# Wah Wo Holdings Group Limited
# 華和控股集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 9938)**

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2020

The board ("**Board**") of directors (the "**Directors**") of Wah Wo Holdings Group Limited (the "**Company**") is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2020, together with the comparative figures for the corresponding period in 2019 as follows:

### FINANCIAL HIGHLIGHTS

1. Revenue was approximately HK$245.5 million for the year ended 31 March 2020, representing an increase of approximately 5.4% as compared with the same period for the year ended 31 March 2019.

2. Gross profit was approximately HK$60.9 million for the year ended 31 March 2020, whereas gross profit was approximately HK$55.9 million for the year ended 31 March 2019.

3. Profit attributable to owners of the Company was approximately HK$27.7 million for the year ended 31 March 2020, representing a decrease of approximately 16.7% as compared with HK$33.2 million for the year ended 31 March 2019.

4. Basic earnings per share amounted to approximately HK3.45 cents for the year ended 31 March 2020 (2019: basic earnings per share: HK4.43 cents).

5. The Board does not recommend the payment of final dividend for the year ended 31 March 2020.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
*Year ended 31 March 2020*

| | Notes | 2020 HK$'000 | 2019 HK$'000 |
|---|---|---|---|
| **REVENUE** | *4* | **245,474** | 232,957 |
| Cost of sales | | **(184,554)** | (177,070) |
| Gross profit | | **60,920** | 55,887 |
| Other income and gain | *4* | **1,265** | 460 |
| Administrative expenses | | **(26,645)** | (15,762) |
| Reversal of impairment loss allowances | | **432** | 608 |
| Finance costs | *5* | **(116)** | (163) |
| **PROFIT BEFORE TAX** | *6* | **35,856** | 41,030 |
| Income tax expense | *7* | **(8,206)** | (7,820) |
| **PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **27,650** | 33,210 |
| **EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY** | | | |
| Basic and diluted | *9* | **HK3.45 cents** | HK4.43 cents |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*31 March 2020*

| | Notes | 2020 HK$'000 | 2019 HK$'000 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | | **872** | 1,097 |
| Right-of-use asset | | **742** | 221 |
| Deposit | | **143** | – |
| Total non-current assets | | **1,757** | 1,318 |
| **CURRENT ASSETS** | | | |
| Contract assets | *10* | **53,441** | 70,652 |
| Trade receivables | *11* | **6,829** | 20,118 |
| Prepayments, deposits and other receivables | | **9,021** | 6,087 |
| Due from a director | | **–** | 5,864 |
| Pledged deposits | | **4,416** | 9,880 |
| Cash and cash equivalents | | **182,117** | 25,155 |
| Total current assets | | **255,824** | 137,756 |
| **CURRENT LIABILITIES** | | | |
| Contract liability | *10* | **–** | 1,247 |
| Trade and retention payables | *12* | **6,927** | 13,255 |
| Other payable and accruals | | **5,236** | 1,863 |
| Interest-bearing bank borrowings | | **–** | 5,864 |
| Lease liability | | **468** | 236 |
| Tax payable | | **109** | 2,297 |
| Provisions for rectification works | | **8,950** | 7,778 |
| Total current liabilities | | **21,690** | 32,540 |
| **NET CURRENT ASSETS** | | **234,134** | 105,216 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **235,891** | 106,534 |
| **NON-CURRENT LIABILITIES** | | | |
| Lease liability | | **279** | – |
| Deferred tax liability | | **95** | 36 |
| Total non-current liabilities | | **374** | 36 |
| Net assets | | **235,517** | 106,498 |
| **EQUITY** | | | |
| Equity attributable to owners of the Company | | | |
| Issued capital | *13* | **10,000** | – |
| Reserves | | **225,517** | 106,498 |
| Total equity | | **235,517** | 106,498 |

## NOTES TO FINANCIAL STATEMENTS

*31 March 2020*

### 1. CORPORATE AND GROUP INFORMATION

Wah Wo Holdings Group Limited (the "**Company**") is a limited liability company incorporated in the Cayman Islands. The principal place of business of the Company is located at Unit 01–02, 20/F., Millennium Trade Centre, No. 56 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the "**Group**") were principally engaged in the provision of aluminium works related services.

Pursuant to the reorganisation (the "**Reorganisation**") of the Group in connection with the listing of the shares on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), as explained in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Group Structure" in the prospectus (the "**Prospectus**") of the Company dated 31 December 2019, the Company became the holding company of the companies now comprising the Group on 3 August 2018.

The shares of the Company were listed on the Main Board of the Stock Exchange on 17 January 2020 (the "**Listing**").

In the opinion of the directors, the immediate and the ultimate holding company of the Company is Ornate Bright Limited, a company incorporated in the British Virgin Islands.

### 2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation of the Company in connection with the Listing, the Company became the holding company of the companies now comprising the Group on 3 August 2018. The companies now comprising the Group were under the common control of Mr. Chen Yuet Wa (the "**Controlling Shareholder**") before and after the Reorganisation. Accordingly, these financial statements have been prepared on a consolidated basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the earliest period presented.

The consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year ended 31 March 2019 included the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the Controlling Shareholder, where this is a shorter period. The consolidated statement of financial position of the Group as at 31 March 2019 was prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the Controlling Shareholder's perspective. No adjustments were made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

All intra-group transactions and balances have been eliminated on consolidation.

### 2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. All HKFRSs effective for the accounting period commencing from 1 April 2019 have been early adopted by the Group in the preparation of the financial statements for the year ended 31 March 2019.

They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand ("**HK$'000**") except when otherwise indicated.

## 3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of aluminium works related services. Information reported to the Group's chief operating decision maker for the purpose of resource allocation and performance assessment is focused 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 further operating segment information is presented.

**Geographical information**

*(a) Revenue from external customers*

All of the Group's revenues from external customers were attributed to Hong Kong based on the location of the services provided.

*(b) Non-current assets*

All of the Group's non-current assets were located in Hong Kong based on the locations of the assets.

**Information about major customers**

Revenue from external customers contributing to 10% or more of the total revenue of the Group is as follows:

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Customer A | **141,921** | 157,043 |
| Customer B | **41,356** | 26,480 |
| Customer C | **N/A*** | 26,105 |

* Less than 10% of revenue

## 4. REVENUE, OTHER INCOME AND GAIN

An analysis of revenue is as follows:

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Revenue from contracts with customers | **245,474** | 232,957 |

**Revenue from contracts with customers**

***(i) Disaggregated revenue information***

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Type of construction services provided** | | |
| Residential | **209,172** | 196,990 |
| Non-residential | **36,302** | 35,967 |
| Total revenue from contracts with customers | **245,474** | 232,957 |
| **Timing of revenue recognition** | | |
| Services transferred over time | **245,474** | 232,957 |

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liability at the beginning of the reporting period:

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Revenue recognised that was included in contract liability at the beginning of the reporting period | | |
| Construction services | **1,247** | – |

*(ii)* ***Performance obligation***

Information about the Group's performance obligation is summarised below:

*Construction services*

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 days from the date of issuance of the payment certificate. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

Unsatisfied performance obligations related to construction contracts:

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Amounts of transaction prices expected to be recognised: | | |
| Within one year | **330,717** | 223,009 |
| After one year | **108,258** | 66,379 |
| | **438,975** | 289,388 |

The amounts of contract sum allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to construction services, of which the performance obligations are to be satisfied within three years. All the other amounts of contract sum allocated to remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

An analysis of other income and gain is as follows:

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Other income and gain** | | |
| Bank interest income | **969** | 154 |
| Gain on disposal of items of property, plant and equipment | **–** | 15 |
| Government grants* | **296** | – |
| Others | **–** | 291 |
| | **1,265** | 460 |

* Government grants were received from The Government of the Hong Kong Special Administrative Region to support the technology upgrades and the operation of the Group. There are no unfulfilled conditions or contingencies relating to the grants.

## 5. FINANCE COSTS

| | 2020 | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interest on bank borrowings | **103** | 150 |
| Interest on lease liability | **13** | 13 |
| | **116** | 163 |

## 6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

| | 2020 | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Contract costs | **184,554** | 177,070 |
| Depreciation of property, plant and equipment | **337** | 349 |
| Depreciation of right-of-use asset | **416** | 379 |
| Lease payments not included in the measurement of lease liabilities | **143** | 132 |
| Reversal of impairment of contract assets, net# | **(280)** | (165) |
| Reversal of impairment of trade receivables, net# | **(152)** | (443) |
| Net provision for rectification works* | **3,065** | 3,489 |
| Gain on disposal of items of property, plant and equipment | **–** | (15) |

* For the year ended 31 March 2020, net provision for rectification works of HK$3,065,000 (2019: HK$3,489,000) is included in contract costs disclosed above.

# Included in "Reversal of impairment loss allowances" in the consolidated statement of profit or loss and other comprehensive income.

## 7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2018/2019. The first HK$2,000,000 of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

| | 2020 | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current — Hong Kong | | |
| Charge for the year | **8,142** | 7,697 |
| Underprovision in prior years | **5** | – |
| Deferred | **59** | 123 |
| Total tax charge for the year | **8,206** | 7,820 |

## 8. DIVIDENDS

The board of directors has resolved not to declare any final dividend by the Company for the year ended 31 March 2020 (2019: Nil).

During the year ended 31 March 2019, subsidiaries of the Company declared interim dividends in total of HK$7,947,000 to the then shareholder.

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK$27,650,000 (2019: HK$33,210,000), and the weighted average number of ordinary shares of 801,913,000 (2019: 750,000,000) in issue during the year, on the assumption that the Reorganisation and the capitalisation issue, as further explained in note 13 to the financial statements in this announcement, had been completed on 1 April 2018.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2020 and 2019.

## 10. CONTRACT ASSETS/(LIABILITY)

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Contract assets | | |
| — Unbilled revenue | **29,585** | 53,046 |
| — Retention receivables | **23,863** | 17,988 |
| | **53,448** | 71,034 |
| Impairment | **(7)** | (382) |
| | **53,441** | 70,652 |
| Contract liability | **–** | (1,247) |

Movements in gross carrying amounts of contract assets:

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| At beginning of the year | **71,034** | 34,118 |
| Additions in contract assets | **40,761** | 62,142 |
| Transfer to trade receivables | **(58,252)** | (25,216) |
| Write-off of contract assets | **(95)** | (10) |
| At end of the year | **53,448** | 71,034 |

Unbilled revenue included in contract assets represents the Group's right to receive consideration for work completed and not yet billed because the rights are conditional upon the quality and quantity check by the customers on the construction work completed by the Group and the work is pending for the certification by the customers. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the time when the Group obtains the certification of the completed construction work from the customers.

Retention receivables included in contract assets represent the Group's right to consideration for work performed but not yet collectible because the rights are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the expiry date of the period for the provision of assurance by the Group on the service quality of the construction work performed by the Group.

The increase/decrease in contract assets as at 31 March 2020 and 2019 was the result of the increase/decrease in the provision of construction services near the end of the year.

The Group's trading terms and credit policy with customers are disclosed in note 11 to the financial statements in this announcement.

The expected timing of recovery or settlement for contract assets is as follows:

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Within one year | **35,449** | 59,830 |
| After one year | **17,992** | 10,822 |
| | **53,441** | 70,652 |

Movements in contract liability:

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| At beginning of the year | **1,247** | – |
| Receipt from a customer | **–** | 1,247 |
| Revenue recognised that was included in the contract liability balance at beginning of the year | **(1,247)** | – |
| At end of the year | **–** | 1,247 |

The contract liability primarily related to the Group's obligation to transfer services to customers for which the Group has received consideration from the customers.

## 11. TRADE RECEIVABLES

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade receivables | **6,832** | 20,273 |
| Impairment | **(3)** | (155) |
| | **6,829** | 20,118 |

Trade receivables represented receivables for contract works. Management generally submits interim payment applications to customers on a monthly basis containing a statement setting out management's estimation of the valuation of the works completed in the preceding month. Upon receiving the interim payment application, the quantity surveyors of the customer will verify such valuation of works completed and issue an interim payment certificate within 30 days. Within 30 days after the issuance of the interim payment certificate, the customer will make payment to the Group based on the certified amount stipulated in such certificate, deducting any retention money in accordance with the contract. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the progress payment certificate date and net of loss allowance, is as follows:

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Within 30 days | **2,515** | 8,660 |
| 31 to 90 days | **2,697** | 11,404 |
| Over 90 days | **1,617** | 54 |
| | **6,829** | 20,118 |

## 12. TRADE AND RETENTION PAYABLES

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade payables | **6,637** | 13,255 |
| Retention payables | **290** | – |
| | **6,927** | 13,255 |

An ageing analysis of the trade and retention payables as at the end of each of the reporting period, based on the date of invoice and payment certificate, is as follows:

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Within 30 days | **5,664** | 11,686 |
| 31 to 90 days | **445** | 1,371 |
| Over 90 days | **528** | 198 |
| | **6,637** | 13,255 |
| Retention payables | **290** | – |
| | **6,927** | 13,255 |

At 31 March 2020, retention payables were expected to be settled within one year.

Trade and retention payables are non-interest-bearing. The payment terms of trade payables are stipulated in the relevant contracts with credit periods of 30 days in general.

## 13. SHARE CAPITAL

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Authorised: | | |
| 10,000,000,000 (2019: 38,000,000) ordinary shares of HK$0.01 each | **100,000** | 380 |
| Issued and fully paid: | | |
| 1,000,000,000 (2019: 3) ordinary shares of HK$0.01 each | **10,000** | – |

A summary of movements in the Company's authorised and issued share capital is as follows:

| | *Notes* | **Number of ordinary shares** | **Nominal value of ordinary shares** *HK$'000* |
|---|---|---|---|
| Authorised: | | | |
| At 18 May 2018 (date of incorporation), at 31 March 2019 and at 1 April 2019 | | 38,000,000 | 380 |
| Increase in authorised share capital | *(a)* | 9,962,000,000 | 99,620 |
| At 31 March 2020 | | 10,000,000,000 | 100,000 |
| Issued and fully paid: | | | |
| At 18 May 2018 (date of incorporation) | | 1 | – |
| Issue of shares | *(b)* | 2 | – |
| At 31 March 2019 and at 1 April 2019 | | 3 | – |
| Capitalisation issue | *(c)* | 749,999,997 | 7,500 |
| Issue of shares under initial public offering | *(d)* | 250,000,000 | 2,500 |
| At 31 March 2020 | | 1,000,000,000 | 10,000 |

(a) On 12 December 2019, the authorised share capital of the Company was increased by HK$99,620,000 by the creation of 9,962,000,000 additional ordinary shares of HK$0.01 each, ranking pari passu in all respects with the existing shares of the Company.

(b) On 3 August 2018, 2 ordinary shares of HK$0.01 each, were alloted and issued by the Company to the Controlling Shareholder at HK$1 per share.

(c) Pursuant to the written resolution of the then sole shareholder of the Company passed on 12 December 2019, 749,999,997 ordinary shares of HK$0.01 each were allotted and issued, credited as fully paid at par, by way of capitalisation from the share premium account to the Controlling Shareholder. The allotment and capitalisation issue were conditional upon the share premium account being credited as a result of the issue of shares in connection with the Company's initial public offering as detailed in note (d) below.

(d) In connection with the Company's initial public offering, 250,000,000 new ordinary shares of HK$0.01 each were issued at a price of HK$0.5 per share on 16 January 2020 for a total cash consideration, before expenses, of approximately HK$125,000,000. Dealing in the shares of the Company on the Stock Exchange commenced on 17 January 2020.

## BUSINESS REVIEW AND OUTLOOK

The Group is an established contractor engaged in façade works with a focus on window in Hong Kong. Façade works can be classified into window, window wall system, curtain wall system and other façade members. We principally provide design and build services for new buildings and renovation services for built premises. Our services generally include developing designs, conducting structural calculations and preparing shop drawings, as well as management and coordination of various aspects of a project which involve procurement of building materials from material suppliers and/or subcontracting of installation works to our subcontractors, on-site project management and post-project completion and maintenance services.

Our design and build services are typically conducted on new buildings and involve the installation of windows and other façade components such as metal doors, louvres, balustrades, grilles and canopy (referred to as "**design and build projects**"). Our renovation services on the other hand are typically conducted on built premises and usually involve the repair, replacement, upgrade or maintenance of windows, metal doors and other façade components (referred to as "**renovation projects**"). We provide design and build services and renovation services for different types of buildings, including residential apartments, commercial buildings, retail premises, universities and hotels in Hong Kong. These different types of buildings can be broadly classified as (i) residential buildings; and (ii) non-residential buildings.

On 17 January 2020 (the "**Listing Date**"), the shares of the Company (the "**Shares**") were successfully listed on the Main Board of the Stock Exchange (the "**Listing**"), making an important milestone of the Company's business.

As at 31 March 2020, the Group has a total of 11 ongoing projects, each with an awarded contract sum (exclusive of variation orders) of over HK$5 million. The aggregate contract sums (inclusive of variation orders and contract sum adjustments as at 31 March 2020) of these ongoing projects as at 31 March 2020 amounted to approximately HK$798.9 million.

It has been a challenging year to the Group as the business environment in Hong Kong was adversely affected by the uncertainties due to the continuous social incidents in Hong Kong since the mid of 2019 and the impact of Coronavirus Disease 2019 ("**COVID-19**") pandemic since early 2020. Due to the outbreak of the COVID-19, progress of certain projects were being delayed as (i) certain main contractors of the Group has postponed the schedule of resumption of work at work sites after the Chinese New Year and (ii) the Group had experienced temporary insufficient supply of construction materials due to delay in the supply chain logistics from the People's Republic of China. The supply of construction materials was gradually resumed before the end of the Group's financial year. The Directors are aware that apart from the challenges posed by the above factors, the Group also encountered greater competition and faced greater pressure when bidding for new projects among the industry.

Looking forward, the outbreak of the COVID-19 following months of social unrest will likely lead to a further contraction of the economy of Hong Kong in 2020. In light of these, the Group has introduced the use of new technology in 3D model-based process to improve the efficiency in design and shop drawings process. We will also actively explore any possible vertical expansion opportunities to ensure a stable supply of construction materials. Capitalised on our expertise and industry experience and extensive supplier network, the Group will continue to actively explore and consider any suitable development opportunities in the industry that can broaden our revenue base and are beneficial to the Group and its shareholders as a whole.

## FINANCIAL REVIEW

### Revenue

The Group's revenue increased by approximately HK$12.5 million or approximately 5.4% from approximately HK$233.0 million for the year ended 31 March 2019 to approximately HK$245.5 million for the year ended 31 March 2020 (the "**Year**"). The increase in revenue was mainly driven by the revenue contributed by some of our existing projects in execution-peak stage during the Year.

### Gross Profit and Gross Profit Margin

The gross profit of the Group for the Year amounted to approximately HK$60.9 million, representing an increase of approximately 9.0% as compared with approximately HK$55.9 million for the year ended 31 March 2019. The Group's gross profit margin for the Year was approximately 24.8%, as compared with approximately 24.0% for the year ended 31 March 2019. The increase in gross profit was primarily due to the increase in revenue as discussed above, while the Group's gross profit margin remained broadly stable.

### Other Income

Other income of the Group for the Year amounted to approximately HK$1.3 million, representing an increase of approximately 175.0% or HK$805,000 as compared with approximately HK$460,000 for the year ended 31 March 2019. The increase was primarily due to the increase in bank interest income generated from bank deposits and the government grants received from The Government of the Hong Kong Special Administrative Region for the Year.

### Administrative Expenses

The administrative expenses (excluding non-recurring listing expenses of approximately HK$15.0 million) of the Group for the Year amounted to approximately HK$11.6 million, representing an increase of approximately 39.8% as compared with approximately HK$8.3 million for year ended 31 March 2019. The increase was mainly attributable to (i) the increase of administrative staff costs (including directors' emoluments) due to the increase of our administration, accounting and finance staff who joined us during the Year and the general increment in salaries and bonus for the Directors and administrative, accounting and finance staff; and (ii) the increase in professional fee.

**Finance Costs**

Finance costs of the Group for the Year were approximately HK$116,000, representing a decrease of approximately 28.8% as compared with approximately HK$163,000 for the year ended 31 March 2019. The decrease was mainly attributable to the repayment of bank borrowings during the Year.

**Profit for the year**

Profit attributable to owners of the Company for the Year decreased by approximately HK$5.6 million or approximately 16.7% from approximately HK$33.2 million for the year ended 31 March 2019 to approximately HK$27.7 million for the Year. The decrease in the Group's net profit for the Year was mainly due the non-recurring listing expenses of approximately HK$15.0 million incurred during the Year (2019: approximately HK$7.5 million).

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Shares were successfully listed on the Main Board of the Stock Exchange on the Listing Date and there has been no change in capital structure of the Group since then.

As at 31 March 2020, the Company's issued capital was HK$10,000,000 and the number of its issued ordinary shares was 1,000,000,000 of HK$0.01 each.

As at 31 March 2020, the Group had total cash and bank balances of approximately HK$182.1 million (2019: approximately HK$25.2 million). There were no bank borrowings of the Group as at 31 March 2020 (2019: approximately HK$5.9 million). All bank borrowings as at 31 March 2019 were denominated in Hong Kong dollars. Interests were charged at floating rates. The Group did not carry out any interest rate hedging policy.

## TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

## PLEDGE OF ASSETS

As at 31 March 2020, the Group had approximately HK$4.4 million of time deposits pledged for banking facilities.

As at 31 March 2019, the Group's banking facilities were secured by (i) the pledge of an industrial property of Ms. Wong Chun Siu, the spouse of the Mr. Chen Yuet Wa (the "**Controlling Shareholder**"); (ii) the pledge of a residential property of the Controlling Shareholder; (iii) the pledge of a time deposit of the Controlling Shareholder of approximately HK$7 million; (iv) the pledge of time deposits of the Group of approximately HK$9.9 million; and (v) a personal insurance policy of the Controlling Shareholder. All these securities had been fully released and discharged before the Listing.

## FOREIGN EXCHANGE RISK

The Group mainly operates in Hong Kong. Most of the operating transactions and revenue were settled in Hong Kong dollars and the Group's assets and liabilities are primarily denominated in Hong Kong dollars. With the insignificant portion of monetary transactions and assets denominated in foreign currencies, the Group did not engage in any derivatives agreement and did not commit to any financial instrument to hedge its foreign exchange exposure during the Year (2019: nil).

## GEARING RATIO

As at 31 March 2020, the gearing ratio (calculated as total debts (including bank borrowings and lease liability) divided by the total equity) was approximately 0.3% (2019: approximately 5.7%).

## CAPITAL EXPENDITURE

During the Year, the Group invested approximately HK$112,000 on the acquisition of property, plant and equipment. Capital expenditure was principally funded by internal resources.

## CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2020 and 2019, the Group had no material capital commitments.

As at 31 March 2020, contingent liabilities not provided for in the financial statements are guarantees given to a bank for surety bonds of approximately HK$4.4 million (2019: approximately HK$42.6 million).

In the ordinary course of the Group's construction business, the Group has been subject to a number of claims due to personal injuries suffered by employees of the Group or the Group's subcontractors in accidents arising out of and in the course of their employment. The Directors of the Company are of the opinion that such claims are well covered by insurance and would not result in any material adverse impact on the financial position or results and operations of the Group.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Year, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Since the Listing Date and up to the date of this announcement, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## SIGNIFICANT INVESTMENT HELD

During the Year, the Group did not hold any significant investments.

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed under the section headed "Future plans and use of proceeds" in the Prospectus, the Group does not have any other plans for material investments or capital assets.

## USE OF PROCEEDS FROM THE LISTING

The net proceeds from the Listing amounted to approximately HK$78.9 million (after deducting the underwriting fees and commissions and all related expenses), which is slightly lower than the estimated net proceeds of approximately HK$82.5 million as disclosed in the announcement of allotment results of the Company dated 16 January 2020 (the "**Allotment Results**"). The net proceeds has been adjusted in the same manner and same proportion to the use of proceeds as disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus. An analysis of the utilisation of the net proceeds up to 31 March 2020 is set out below:

| | **Estimated net proceeds as per Allotment Results** | **Adjusted net proceeds from the Listing** | **Actual utilised amount from the Listing date to 31 March 2020** | **Unutilised amount as at 31 March 2020** |
|---|---|---|---|---|
| | *HK$ million* | *HK$ million* | *HK$ million* | *HK$ million* |
| Satisfying surety bond requirement | 32.7 | 31.2 | – | 31.2 |
| Upfront costs of our awarded projects | 32.8 | 31.4 | 2.0 | 29.4 |
| Expansion of project management team, design team, supporting staff and rent a new office | 12.0 | 11.5 | 0.1 | 11.4 |
| General working capital | 5.0 | 4.8 | – | 4.8 |
| | 82.5 | 78.9 | 2.1 | 76.8 |

The unutilised net proceeds as at 31 March 2020 are placed as interest-bearing deposits with authorised financial institutions or licensed banks in Hong Kong.

The Directors regularly evaluate the Group's business objectives and may change or modify plans against the changing market condition to ascertain the business growth of the Group. As at the date of this announcement, the Directors do not anticipate any change to the plan as to the use of proceeds and the unutilised net proceeds will be applied in the manner consistent with the proposed allocations.

## EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2020, the Group employed a total of 68 employees (including executive Directors and independent non-executive Directors), as compared to a total of 53 employees as at 31 March 2019. Total staff costs which include Directors' emoluments for the Year were approximately HK$29.4 million (2019: approximately HK$24.9 million). The salary and benefit level of the employees of the Group are competitive and individual performance is rewarded through the Group's salary and bonus system. The Group conducts annual review on the salary increase, discretionary bonuses and promotions based on the performance of each employee.

The emoluments of the Directors are decided by the Board after recommendation from the remuneration committee of the Company, having considered factors such as the Group's financial performance and the individual performance of the Directors, etc.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees.

During the Year, the Group has not experienced any significant problems with its employees due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff.

## FINAL DIVIDEND

The Board has resolved not to recommend the declaration and payment of a final dividend to shareholders of the Company for the Year.

## COMPLIANCE ADVISER'S INTERESTS

As notified by the Company's compliance adviser, First Shanghai Capital Limited ("**First Shanghai**"), as at 31 March 2020, except for the compliance adviser agreement entered into between the Company and First Shanghai dated 23 August 2019, neither First Shanghai nor its directors, employees or close associates had any interests in relation to the Company, which is required to be notified to the Company pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

## CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the corporate governance code as set out in Appendix 14 to the Listing Rules (the "**CG Code**"). Since the Listing Date and up to the date of this announcement, the Company has complied with the code provisions under the CG Code, except for the deviation from code provision A.2.1 of the CG Code as explained below. The Company will continue to enhance its corporate governance practices appropriate to the operation and growth of the business of the Group.

According to code provision A.2.1 of the CG Code, the role of the chairman and the chief executive officer of the Company should be separate and should not be performed by the same individual. Since the Listing Date and up to the date of this announcement, the role of the chairman and the chief executive officer of the Company are both performed by Mr. Chen Yuet Wa. In view of Mr. Chen Yuet Wa's role in the day-to-day management and operations of the Group, being the controlling shareholder of the Group and as one of the Directors if not the sole director of other members of the Group, as at the date of this announcement, the Board believes that it is more effective and efficient overall business planning and implementation of business decisions and strategies of the Group that it shall be in the best interests of the Group for Mr. Chen Yuet Wa to take up the dual roles of chairman and chief executive officer of the Company. Therefore, the Board considers that the deviation from code provision A.2.1 of the CG Code is appropriate in such circumstance and that there are sufficient checks and balances in place by the operations of the Board, which comprises experienced and high calibre individuals and adequate independent element in the composition of the Board.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding the transactions of securities of the Company by the Directors and the relevant employees (who likely possess inside information of the Company) (the "**Securities Dealing Code**") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. All Directors have confirmed, following specific enquiries by the Company, that they fully complied with the Model Code and the Securities Dealing Code throughout the period from the Listing Date to the date of this announcement.

## COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors, the Controlling Shareholder of the Company or any of their respective close associates (as defined in the Listing Rules) that compete or may compete, directly or indirectly, with the business of the Group and any other conflicts of interest which any such person has or may have with the Group and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules since the Listing Date and up to date of this announcement.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient amount of public float for the Shares as required under the Listing Rules since the Listing Date and up to the date of this announcement.

## AUDIT COMMITTEE

The Company established the audit committee (the "**Audit Committee**") on 12 December 2019 with written terms of reference in compliance with Rule 3.22 of the Listing Rules and paragraph C.3.3 of the CG Code. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Chow Chi Fai, Mr. Chan Hon Ki and Mr. Yu Chi Wing, to review on matters regarding internal controls, risk management and financial reporting of the Group. The Audit Committee had reviewed the Group's annual results for the financial year ended 31 March 2020 and confirmed that they were prepared in accordance with applicable accounting standards, Listing Rules and that adequate disclosures have been made.

## SCOPE OF WORK OF THE COMPANY'S AUDITOR IN RESPECT OF THE PRELIMINARY ANNOUNCEMENT

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 the related notes thereto for the year ended 31 March 2020 as set out in the preliminary announcement have been agreed by the Company's auditor, Ernst and Young, to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by Ernst and Young in this respect did not constitute an 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst and Young on the preliminary announcement.

## PUBLICATIONS OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Company (www.wahwoalum.com) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 March 2020 will be despatched to shareholders of the Company and available on the above websites in due course.

By order of the Board
**Wah Wo Holdings Group Limited**
**Chen Yuet Wa**
*Chairman and Executive Director*

Hong Kong, 30 June 2020

*As at the date of this announcement, the Board comprises five members, of which Mr. CHEN Yuet Wa and Mr. CHAN Fai are the executive directors of the Company; and the Mr. CHOW Chi Fai, Mr. CHAN Hon Ki and Mr. YU Chi Wing are the independent non-executive directors of the Company.*