Win Win Way Construction Holdings Ltd.
恒誠建築控股有限公司
(Incorporated in Cayman Islands with limited liability)
(Stock Code: 994)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

ANNUAL RESULTS

The Board (the "Board") of directors (the "Directors") of Win Win Way Construction Holdings Ltd. (the "Company") announces the audited consolidated annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2018, together with comparative figures for the year ended 31 December 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

(Expressed in Hong Kong Dollars)

	Note	2018 *$'000*	2017 *$'000* *(Note)*
Revenue	*3*	**610,761**	821,907
Direct costs		**(524,319)**	(707,997)
Gross profit		**86,442**	113,910
Other income	*4*	**2,289**	301
General and administrative expenses		**(63,041)**	(81,365)
Profit from operations		**25,690**	32,846
Finance costs		**(3,821)**	(1,640)
Profit before taxation		**21,869**	31,206
Income tax	*5(a)*	**(4,475)**	(8,319)
Profit for the year		**17,394**	22,887
Other comprehensive income for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of financial statements of subsidiaries outside Hong Kong		**(1,084)**	(1)
Profit and total comprehensive income for the year		**16,310**	22,886
Earnings per share (Hong Kong cents)			
Basic and diluted	*6*	**3.07**	5.17

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2(c).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

(Expressed in Hong Kong Dollars)

	Note	2018	2017
		$'000	*$'000*
			(Note)
Non-current assets			
Property, plant and equipment		**8,122**	5,267
Goodwill		**21,670**	–
Deferred tax assets		**313**	648
		30,105	5,915
Current assets			
Contract assets		**336,737**	–
Gross amounts due from customers for contract work		**–**	215,927
Trade and other receivables	*7*	**165,503**	171,774
Cash and bank balances		**52,520**	56,051
		554,760	443,752
Current liabilities			
Contract liabilities		**5,238**	–
Gross amounts due to customers for contract work		**–**	11,597
Trade and other payables	*8*	**119,955**	130,709
Amounts due to related parties		**–**	4,345
Obligations under finance leases		**3,005**	6,674
Bank loans and overdrafts		**80,890**	50,996
Tax payable		**7,448**	3,310
		216,536	207,631

	Note	2018	2017
		$'000	$'000 (Note)
Net current assets		**338,224**	236,121
Total assets less current liabilities		**368,329**	242,036
Non-current liabilities			
Loans from related parties		**20,888**	–
Obligations under finance leases		**4,555**	2,461
		25,443	2,461
NET ASSETS		**342,886**	239,575
CAPITAL AND RESERVES			
Share capital		**6,120**	5,120
Reserves		**336,766**	234,455
TOTAL EQUITY		**342,886**	239,575

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2(c).

NOTES TO THE ANNUAL RESULTS ANNOUNCEMENT

(Expressed in Hong Kong dollars)

1 General information

Win Win Way Construction Holdings Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") are principally engaged in the provision of construction and related services, which mainly included (a) foundation works and ancillary services and general building works; (b) sales of piles; and (c) construction of solar power plants and sales of electricity. The Company was incorporated in the Cayman Islands on 5 October 2015 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 17 July 2017 (the "Listing").

The annual results set out in this announcement do not constitute the Group's financial statements for the year ended 31 December 2018 but are extracted from those financial statements.

2 Significant accounting policies

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (''HKICPA''), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the financial statements.

(b) Basis of preparation and presentation

The consolidated financial statements for the year ended 31 December 2018 comprise the Company and its subsidiaries.

Pursuant to a group reorganisation completed on 23 June 2017 (the "Reorganisation"), the Company became the holding company of the companies now comprising the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 30 June 2017 (the "Prospectus").

The Group's businesses were conducted principally through Win Win Way Construction Co., Limited ("WWWC"), Smart City Engineering Limited ("SCE"), Win Win Way Materials Supply Limited ("WWWM") and Win Win Way Construction Co., (Saipan) Inc. ("WWWC (Saipan)"). Prior to the Reorganisation, WWWC and WWWM were wholly-owned by Win Win Way Holdings Limited ("WWWH") and WWWC (Saipan) was wholly-owned by Moral Grace Investment Limited ("MGIL"). WWWH and SCE were owned as to 33.33% by Mr. Kan Hou Sek, Jim ("Mr. Kan"), 33.33% by Mr. Lee Sai Man ("Mr. Lee") and 33.33% by Mr. Wong Siu Kwai ("Mr. Wong") and MGIL was held by Cheung Yuk Kwan on trust which was owned as to 33.33% by Mr. Kan, 33.33% by Mr. Lee and 33.33% by Mr. Wong. Mr. Kan, Mr. Lee and Mr. Wong are collectively the "Controlling Shareholders" and were acting in concert during the current and prior periods.

The companies that took part in the Reorganisation were controlled by the Controlling Shareholders before and after the Reorganisation. As the control is not transitory and, consequently, there was a continuation of risks and benefits to the Controlling Shareholders, the Reorganisation is considered to be a restructuring of entities under common control. The financial information before the completion of the Reorganisation has been prepared using the merger basis of accounting as if the Group has always been in existence.

(c) ***Changes in accounting policies***

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

– *HKFRS 9, Financial instruments*

– *HKFRS 15, Revenue from contracts with customers*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The Group has been impacted by HKFRS 9 in relation to classification of financial assets and measurement of credit losses, and impacted by HKFRS 15 in relation to timing of recognition of contract costs and presentation of contract assets and contract liabilities. Details of the change in accounting policies are disclosed in note 2(c)(i) for HKFRS 9 and note 2(c)(ii) for HKFRS 15. Under the transition methods chosen, the Group recognises cumulative effect of the initial application of HKFRS 9 and HKFRS 15 as an adjustment to the opening balance of equity at 1 January 2018, comparative information is not restated.

(i) *HKFRS 9, Financial instruments*

HKFRS 9 replaces HKAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, comparative information continues to be reported under HKAS 39.

The following table summarises the impact of transition to HKFRS 9 on retained profits and the related tax impact at 1 January 2018.

	$'000
Retained profits	
Recognition of additional expected credit losses on:	
– financial assets measured at amortised cost	(1,805)
– contract assets	(626)
Related tax	401
Net decrease in retained profits at 1 January 2018	(2,030)

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

a. *Classification of financial assets and financial liabilities*

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss ("FVPL"). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Under HKFRS 9, the classification for all the Group's financial assets and financial liabilities measured at amortised cost remain the same. The carrying amounts for all financial liabilities at 1 January 2018 have not been impacted by the initial application of HKFRS 9.

b. Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the "expected credit loss" ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to the following items:

– financial assets measured at amortised cost (including cash and cash equivalents and trade and other receivables);

– contract assets as defined in HKFRS 15;

The following table reconciles the closing loss allowance determined in accordance with HKAS 39 as at 31 December 2017 with the opening loss allowance determined in accordance with HKFRS 9 as at 1 January 2018.

	$'000
Loss allowance at 31 December 2017 under HKAS 39	–
Additional credit loss recognised at 1 January 2018 on:	
– Trade and other receivables	1,805
– Contract assets recognised on adoption of HKFRS 15	626
Loss allowance at 1 January 2018 under HKFRS 9	2,431

(ii) HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2018. Therefore, comparative information has not been restated and continues to be reported under HKAS 11 and HKAS 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 January 2018.

The following table summarises the impact of transition to HKFRS 15 on retained profits and the related tax impact at 1 January 2018:

	$'000
Retained profits	
Change in timing of contract costs recognition for construction contracts	7,529
Related tax	(1,242)
Net increase in retained profits at 1 January 2018	6,287

Further details of the nature and effect of the changes to previous accounting policies are set out below:

a. Timing of revenue recognition

Previously, revenue arising from construction contracts was recognised over time, whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

B. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

C. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from construction contracts and sales of piles.

b. Timing of recognition of contract costs

Under HKFRS 15, if the costs incurred in fulfilling a contract with a customer are not within the scope of another standard, assets shall only be recognised if the costs incurred (i) relate directly to a contract or an anticipated contract that can be specifically identified; (ii) generate or enhance resources of the entity that will be used in satisfying performance obligations in the future; and (iii) are expected to be recovered. Costs that relate to satisfied performance obligations (or partially satisfied performance obligations) in the contracts and costs for which an entity cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations shall be expensed as incurred under HKFRS 15.

Previously, contract costs of the Group were recognised by reference to the stage of completion of the contract, which was measured with reference to the progress certificates issued by the customers or the progress payment applications submitted to the customers. Contract costs were deferred or accrued to report a consistent margin percentage over the term of a contract. Under HKFRS 15, contract costs that related to satisfied performance obligations are expensed as incurred.

As a result of this change in accounting policy, the Group had made adjustments to opening balances at 1 January 2018 which increased retained profits by $6,287,000, increased contract assets by $8,047,000, increased contract liabilities by $518,000 and increased tax payable by $1,242,000.

c. Presentation of contract assets and liabilities

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before receiving the consideration or being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Previously, contract balances relating to construction contracts in progress were presented in the statement of financial position under "gross amounts due from customers for contract work" or "gross amounts due to customers for contract work" respectively. Receivables for which the Group's entitlement to the consideration was conditional on achieving certain milestones or satisfactory completion of the retention period were presented in the statement of financial position as "retentions receivable" under "trade and other receivables".

To reflect these changes in presentation, the Group has made the following adjustments at 1 January 2018, as a result of the adoption of HKFRS 15:

(i) "Gross amounts due from customers for contract work" and "retentions receivable" under "trade and other receivables" amounting to $215,927,000 and $71,280,000 respectively, are now included under contract assets;

(ii) "Gross amounts due to customers for contract work" amounting to $11,597,000 is now included under contract liabilities; and

(iii) As explained in (b) above, adjustments to opening balances have been made to increase contract assets by $8,047,000 and increase contract liabilities by $518,000.

d. Disclosure of the estimated impact on the amounts reported in respect of the year ended 31 December 2018 as a result of the adoption of HKFRS 15 on 1 January 2018

The following tables summarise the estimated impact of adoption of HKFRS 15 on the Group's consolidated financial statements for the year ended 31 December 2018, by comparing the amounts reported under HKFRS 15 in the consolidated financial statements with estimates of the hypothetical amounts that would have been recognised under HKAS 18 and HKAS 11 if those superseded standards had continued to apply to 2018 instead of HKFRS 15. These tables show only those line items impacted by the adoption of HKFRS 15:

	Amounts reported in accordance with HKFRS 15	**Hypothetical amounts under HKASs 18 and 11**	**Difference: Estimated impact of adoption of HKFRS 15 on 2018**
	(A)	(B)	(A)-(B)
	$'000	*$'000*	*$'000*
Line items in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018 impacted by the adoption of HKFRS 15:			
Direct costs	(524,319)	(556,210)	31,891
Gross profit	86,442	54,551	31,891
Profit/(loss) from operations	25,690	(6,201)	31,891
Profit/(loss) before taxation	21,869	(10,022)	31,891
Income tax (expense)/credit	(4,475)	787	(5,262)
Profit/(loss) for the year	17,394	(9,235)	26,629
Profit/(loss) and total comprehensive income for the year	16,310	(10,319)	26,629
Earnings/(loss) per share (Hong Kong cents)			
Basic and diluted	3.07	(1.63)	4.70

	Amounts reported in accordance with HKFRS 15	Hypothetical amounts under HKASs 18 and 11	Difference: Estimated impact of adoption of HKFRS 15 on 2018
	(A)	(B)	(A)-(B)
	$'000	*$'000*	*$'000*
Line items in the consolidated statement of financial position as at 31 December 2018 impacted by the adoption of HKFRS 15:			
Deferred tax assets	313	3,388	(3,075)
Total non-current assets	30,105	33,180	(3,075)
Contract assets	336,737	–	336,737
Gross amounts due from customers for contract work	–	233,060	(233,060)
Trade and other receivables	165,503	231,726	(66,223)
Total current assets	554,760	517,306	37,454
Contract liabilities	5,238	–	5,238
Gross amounts due to customers for contract work	–	7,204	(7,204)
Tax payable	7,448	4,019	3,429
Total current liabilities	216,536	215,073	1,463
Net current assets	338,224	302,233	35,991
Total assets less current liabilities	368,329	335,413	32,916
Net assets	342,886	309,970	32,916
Reserves	336,766	303,850	32,916
Total equity	342,886	303,970	32,916

3 Revenue and segment information

(a) Revenue

Revenue represents revenue from construction contracts earned, sales of piles and sales of electricity during the year.

	2018	2017
	$'000	*$'000*
Disaggregation of revenue		
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Revenue from construction contracts	**544,145**	754,203
– Sales of piles	**65,834**	67,704
– Sales of electricity	**782**	–
	610,761	821,907

Note: The Group has initially applied HKFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated and was prepared in accordance with HKAS 18 and HKAS 11 (see note 2(c)(ii)).

(b) Segment information

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

– Construction contracts: this segment provides foundation and general building works to customers in Hong Kong and Saipan.

– Sales of piles: this segment covers sales of piles to customers in Hong Kong.

– Construction of solar power plants and sales of electricity: this segment covers construction of solar power plants and sales of electricity in the People's Republic of China ("PRC").

(i) Segment results, assets and liabilities

For the purpose of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all current and non-current assets with the exception of deferred tax assets (if any) and other corporate assets. Segment liabilities include all current and non-current liabilities with the exception of deferred tax liabilities (if any) and other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments. The measure used for reporting segment profit is profit before taxation except that unallocated corporate expenses are excluded from this measurement.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the year is set out below:

		2018		
	Construction contracts	**Sales of piles**	**Construction of solar power plants and sales of electricity**	**Total**
	$'000	***$'000***	***$'000***	***$'000***
Revenue from external customers	**544,145**	**65,834**	**782**	**610,761**
Reportable segment revenue	**544,145**	**65,834**	**782**	**610,761**
Reportable segment profit	**20,408**	**9,875**	**(709)**	**29,574**
Interest expenses	**3,657**	**–**	**164**	**3,821**
Depreciation for the year	**1,076**	**–**	**6**	**1,082**
Reportable segment assets	**578,461**	**16,709**	**30,543**	**625,713**
Additions to non-current segment assets during the year	**324**	**–**	**29,518**	**29,842**
Reportable segment liabilities	**244,934**	**4,077**	**33,067**	**282,078**

	2017		
	Construction contracts	Sales of piles	Total
	$'000	*$'000*	*$'000*
Revenue from external customers	754,203	67,704	821,907
Reportable segment revenue	754,203	67,704	821,907
Reportable segment profit	49,257	5,848	55,105
Interest expenses	1,640	–	1,640
Depreciation for the year	720	–	720
Reportable segment assets	448,883	6,984	455,867
Additions to non-current segment assets during the year	976	–	976
Reportable segment liabilities	213,236	2,698	215,934

(ii) Reconciliation of reportable segment profit

	2018	2017
	$'000	*$'000*
Reportable segment profit	**29,574**	55,105
Unallocated corporate expenses	**(7,705)**	(23,899)
Consolidated profit before taxation	**21,869**	31,206

(iii) Reconciliation of reportable segment assets and liabilities

	2018	2017
	$'000	*$'000*
Assets		
Reportable segment assets	**625,713**	455,867
Other corporate assets	**–**	–
Elimination of inter-segment receivables	**(41,161)**	(6,848)
	584,552	449,019
Deferred tax assets	**313**	648
Consolidated total assets	**584,865**	449,667

	2018	2017
	$'000	*$'000*
Liabilities		
Reportable segment liabilities	**282,078**	215,934
Other corporate liabilities	**1,062**	1,006
Elimination of inter-segment payables	**(41,161)**	(6,848)
Consolidated total liabilities	**241,979**	210,092

(iv) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment and goodwill ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment, and the location of the operation to which they are allocated, in the case of goodwill.

Revenue from external customers:

	2018	2017
	$'000	*$'000*
Hong Kong (place of domicile)	**370,961**	662,768
Saipan	**239,018**	159,139
PRC	**782**	–
	610,761	821,907

Physical location of the specified non-current assets:

	2018	2017
	$'000	*$'000*
Hong Kong (place of domicile)	**1,557**	2,570
Saipan	**277**	2,697
PRC	**27,958**	–
	29,792	5,267

4 Other income

	2018	2017
	$'000	*$'000*
Rental income from lease of machinery	**375**	180
Gain on disposal of property, plant and equipment	**1,441**	–
Exchange gain/(loss)	**107**	(149)
Others	**366**	270
	2,289	301

5 Income tax

(a) Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	2018	2017
	$'000	*$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**3,739**	9,171
Deferred tax		
Origination and reversal of temporary differences	**736**	(852)
	4,475	8,319

Notes:

(i) Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and British Virgin Islands.

(ii) The provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the year.

(iii) No provision for taxation outside Hong Kong as the Group's subsidiaries outside Hong Kong either did not have assessable profits or have tax credits in excess of assessable profits during the year in the relevant jurisdiction.

6 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of $17,394,000 (2017: $22,887,000) and the weighted average of 566,794,521 ordinary shares for the year ended 31 December 2018 (2017: 442,915,068 ordinary shares on the assumption that the Reorganisation and the capitalisation issue, had been completed on 1 January 2017).

(b) Diluted earnings per share

There were no potential dilutive shares in existence during the years ended 31 December 2018 and 2017 and, therefore, diluted earnings per share are the same as the basic earnings per share.

7 Trade and other receivables

	31 December 2018	**1 January 2018**	31 December 2017
	$'000	***$'000***	*$'000*
Trade debtors, net of loss allowance	**93,405**	**58,987**	59,101
Deposits, prepayments and other receivables	**52,267**	**13,858**	13,858
Retentions receivable, net of loss allowance *(notes (i), and (ii))*	**19,831**	**25,844**	98,815
	165,503	**98,689**	171,774

Notes:

(i) Upon the adoption of HKFRS 15, some of the retentions receivable, for which the Group's entitlement to the consideration was conditioned on achieving certain milestones or satisfying completion of the retention period, were reclassified from "Trade and other receivables" to "Contract assets" (see note 2(c)(ii)).

(ii) Upon the adoption of HKFRS 9, an opening adjustment as at 1 January 2018 was made to recognise additional ECLs on trade debtors and retentions receivable (see note 2(c)(i)).

(a) Ageing analysis

Included in trade and other receivables are trade debtors, based on invoice date (net of loss allowance) with the following ageing analysis at the end of the reporting period:

	2018	2017
	$'000	*$'000*
Within 1 month	**27,342**	10,605
1 to 2 months	**3,658**	2,200
2 to 3 months	**4,872**	–
Over 3 months	**57,533**	46,296
	93,405	59,101

Trade debtors are normally due within 0–60 days from invoice date.

8 Trade and other payables

	2018	2017
	$'000	*$'000*
Trade creditors	**52,386**	86,892
Other payables and accruals	**40,252**	22,744
Retentions payable	**27,317**	21,073
	119,955	130,709

Included in trade and other payables are trade creditors, based on invoice date, with the following ageing analysis at the end of the reporting period:

	2018	2017
	$'000	*$'000*
Within 1 month	**11,960**	43,991
1 to 2 months	**9,562**	14,137
2 to 3 months	**8,751**	7,228
Over 3 months	**22,113**	21,536
	52,386	86,892

9 Dividend

The directors did not propose the payment of a dividend by the Company for the years ended 31 December 2018 and 2017.

10 Contingent liabilities

(a) At 31 December 2018, the Group had contingent liabilities in respect of performance bonds to guarantee the due and proper performance of the obligations undertaken by the Group's subsidiaries for projects amounting to $31,097,500 (2017: $64,667,500).

(b) In 2012, WWWC set up an arrangement with a third party to jointly undertake a construction project with a contract sum of $270,000,000. Pursuant to the requirements of the construction contract (the "Contract"), WWWC and the third party entered into an agreement with the customer to jointly and severally guarantee the due and proper performance of the Contract and thus the Group had contingent liabilities in this respect as at 31 December 2018. Given the defect liability period for the Contract had expired in October 2015 and no claims were received from the customer up to the date of approval of these financial statements, the directors do not consider it is probable that a claim would be made against the Group and no provision has been made in the financial statements.

11 Event after the reporting period

The Company has undergone a change in its controlling shareholders upon completion of share purchase agreement dated 25 January 2019 entered into between Condover Assets Limited as vendors, Mr. Kan, Mr. Lee and Mr. Wong as guarantors and CT Vision Investment Limited as purchaser for acquiring 312,120,000 ordinary shares of the Company, representing 51% of the then entire issued share capital of the Company. The transaction contemplated under the aforesaid share purchase agreement was completed on 19 February 2019 and CT Vision Investment Limited became the immediate parent and ultimate controlling party of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The principal activities of the Group are the provision of construction services and related services which mainly include (a) foundation works and ancillary services and general building works; (b) sales of piles; and (c) construction of solar power plants and sales of electricity.

In October 2014, the Group entered into a construction contract in Saipan as main contractor, providing foundation works and ancillary services and general building works ("Saipan Project"), which is a construction project of a resort hotel located at San Antonio, Saipan, Commonwealth of the Northern Mariana Islands ("CNMI"). The foundation works lasted from May 2015 to October 2015. The general building works commenced in May 2016 and was preliminary expected to complete in or around February 2018. However, due to (i) the inclement weather; (ii) change of policy on worker visa application, such that a substantial number of workers could not obtain the necessary work permit to carry out the work in Saipan; and (iii) change in design as instructed by the customer, and permit for this work not having been obtained, the progress of the Saipan Project was hindered. On 19 March 2018, the customer has issued a letter to us indicating its agreement to our application for extension of time and the completion date of the Saipan Project was extended to February 2019. During the year ended 31 December 2018 and up to the date of this results announcement, the aforementioned factors are still affecting the progress of the Saipan Project. The Saipan Project is now expected to complete in December 2019 and the Board will continue to closely monitor the progress of the project. Since the delay was not due to factors attributable to the fault of our Group, we have delivered the notification of delay to the customer.

Construction services

As at 31 December 2018, the Group had a total of 8 contracts (2017: 18 contracts) on hand (including contracts in progress and contracts yet to be commenced). The amount of contact sum yet to be recognised as at 31 December 2018 amounted to approximately HK$386.0 million (2017: HK$708.8 million).

Foundation Works and Ancillary Services

Foundation works mainly include mini-piling, percussive piling, rock socketed in steel H-pile and bored pile, together with construction of pile caps. Ancillary services mainly include site formation and demolition works, for example, clearance of the site, excavation, demolition of a building or any substantial part of a building.

During the year ended 31 December 2018, there were 16 (2017: 44) foundation works and ancillary services projects contributing revenue of approximately HK$102.7 million (2017: HK$131,3 million) to this business stream.

General Buildings Works

General building works mainly include structural alteration and additional works, development of superstructures such as entire dwelling, office buildings, stores, public utility buildings, farm buildings, etc.

During the year ended 31 December 2018, there were 11 (2017: 11) general building works projects contributing revenue of approximately HK$441.4 million (2017: HK$622.9 million) to this business stream.

Sales of Piles

The piles are manufactured and supplied by 廣州羊城管樁有限公司 (“GZYC”), the related party of the Company. Win Win Way Materials Supply Limited (“WWW Materials”), the indirect wholly owned subsidiary of the Company, has been granted the exclusive distribution right by GZYC for its pile products in Hong Kong from August 2010 to July 2020. The piles sourced from GZYC are “YANGCHENG” precast prestressed concrete piles (the “PHC Piles”).

2017 PHC Piles Purchase Agreement

On 1 March 2017 and 24 June 2017, WWW Materials entered into a purchase agreement and a supplemental purchase agreement, respectively (collectively, the "2017 PHC Pile Purchase Agreement"), with GZYC pursuant to which the WWW Materials agreed to make a one-off purchase of a total of 164,000 meters of PHC Piles of four different specifications and 4,500 units of steel cross shoes from GZYC to satisfy our Hong Kong customers' demand.

In light of the delays in certain projects of the Group's customers, WWW Materials and GZYC have agreed to extend the expiry date of the 2017 PHC Piles Purchase Agreement from 31 December 2017 to 30 June 2018 by entering into the supplemental 2017 PHC Piles Purchase Agreement dated 15 November 2017.

2018 PHC Piles Purchase Agreement

On 15 November 2017 and 8 December 2017, WWW Materials entered into a purchase agreement and a supplemental purchase agreement, respectively (collectively, the "2018 PHC Pile Purchase Agreement"), with GZYC pursuant to which the WWW Materials agreed to make a one-off purchase of a total of 106,000 meters of PHC Piles of four different specifications and 3,600 units of steel cross shoes from GZYC.

During the year ended 31 December 2018, sales of piles contributed approximately HK$65.8 million (2017: HK$67.7 million) revenue to the Group.

Sales of Electricity

The acquisition of 100% equity interest of TIEN New Energy Development Limited ("TIEN New Energy") was completed on 6 July 2018. TIEN New Energy is an investment holding company and its subsidiaries are principally engaged in engineering development and qualified form main engineering, procurement and construction ("EPC") in electric power projects in the PRC with a focus in application of renewable energy in the construction sector of the PRC.

During the year ended 31 December 2018, sales of electricity contributed approximately HK$0.8 million revenue to the Group. As at the date of this results announcement, the Group had a total 5 contracts on hand (including contracts in progress and contracts yet to be commenced) and the relevant awarded contract sum of these contracts on hand amounted to approximately RMB201.0 million.

FINANCIAL REVIEW

During the year ended 31 December 2018, we completed 9 projects involving foundation works and ancillary services, and 6 projects involving general building works.

For the year ended 31 December 2018, the Group's revenue amounted to approximately HK$610.8 million (2017: HK$821.9 million). The decrease was mainly attributable to (i) the number of projects on hand decreased to 8 as at 31 December 2018 (2017: 18); and (ii) only 5 foundation work and ancillary services projects awarded during the year.

Due to the decrease in number of new projects awarded in 2018, the Group's gross profit decreased from approximately HK$113.9 million during the year ended 31 December 2017 to approximately HK$86.4 million during the year ended 31 December 2018. But the Group's gross profit margin slightly increased from approximately 13.9% during the year ended 31 December 2017 to approximately 14.2% during the year ended 31 December 2018. The Directors consider that the overall gross profit margin has been maintained at a healthy position throughout the year.

General and administrative expenses (the "G&A Expenses") primarily comprise staff costs, business development expenses, transportation expenses, depreciation, bank charges, office expenses and professional charges. The G&A Expenses for the year decreased by HK$18.4 million to approximately HK$63.0 million, compared with approximately HK$81.4 million in last year, which was mainly due to the non-recurring listing expenses of approximately HK$17.3 million incurred in last year.

As a result, profit for the year decreased to approximately HK$17.4 million, representing a decrease of approximately 24.0% over the corresponding period of approximately HK$22.9 million in 2017.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	As at 31 December 2018	As at 31 December 2017
Current ratio[1]	**2.6**	2.1
Gearing ratio (%)[2]	**31.9**	25.1
Net debt to equity ratio (%)[3]	**16.6**	1.7
Interest coverage ratio[4]	**6.7**	20.0

Notes:

1. Current ratio based on the total current assets divided by the total current liabilities.

2. Gearing ratio based on the total debt (which includes bank loans and overdrafts, obligations under finance leases and loans from related parties) divided by total equity and multiplied by 100%.

3. Net debt to equity ratios based on net debts (which include bank loans and overdrafts, obligations under finance leases and loan from related parties less cash and bank balances) divided by total equity and multiplied by 100%

4. Interest coverage based on the profit before taxation and interest divided by the total interest expenses incurred.

Current ratio increased from 2.1 as at 31 December 2017 to 2.6 as at 31 December 2018, as a result of increase in contract assets. Gearing ratio increased from 25.1% as at 31 December 2017 to 31.9% as at 31 December 2018, mainly due to the effect of increased in bank loans and overdrafts and loans from related parties larger than the effect of increased in equity. Net debt to equity ratio increased from 1.7% as at 31 December 2017 to 16.6% as at 31 December 2018, mainly due to the increase in bank loans and loan from related parties. Interest coverage ratio decreased from 20.0 as at 31 December 2017 to 6.7 as at 31 December 2018, mainly due to increase in bank loans and decrease in profit from operations.

As at 31 December 2018, the Group had cash and bank balances of approximately HK$52.5 million (31 December 2017: HK$56.1 million). The Group expected to fund the future cash flow needs through internally generated cash flows from operations, bank facilities and equity financing.

The capital structure of the Group consisted of equity of approximately HK$342.9 million and debts (bank loans, obligations under finance leases and loans from related parties) of approximately HK$109.3 million as at 31 December 2018.

The Group adopts a prudent approach in cash management. Apart from certain debts including bank loans, obligations under finance leases and the loans from related parties, the Group did not have any material outstanding debts as at 31 December 2018. In any case, the Group may utilise its banking facilities of HK$110.0 million, of which approximately HK$10.3 million remain unused as at 31 December 2018. As at 31 December 2018, the finance lease of a solar power plant granted to the Group was secured by the trade receivables in relation to sales of electricity amounted to HK$141,000 and registered capital of a wholly-owned subsidiary amounted to RMB10 million.

USE OF NET PROCEEDS

Net proceeds from the Listing

The table below sets out the proposed applications of the net proceeds and actual usage up to 31 December 2018.

	Proposed application *HK$'million*	**Actual usage up to 31 December 2018** *HK$'million*
Strengthen our Hong Kong market position to capture profitable projects	39.8	39.8
General working capital	7.3	7.3
	47.1	47.1

Net proceeds from the placing under general mandate

On 23 May 2018, the Company and the placing agent entered into the placing agreement, pursuant to which the Company has appointed the placing agent to procure, on a best effort basis, the placees to subscribe for the placing shares at a price of HK$0.84 per share.

On 13 June 2018, all the conditions set out in the placing agreement have been fulfilled and the placing has become unconditional. On 15 June 2018, 100,000,000 shares were issued at subscription price of HK$0.84 each and the Company received net proceeds of approximately HK$81.3 million (after deducting issuing expenses). The table below sets out the proposed applications of the net proceeds and actual usage up to 31 December 2018:

	Proposed application	**Actual usage up to 31 December 2018**	**Remaining balance**
	HK$'million	*HK$'million*	*HK$'million*
Settlement of consideration of the potential acquisition	20.0	20.0	–
General working capital	61.3	27.5	33.8
	81.3	47.5	33.8

EMPLOYEES

The Group had 160 employees as at 31 December 2018. The Group offers competitive remuneration package that is based on overall market rates and employee performance, as well as performance of the Group. Remuneration package is comprised of salary, performance-based bonus, and other benefits including training and provident funds.

CAPITAL COMMITMENTS

The Group had no capital commitments as at 31 December 2018.

CHARGES ON GROUP ASSETS

As at 31 December 2018, the Group had obligations under finance leases of approximately HK$7.6 million (31 December 2017: HK$9.1 million). The Group's obligations under finance leases are secured by the lessors' charge over the leased assets with net book values of HK$6.1 million as at 31 December 2018 (31 December 2017: HK$0.1 million). In addition, as at 31 December 2018, bank deposits of HK$50.0 million (31 December 2017: HK$36.3 million) were pledged to secure the banking facilities granted to the Group. As at 31 December 2018, the finance lease of a solar power plant granted to the Group was secured by the trade receivables in relation to sales of electricity amounted to HK$141,000 and registered capital of a wholly-owned subsidiary amounted to RMB10 million.

CONTINGENT LIABILITIES

Save as disclosed in note 10 to this results announcement, the Group had no other contingent liabilities as at 31 December 2018.

FOREIGN EXCHANGE EXPOSURE

The Group has no significant exposure to foreign currency risk as substantially all of the Group's transactions are denominated in Hong Kong dollars, United States dollars ("USD") and Renminbi ("RMB"). In this respect, the only risk it is faced arose from exposures mainly to RMB and USD. These risks were mitigated as the Group held Hong Kong dollars, USD and RMB bank accounts to finance transactions denominated in these currencies respectively.

As at 31 December 2018, the Group does not have a foreign currency hedging policy in respect of its foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

LEASE COMMITMENTS

The Group leases office premises and warehouses under non-cancellable operating lease agreements. The lease terms are 1 to 20 years and the lease arrangements are renewable at the end of the lease period at market rate.

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

Acquisition of TIEN New Energy and its subsidiaries (collectively, "TIEN New Energy Group")

Reference is made to the announcements of the Company dated 23 May 2018 (the "Announcement"), 6 June 2018 and 12 June 2018. Unless otherwise defined, terms used herein still have the same meanings as those defined in the Announcement.

On 23 May 2018, the Vendor and the Company entered into a non-legal binding MOU in relation to the Potential Acquisition. The MOU is subject to, among others, the execution of the Formal Agreement.

The Vendor and the Purchaser entered into the Formal Agreement on 20 June 2018. All conditions precedent under the Formal Agreement have been fulfilled and completed and the acquisition was completed on 6 July 2018. After the completion, TIEN New Energy became an indirect wholly-owned subsidiary of the Company. The TIEN New Energy Group is principally engaged in engineering development and qualified for main EPC in electric power projects in the PRC with a focus in application of renewable energy in the construction sector of the PRC.

Save for the aforementioned, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 December 2018.

SHARE OPTIONS

Written resolutions of the sole shareholder were passed on 23 June 2017 to adopt the share option scheme (the "Scheme"). No share options have been granted, exercised or cancelled under the Scheme since its adoption date and up to the date of this results announcement. The Scheme will remain in force for a period of 10 years after the date of adoption.

EVENT AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in this results announcement, there is no material subsequent event undertaken by the Company or by the Group after 31 December 2018 and up to the date of this results announcement.

PROSPECTS

Due to severe price competition for tenders in Hong Kong construction market, the Group expects its profit margin to remain substantially suppressed. The Group will use its best endeavor to bid for new projects, but before landing major profitable projects, it expects to operate in an even tougher environment in the coming financial year, during which the results could possibly be worsen.

On the other hand, the Group believe that acquisition of TIEN New Energy providing a stepping stone for the Group to develop construction business in the PRC and tapping into China's energy efficiency market through energy performance contracting construction for buildings and infrastructures. In the long run, the Directors are of the view that the acquisition of TIEN New Energy will enrich the earning base of the Group by introducing an additional income stream.

DIVIDEND

The Directors do not propose the payment of a final dividend for the year ended 31 December 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2018.

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2018, the Company has complied with all the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules, except for:

(a) Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

    The Company did not officially have a chief executive. The daily management of the Group's business is handled by the executive Directors. The Board believes that the present arrangement is adequate to ensure an effective management and control of the Group's business operations. The Board will continue to review the effectiveness of the Group's structure as business continues to grow and develop in order to assess whether any changes, including the appointment of chief executive, if necessary.

(b) Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting.

    Due to the health reason, Mr. Lee Kai Lun has not attended the annual general meeting on 12 June 2018 and Dr. Kan was elected as chairman of the said meeting.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules upon the Listing. All the Directors confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 December 2018 and up to the date of this results announcement in response to the specific enquiry made by the Company.

The Board has established written guidelines no less exacting than the Model Code for relevant employees in respect of their dealings in the securities of the company as required under the CG Code. No incident of non-compliance of such guidelines by the relevant employees was noted by the Company during the year ended 31 December 2018 and up to the date of this results announcement.

AUDIT COMMITTEE REVIEW

The Audit Committee consists of three independent-non-executive Directors and has reviewed the Group's consolidated financial statements for the year ended 31 December 2018.

SCOPE OF WORK OF AUDITOR

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and related notes thereto for the year ended 31 December 2018 as set out in the preliminary announcement have been compared by the Company's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the auditor.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's website at www.winwinway.com.hk and the Stock Exchange's website at www.hkexnews.hk. The 2018 Annual Report will be despatched to shareholders and will also be published on the websites of both the Stock Exchange and the Company in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as its shareholders, business associates and other professional parties for their support throughout the year.

By order of the Board of Directors
Win Win Way Construction Holdings Ltd.
Lee Kai Lun
Chairman

Hong Kong, 29 March 2019

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Lee Kai Lun as Chairman and executive Director; Dr. Kan Hou Sek, Jim, Mr. Lee Sai Man, Mr. Wong Siu Kwai, Mr. Kwong Po Lam and Mr. Guo Jianfeng, as executive Directors; and Mr. Fan Siu Kay, Mr. Leung William Wai Kai and Mr. Lo Chi Leung, as independent non-executive Directors.