.2%).

CHARGE OVER THE GROUP'S ASSETS

As at 31 December 2021, the Group pledged its deposits of approximately HK\$5.5 million (as at 30 June 2021: approximately HK\$2.1 million) as collateral for performance bonds.

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 2021, most of the revenue-generating operations were conducted in Hong Kong and the transactions, monetary assets and liabilities of the Group were denominated 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

Except for those disclosed under the section "**RAISING OF FUNDS AND USE OF PROCEEDS**", there has been no material change in the capital structure of the Group since 30 June 2021.

RAISING OF FUNDS AND USE OF PROCEEDS

On 16 November 2021, the Company entered into a placing agreement with a placing agent pursuant to which the Company has conditionally agreed to place up to 200,000,000 placing shares at a price of HK\$0.042 per placing share. The closing price of the share of the Company as at 16 November 2021 was HK\$0.044. The placing shares were allotted and issued on 3 December 2021. Net proceeds from the Placing was approximately HK\$8.1 million (the “**Net Proceeds**”) which was intended to be applied as to (i) approximately HK\$5.1 million for the construction projects of the Group; and (ii) approximately HK\$3.0 million for the general working capital of the Group. As at 31 December 2021, approximately HK\$1.0 million of the Net Proceed was utilized for the general working capital of the Group. The remaining HK\$7.1 million were placed with banks and would be used as its intended purposes during the first half of 2022.

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 2021, the Group did not have any capital commitment (as at 30 June 2021: nil).

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

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 2021.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, the Group employed a total of 26 employees (as at 30 June 2021: 21 employees). The employee benefits expenses of the Group, including Directors' emoluments and share-based payment expenses, were approximately HK\$7.5 million for the six months ended 31 December 2021 (for the six months ended 31 December 2020: approximately HK\$4.8 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.

DISCLOSURE OF INTERESTS

A. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, THE UNDERLYING SHARES OR DEBENTURES

As at 31 December 2021, 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:

Long positions in the Shares and underlying Shares

Name of Directors	Capacity	Number of the unlisted share option	Approximate percentage of total issued share capital of the Company
Mr. Kam Kin Bun	Beneficial owner	10,000,000	8.33%
Mr. Wong Mei Chun	Beneficial owner	10,000,000	8.33%
Ms. Chan Sin Wa Carrie	Beneficial owner	10,000,000	8.33%
Mr. Yu Tat Chi Michael	Beneficial owner	10,000,000	8.33%

Save as disclosed above, as at 31 December 2021, 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 2021, 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:

Long positions in the Shares and underlying Shares

Name of shareholders	Nature of interest	Number of the Shares held/ interested in	Approximate percentage of total issued share capital of the Company
China Silver Asset Management Limited	Investment manager	167,580,000	13.97%
CS Asia Opportunities Master Fund	Beneficial owner	167,580,000	13.97%

Save as disclosed above, as at 31 December 2021, 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.

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 2021 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 2021.

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 2021 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. Kam Kim Bun, the Chairman of the Company. The Group is of the view that there is a deviation from code provision A.2.1 of CG Code. In view of Mr. Kam was the founder of the Group, the Board believes that it is in the best interest of the Group to have 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 2021.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 31 December 2021 (for the six months ended 31 December 2020: 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 Company has adopted the share option scheme (the "Scheme") on 1 December 2017 which will remain in force for a period of 10 years from the effective date of the Scheme.

On 8 October 2021, an aggregate of 100,000,000 options granted under the Scheme to the eligible participants and the closing price of the share immediately before the date on which the options were granted was HK\$0.050. Details of the movement in the options granted under the Scheme during the six months ended 31 December 2021 are as follows:

Details of grantees	Grant date	Exercise period	Vesting period	Outstanding as at 1 July 2021	Granted	Exercised	Cancelled	Lapsed	Outstanding as at 31 December 2021	Exercise price per share HK\$
Directors										
Kam Kin Bun	8 October 2021	8 October 2021 to 7 October 2023	No	-	10,000,000	-	-	-	10,000,000	0.056
Wong Mei Chun	8 October 2021	8 October 2021 to 7 October 2023	No	-	10,000,000	-	-	-	10,000,000	0.056
Chan Sin Wa Carrie	8 October 2021	8 October 2021 to 7 October 2023	No	-	10,000,000	-	-	-	10,000,000	0.056
Yu Tai Chi Michael	8 October 2021	8 October 2021 to 7 October 2023	No	-	10,000,000	-	-	-	10,000,000	0.056
					40,000,000				40,000,000	
Employees										
	8 October 2021	8 October 2021 to 7 October 2023	No	-	60,000,000	-	-	-	60,000,000	0.056
					100,000,000	-	-	-	100,000,000	

According to the Binomial option pricing model, the fair value of options granted during the six months ended 31 December 2021 and assumptions are as follows:

Grant date	8 October 2021
Fair value of each option on grant date	HK\$0.031
Share price of each share on grant date	HK\$0.056
Exercise price of each option	HK\$0.056
Expected volatility	185.5%
Option life	2 years
Expected dividend yield	–
Risk-free interest rate	0.165%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Based on the fair values derived from the above pricing model, the fair value of the options granted on 8 October 2021 was approximately HK\$3,115,000, of which HK\$3,115,000 have been charged as share-based payment expenses to profit or loss for the six months ended 31 December 2021.

There was no market vesting condition or non-market performance condition associated with the options granted.

DISPOSAL OF SHARES BY A CONTROLLING SHAREHOLDER

Talent Gain Ventures Limited (“**Talent Gain**”), a controlling shareholder of the Company, that on 21 July 2021, it had disposed (the “**Disposal**”) of 576,600,000 shares of the Company (the “**Sale Share(s)**”) on open market, representing approximately 57.66% of the total issued shares of the Company. Talent Gain has informed the Company that, to its best knowledge, the purchaser(s) of the Sale Shares are third parties independent of and not connected with the Company (as defined in the GEM Listing Rules). Talent Gain is owned by 34% by Mr. Kung Cheung Fai Patrick (being a former executive director of the Company), 33% by Mr. Yip Shiu Ching (deceased) and 33% by Mr. Kam Kin Bun (being an executive director of the Company). Talent Gain does not hold any shares of the Company immediately after the Disposal.

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. Chan Sin Wa Carrie and Mr. Yu Tat Chi Michael. 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 2021 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 2021 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, 11 February 2022

As at the date of this report, the Board comprises Mr. Kam Kin Bun (Chairman) and Mr. Wong Mei Chun as executive Directors; Ms. Chan Sin Wa Carrie, Mr. Leung Chi Hung and Mr. Yu Tat Chi Michael 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.hklistco.com/8422.

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.