



# Wing Fung Group Asia Limited

## 榮豐集團亞洲有限公司

(Incorporated in the Cayman Islands with limited liability)  
Stock Code 8526

# 2022

## FIRST QUARTERLY REPORT

## 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 that 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 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 Wing Fung Group Asia Limited (the “**Company**”) 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 and its subsidiaries (collectively, the “**Group**”). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

## QUARTERLY FINANCIAL RESULTS

The board of Directors (the “**Board**”) of the Company announces the unaudited condensed consolidated results of the Group for the three months ended 31 March 2022 (the “**Relevant Period**”), together with the comparative unaudited figures for the corresponding period in 2021, as follows:

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2022

		<b>Three months ended 31 March</b>	
	Notes	<b>2022 (Unaudited) HK\$'000</b>	2021 (Unaudited) HK\$'000
<b>Revenue</b>	3	<b>49,390</b>	48,161
Cost of sales	4	<b>(46,620)</b>	(41,947)
<b>Gross profit</b>		<b>2,770</b>	6,214
Other income, net		<b>35</b>	719
(Provision) Reversal of impairment losses on trade receivables and contract assets	4	<b>(39)</b>	162
Administrative expenses	4	<b>(3,763)</b>	(3,056)
Expenses in relation to the transfer of listing		<b>–</b>	(448)
<b>Operating (loss) profit</b>		<b>(997)</b>	3,591
Finance costs		<b>(471)</b>	(440)
<b>(Loss) Profit before income tax</b>		<b>(1,468)</b>	3,151
Income tax credit (expense)	5	<b>37</b>	(660)
<b>(Loss) Profit for the period</b>		<b>(1,431)</b>	2,491
Other comprehensive income (expenses) for the period, net of tax			
<i>Item that may be reclassified to profit or loss:</i>			
– Exchange differences on translation of a foreign operation		<b>1</b>	(46)
<b>Total comprehensive (expenses) income for the period</b>		<b>(1,430)</b>	2,445
			(Restated)
<b>Basic and diluted (loss) earnings per share for (loss) profit attributable to the ordinary equity holders of the Company (HK cents per share)</b>	7	<b>(0.88)</b>	1.74

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2022

	Share capital	Share premium	Exchange translation reserve	Capital reserve	Other reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>For the three months ended 31 March 2022</b>							
Balance at 1 January 2022 (Audited)	6,490	50,549	(567)	11,676	(12,941)	57,868	113,075
Loss for the period	-	-	-	-	-	(1,431)	(1,431)
Other comprehensive income							
– Item that may be reclassified to profit or loss							
Exchange differences arising on translation of a foreign operation	-	-	1	-	-	-	1
Total comprehensive income (loss) for the period	-	-	1	-	-	(1,431)	(1,430)
<b>Balance at 31 March 2022 (Unaudited)</b>	<b>6,490</b>	<b>50,549</b>	<b>(566)</b>	<b>11,676</b>	<b>(12,941)</b>	<b>56,437</b>	<b>111,645</b>
<b>For the three months ended 31 March 2021</b>							
Balance at 1 January 2021 (Audited)	5,740	41,147	(523)	11,676	(12,941)	79,691	124,790
Profit for the period	-	-	-	-	-	2,491	2,491
Other comprehensive expenses							
– Item that may be reclassified to profit or loss							
Exchange differences arising on translation of a foreign operation	-	-	(46)	-	-	-	(46)
Total comprehensive (loss) income for the period	-	-	(46)	-	-	2,491	2,445
<b>Balance at 31 March 2021 (Unaudited)</b>	<b>5,740</b>	<b>41,147</b>	<b>(569)</b>	<b>11,676</b>	<b>(12,941)</b>	<b>82,182</b>	<b>127,235</b>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

*For the three months ended 31 March 2022*

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 29 September 2016 as an exempted company with limited liability under 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 PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and the principal place of business is Unit D, 21st Floor, Tower B, Billion Centre, 1 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.

The Company is an investment holding company and the Group is principally engaged in the provision of supply, installation and fitting-out services of mechanical ventilation and air-conditioning ("**MVAC**") system for buildings. The Company's immediate and ultimate holding company is Wing Fung Capital Limited, a private company incorporated in the British Virgin Islands.

The unaudited condensed consolidated financial information for the Relevant Period (the "**First Quarterly Financial Information**") are presented in Hong Kong dollars ("**HK\$**"), which is the functional currency of the Company.

The Company listed its shares on GEM of the Stock Exchange on 27 February 2018 (the "**Listing**").

The First Quarterly Financial Information have not been audited but have been reviewed by the audit committee of the Company.

## 2. BASIS OF PREPARATION

The First Quarterly Financial Information of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of the GEM Listing Rules. The First Quarterly Financial Information have been prepared under the historical cost convention.

The preparation of the First Quarterly Financial Information requires the Company’s management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and methods of computation used in the First Quarterly Financial Information are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2021.

The application of the new and amendments to HKFRSs in the current period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in the First Quarterly Financial Information.

The Group has not early applied the new and revised HKFRSs that have been issued but are not yet effective.

### 3. REVENUE

The Group's revenue are derived from the provision of supply, installation, and fitting-out services of MVAC system for buildings to external customers in Hong Kong and Macau during the period.

### 4. EXPENSES BY NATURE

	Three months ended 31 March	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Costs of materials	13,352	10,746
Subcontractor costs	28,818	26,197
Employee benefit expenses		
– directors' remuneration	1,594	512
– direct labour	3,856	4,310
– administrative staff	752	528
Provision (Reversal) of impairment losses		
on trade receivables	16	(214)
Provision of impairment losses on		
contract assets	23	52
Auditor's remuneration		
– Audit services	170	275
– Non-audit services	6	17

## 5. INCOME TAX (CREDIT) EXPENSE

The amount of income tax (credit) expense credited/charged to the unaudited condensed consolidated statement of comprehensive income represents:

	Three months ended 31 March	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Current income tax:		
Hong Kong profits tax	–	655
Macau complementary tax	–	–
	–	655
Deferred income tax	<b>(37)</b>	5
Income tax (credit) expense	<b>(37)</b>	660

### (i) Hong Kong profits tax

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 gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% (for the three months ended 31 March 2021: 16.5%).

### (ii) Macau Complementary Tax

Pursuant to a tax incentive approved under Section 20 of Decree Law No. 11/2016, Macau Complementary Tax is levied at a fixed rate of 12% (for the three months ended 31 March 2021: 12%) on the taxable income above Macau Pataca (“**MOP**”) 600,000 (approximately HK\$586,000) of the Group’s operations in Macau.



## 6. DIVIDENDS

The Board does not recommend the payment of any dividend for the Relevant Period (for the three months ended 31 March 2021: Nil).

## 7. BASIC AND DILUTED (LOSS) EARNINGS PER SHARE

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 period.

	<b>Three months ended 31 March</b>	
	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Restated) (Unaudited)
(Loss) Profit attributable to owners of the Company (in HK\$'000)	<b>(1,431)</b>	2,491
Weighted average number of ordinary shares in issue ( <i>Note</i> )	<b>162,250,000</b>	143,500,000
Basic (loss) earnings per share (HK cents per share)	<b>(0.88)</b>	1.74

Diluted (loss) earnings per share is equal to the basic (loss) earnings per share since the Company has no dilutive potential shares during the three months ended 31 March 2022 (for the three months ended 31 March 2021: Nil).

*Note:* The weighted average number of ordinary shares for the three months ended 31 March 2021 has been restated to reflect the effect of the share consolidation with effect on 21 January 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review and Outlook

The Group is principally engaged as a subcontractor for the provision of supply, installation and fitting-out services of MVAC system for various types of private and public building projects including infrastructural, commercial and residential building projects in Hong Kong and Macau.

The lingering of the COVID-19 pandemic has continued to negatively impact on the general economy of Hong Kong and Macau. There has been prolonged delay on tendering process for works in both public and private sectors and keen competition in the construction market. The fifth wave outbreak of the highly contagious Omicron COVID-19 variant in Hong Kong in early 2022 has prompted the Hong Kong government to impose the strictest social distancing measures since the outbreak of the pandemic and has led to supply chain disruptions and workforce shortages due to illness and preventive quarantine. All these had casted uncertainties over the already weakened market sentiment, longer-term economic outlook, and had disrupted the pace of recovery in the Hong Kong and Macau construction industry during the Relevant Period.

During the Relevant Period, the Group recorded a loss of approximately HK\$1.4 million as compared to a profit of approximately HK\$2.5 million in the corresponding period in 2021. As mentioned in the announcement of the Company dated 22 April 2022, the Group's result had been materially affected by a significant decrease in gross profit margin of the Group's projects as a result of: (i) more competitive tender prices amidst fierce market competition; and (ii) prolonged completion of various projects of the Group which led to overrun of project cost during the Relevant Period. This coupled with an increase in the subcontracting charges in the Relevant Period has primarily contributed to the loss suffered by the Group. It is expected that the Group will continue to face challenges brought by prolonged completions of projects, delay in the tendering process, fierce competition in tenders from competitors with aggressive pricing strategies, as well as rising material costs, subcontracting charges and labour costs.

Looking ahead, the Group holds a cautious view on the recovery of the construction sector and related industries in Hong Kong and Macau for 2022 due to the constant evolving COVID-19 pandemic situation, including the appearance of new COVID-19 variants. Prolonged uncertainties over the pandemic and stricter containment measures set to weigh on business sentiment and put pressure on the local economy and the construction industry in the near term. The financial results of the Group for the year ending 2022 may potentially be affected as a result of the aforementioned uncertainties. Nonetheless, the Group will stay vigilant and continue to drive sustainable growth by constantly reviewing its business and tendering strategies and enhancing its operational efficiency and financial performance.

## Financial Review

### Revenue

Our revenue increased by approximately HK\$1.2 million, from approximately HK\$48.2 million for the three months ended 31 March 2021 to approximately HK\$49.4 million for the Relevant Period, representing an increase of approximately 2.5%. In particular, while the Group recorded (i) an increase in revenue of approximately HK\$5.0 million from new projects (in particular two new projects located at Tsing Yi and Taipa in Macau which collectively contributed to an increase in revenue of approximately HK\$4.5 million); and (ii) an increase in revenue of approximately HK\$25.0 million due to the increase in the amount of work under our existing projects as compared with the three months ended 31 March 2021 (in particular, the projects located at Yau Ma Tei and Tai Wai), the aforesaid increments were offset by (i) a decrease in revenue of approximately HK\$7.2 million resulting from the completion of certain projects during the Relevant Period; and (ii) a decrease in revenue of approximately HK\$21.6 million due to the decrease in the amount of work under our existing projects as compared with the three months ended 31 March 2021 (in particular, another project located at Kai Tak and a project located at Chek Lap Kok together accounted for a decrease in revenue of approximately HK\$19.2 million).

### Cost of Sales

Our cost of sales increased from approximately HK\$41.9 million for the three months ended 31 March 2021 to approximately HK\$46.6 million for the Relevant Period, representing an increase of approximately 11.2%. Such increase was mainly attributable to the increase in our subcontracting charges as a result of unexpected prolonged completion of the Group's certain projects during the Relevant Period.

### Gross Profit and Gross Profit Margin

Our gross profit decreased by approximately 54.8% from approximately HK\$6.2 million for the three months ended 31 March 2021 to approximately HK\$2.8 million for the Relevant Period. The decrease was mainly driven by the result of increase in cost of sales for the Relevant Period as discussed above.

The overall gross profit margin decreased from approximately 12.9% for the three months ended 31 March 2021 to approximately 5.6% for the Relevant Period. The decrease in gross profit margin was primarily attributable to (i) more competitive tender prices amidst fierce market competition; and (ii) the increase in subcontracting charges that prevailed over the increase in revenue for the Relevant Period mainly due to the prolonged completion of certain projects. Due to the increase in subcontracting charges, a few projects recorded losses for the Relevant Period.

### Administrative Expenses

Our administrative expenses increased by approximately HK\$0.7 million, or approximately 22.6%, from approximately HK\$3.1 million for the three months ended 31 March 2021 to approximately HK\$3.8 million for the Relevant Period, mainly attributable to the increase in the employee benefit expenses..

### Expenses in Relation to the Transfer of Listing

During the three months ended 31 March 2021, our Group recognised non-recurring professional service fees of approximately HK\$0.4 million in connection with the proposal for the transfer of listing from GEM to the Main Board of the Stock Exchange, which was discontinued in May 2021. No such expenses were recognised for the Relevant Period.

### **Income Tax Credit/Expense**

The Group recorded income tax credit of approximately HK\$37,000 for the Relevant Period while the Group recorded income tax expense of approximately HK\$0.7 million for the three months ended 31 March 2021. Such change was primarily attributable to the loss before tax for the Relevant Period as compared with profit before tax for the corresponding period in 2021.

### **Loss/Profit for the Period**

As a result of the foregoing, our Group recognised a loss of approximately HK\$1.4 million for the Relevant Period as compared with a profit of approximately HK\$2.5 million for the corresponding period in 2021.

## **DIVIDENDS**

The Board did not recommend the payment of any dividend in respect of the Relevant Period (for the three months ended 31 March 2021: Nil).

## **EVENTS AFTER THE REPORTING PERIOD**

No significant events have taken place subsequent to 31 March 2022 and up to the date of this report.

## **SHARE CONSOLIDATION**

On 3 December 2021, the Board proposed that every four (4) issued and unissued existing shares of the Company of par value HK\$0.01 each in the share capital of the Company would be consolidated into one (1) consolidated share of par value HK\$0.04 each in the share capital of the Company (the “**Share Consolidation**”).

The Share Consolidation was approved by the Shareholders at the extraordinary general meeting of the Company on 19 January 2022 and became effective on 21 January 2022. Immediately after the Share Consolidation becoming effective on 21 January 2022, the authorised share capital of the Company has become HK\$1,000,000,000 divided into 25,000,000,000 consolidated shares of par value HK\$0.04 each, of which 162,250,000 consolidated shares would be in issue which are fully paid or credited as fully paid.

For details of the Share Consolidation, please refer to the Company’s announcements dated 3 December 2021 and 19 January 2022 and the Company’s circular dated 30 December 2021.

## DISCLOSURE OF INTERESTS

### (I) Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares or Debentures

As at 31 March 2022, the interests and short positions of the Directors and chief executive of the Company in shares of the Company (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**")), 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 the interests or short positions which any such director or chief executive was taken or deemed to have under such provision of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to standard of dealings by Directors referred 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:

<b>Name of Director</b>	<b>Capacity/ Nature of Interest</b>	<b>Number of the Shares held/ interested in</b>	<b>Long/short position</b>	<b>Percentage of Shareholding</b>
Mr. Chung Chi Keung ("Mr. Chung")	Interest in controlled corporation (Note)	83,062,500	Long position	51.19%

Note: The 83,062,500 Shares are held by Wing Fung Capital Limited, which is an associated corporation of the Company and wholly-owned by Mr. Chung. Therefore, Mr. Chung is deemed to be interested in all the Shares held by Wing Fung Capital Limited for the purposes of the SFO. Mr. Chung is our executive Director, Chairman and Chief Executive Officer and the controlling shareholder of the Company.

Save as disclosed above, as at 31 March 2022, none of the Directors or chief executive of the Company had registered any interests and short positions 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 or short positions which were taken or deemed to have under such provisions of the SFO); or (ii) 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.

## **(II) Substantial Shareholders' and Other Persons' Interests and Short Positions in the Shares, Underlying Shares or Debentures**

So far as the Directors are aware, as at 31 March 2022, the following person/entity (other than the Directors and chief executive of the Company) had or was deemed to have taken an interest or short position in the Shares or underlying Shares which was recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules.

<b>Name of Shareholder</b>	<b>Capacity/ Nature of Interest</b>	<b>Number of the Shares held/ interested in</b>	<b>Long/short position</b>	<b>Percentage of Shareholding</b>
Wing Fung Capital Limited	Beneficial owner	83,062,500	Long position	51.19%

Save as disclosed above, as at 31 March 2022, no person, other than the Directors and chief executive of the Company whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares or Debentures" above, had notified the Company of an interest or short position in the Shares, underlying Shares or debenture of the Company that was required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES

At no time during the Relevant Period was the Company or any of its associated corporation a party to any arrangement to enable the Directors to acquire benefits by means of acquisition of the Shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or their spouses or children under the age of 18, had any right to subscribe for the Shares in, or debentures of, the Company, or had exercised any such rights.

## PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Relevant Period.

## CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of all the Directors and all Directors confirmed that they had complied with the required standard of dealings regarding securities transactions during the Relevant Period. The Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors during the Relevant Period.

## CORPORATE GOVERNANCE CODE

The Directors and the management of the Group recognise the importance of sound corporate governance to the long-term success and continuing development of the Group. Therefore, the Board is committed to upholding good corporate standards and procedures, so as to enhance the accountability system and transparency of the Group, protect the interests of the Company's stakeholders and create value for shareholders of the Company.



The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 of the GEM Listing Rules. Throughout the Relevant Period, the Company has adopted and complied with, where applicable, the CG Code to ensure that the Group's business activities and decision making processes are regulated in a proper and prudent manner, except for code provision C.2.1 of the CG Code.

Pursuant to code provision C.2.1 of the CG Code, the role of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Chung is currently the chairman of the Board and the chief executive officer of the Company, responsible for formulating the overall business strategies and overseeing the business and operation of the Group. Considering that Mr. Chung has been responsible for the overall management and operation of the Group since its inception, the Board believes that it is in the best interest of the Group to have Mr. Chung taking up both roles for effective management and business development.

Save as disclosed above, the Board considered that the Company has complied with, where applicable, the CG Code during the Relevant Period.

## COMPETING INTEREST

The Directors are not aware of any business or interest of the Directors or the controlling shareholder (as defined in the GEM Listing Rules) of the Company or any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the Relevant Period.

## AUDIT COMMITTEE

The Group has established an audit committee of the Board (the "**Audit Committee**") in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and with written terms of reference in compliance with the CG Code. The primary duties of the Audit Committee are to make recommendations to the Board on appointment or re-appointment and removal of external auditor; review financial statements of our Company and judgments in respect of financial reporting; and oversee the effectiveness of the procedures of the risk management and internal control procedures of the Group.

The Audit Committee currently consists of all three of our independent non-executive Directors, namely Mr. Choy Hiu Fai Eric, Mr. Lei For and Mr. Lai Wai Ming. Mr. Choy Hiu Fai Eric is the chairman of the Audit Committee and holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules.

The terms of reference of the Audit Committee are posted on the websites of the Stock Exchange and the Company. The unaudited condensed consolidated results of the Group for the Relevant Period had been reviewed by the Audit Committee, which was of the opinion that the unaudited condensed consolidated results have been prepared in compliance with the applicable accounting standards and the GEM Listing Rules, and that adequate disclosures have been made.

## PRINCIPAL RISKS AND UNCERTAINTIES

The management of the Company considers that the following are the principal risks and uncertainties faced by the Group:

- (i) the outbreak of any pandemic such as COVID-19 pandemic could adversely affect the Group's business operations and financial performance;
- (ii) the business of the Group relies on successful tenders and any failure of the Group to secure tender contracts would affect the operations and financial results of the Group;
- (iii) erroneous or inaccurate estimation of project duration and the costs involved for the determination of tender price may adversely affect the profitability and financial performance of the Group;
- (iv) the Group's historical revenue and profit margin may not be indicative of its future revenue and profit margin; and
- (v) any delay or defects of the works of the suppliers and subcontractors of the Group would adversely affect its operations and financial results.

For other risks and uncertainties facing the Group, please refer to the section headed “Risks Factors” in the prospectus of the Company dated 12 February 2018.

By order of the Board  
**Wing Fung Group Asia Limited**  
**Chung Chi Keung**  
*Chairman, Chief Executive Officer  
and Executive Director*

Hong Kong, 6 May 2022

*As at the date of this report, the executive Directors are Mr. Chung Chi Keung and Ms. Lai Suk Fan; and the independent non-executive Directors are Mr. Choy Hiu Fai Eric, Mr. Lei For and Mr. Lai Wai Ming.*

*This report will remain on the “Latest Listed Company Information” page of GEM website at [www.hkgem.com](http://www.hkgem.com) for at least seven days from the date of its posting. This report will also be published and remained on the Company’s website at [www.wingfunggroup.com](http://www.wingfunggroup.com).*