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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 2023

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 2023, together with the comparative figures for the corresponding period in 2022 as follows:

FINANCIAL HIGHLIGHTS

1. Revenue was approximately HK\$208.4 million for the year ended 31 March 2023, representing a decrease of approximately 6.7% as compared with the year ended 31 March 2022.
2. Gross profit was approximately HK\$25.3 million for the year ended 31 March 2023, representing an increase of approximately 55.2% as compared with approximately HK\$16.3 million for the year ended 31 March 2022.
3. Profit attributable to owners of the Company was approximately HK\$2.9 million for the year ended 31 March 2023, representing an increase of approximately 107.1% as compared with approximately HK\$1.4 million for the year ended 31 March 2022.
4. Basic and diluted earnings per share was approximately HK0.29 cents for the year ended 31 March 2023 (2022: basic and diluted earnings per share: HK0.14 cents).
5. The Board does not recommend the payment of final dividend for the year ended 31 March 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2023

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
REVENUE	5	208,350	223,196
Cost of revenue		<u>(183,087)</u>	<u>(206,874)</u>
Gross profit		25,263	16,322
Other income, gains and losses	6	(2,256)	2,261
Administrative expenses		(16,728)	(17,412)
(Provision)/reversal of provision for impairment allowance on trade receivables and contract assets, net		(2,190)	784
Finance costs	7	<u>(33)</u>	<u>(77)</u>
PROFIT BEFORE TAX		4,056	1,878
Income tax expense	8	<u>(1,204)</u>	<u>(454)</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	9	<u>2,852</u>	<u>1,424</u>
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted	11	<u>HK0.29 cents</u>	<u>HK0.14 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2023

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	12	8,246	5,606
Right-of-use assets		401	1,602
Investment properties	13	125,400	81,700
Deposits		3,766	852
Deferred tax assets		649	272
		<hr/>	<hr/>
Total non-current assets		138,462	90,032
CURRENT ASSETS			
Contract assets	14	36,386	48,007
Trade receivables	15	21,655	23,502
Prepayments, deposits and other receivables		3,159	9,388
Income tax recoverables		8,203	11,216
Pledged deposits		10,173	22,825
Cash and cash equivalents		63,555	62,781
		<hr/>	<hr/>
Total current assets		143,131	177,719
CURRENT LIABILITIES			
Contract liabilities	14	3,816	4,310
Trade payables	16	18,392	8,342
Other payables and accruals		3,638	3,212
Lease liabilities		437	1,288
Provision for rectification works		9,544	7,269
		<hr/>	<hr/>
Total current liabilities		35,827	24,421
NET CURRENT ASSETS		107,304	153,298
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		245,766	243,330
		<hr/>	<hr/>

	<i>Note</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Lease liabilities		–	437
Deferred tax liabilities		21	–
		<hr/>	<hr/>
Total non-current liabilities		21	437
		<hr/>	<hr/>
Net assets		245,745	242,893
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Issued capital	17	10,000	10,000
Reserves		235,745	232,893
		<hr/>	<hr/>
Total equity		245,745	242,893
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

31 March 2023

1. GENERAL INFORMATION

WAH WO HOLDINGS GROUP LIMITED (the “**Company**”) was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Flat A & D, 4/F, Phase 1, Kwai Shing Industrial Building, 36–40 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 17 January 2020.

The Company is an investment holding company. The principal activities of the subsidiaries of the Company, (collectively the “**Group**”) are provision of aluminium works related services, trading of tools and equipment and rental of investment properties.

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 (“**BVI**”).

The consolidated financial statements are presented in Hong Kong dollars (“**HKD**”) and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

Rental income which is derived from the ordinary business of the Group is presented as part of the Group’s revenue in the current year’s consolidated financial statements. Accordingly, the rental income included in other income in the prior year’s consolidated financial statements has been reclassified to revenue to conform to the current year’s presentation.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and the disclosure requirements of the Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

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 3 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 these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2022 for the preparation of the consolidated financial statements:

Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16 (March 2021)	Covid-19 Related Rent Concessions beyond 30 June 2021
Annual Improvements Project	Annual Improvements to HKFRS Standards 2018–2020
Amendments to Accounting Guideline 5	Merger Accounting for Common Control Combinations

The Group did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standards or annual improvements.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not applied any new standard, amendments to standards and interpretation that have been issued but are not yet effective for the financial year beginning 1 April 2022. The new standard, amendments to standards and interpretation include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 – Non-current Liabilities with Covenants	1 January 2024
Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 – Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to HKFRS 16 – Lease Liability in a Sales and Leaseback	1 January 2024
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. OPERATING SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resources allocation and assessment of segment performance focuses on the revenue and profits from different types of business divisions.

During the year ended 31 March 2023, as a result of the growing importance of the rental of investment properties business to the consolidated revenue, profit before tax and assets of the Group, discrete financial information of the “construction and ancillary services” segment, and the “rental of investment properties” segment is available to the executive directors of the Company for regular review to make resource allocation decisions and assess performance.

The Group’s reportable segments under HKFRS 8 are as follows:

- Construction and ancillary services: this segment engaging in providing aluminium works related services and trading of tools and equipment in Hong Kong; and
- Rental of investment properties: this segment engaging in leasing of investment properties in Hong Kong.

Segment revenue is measured in a manner consistent with that in the consolidated statement of profit or loss and other comprehensive income.

The directors assess the performance of the operating segments based on a measure of segment result. Unallocated income, unallocated corporate expenses, finance costs, income tax expense and other major items that are isolated and non-recurring in nature are not included in segment results.

Segment assets mainly consist of current assets and non-current assets as disclosed in the consolidated statement of financial position except unallocated bank and cash balances, deferred tax assets, income tax recoverables and other unallocated assets.

Segment liabilities mainly consist of current liabilities and non-current liabilities as disclosed in the consolidated statement of financial position except income tax liabilities, deferred tax liabilities and other allocated liabilities.

In current year, rental income which is derived from the ordinary business of the Group is presented as revenue. Accordingly, the rental income included in other income in the prior year has been reclassified to revenue consistent with current year’s presentation and rental of investment properties became a new segment for the year ended 31 March 2023.

(i) **Information about reportable segment profit or loss, assets and liabilities:**

	Construction and ancillary services <i>HK\$'000</i>	Rental of investment properties <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 March 2023				
External revenue	207,698	652	–	208,350
Segment results	10,944	(5,069)	(1,819)	4,056
Depreciation of property, plant and equipment	2,593	101	–	2,694
Depreciation of right-of-use assets	1,201	–	–	1,201
Interest income	–	–	607	607
Finance costs	–	–	33	33
Other material non-cash items:				
Provision for rectification works, net	3,009	–	–	3,009
Provision for impairment allowance on trade receivables and contract assets, net	2,190	–	–	2,190
Fair value loss on investment properties	–	4,674	–	4,674
Additions to non-current assets	3,422	53,028	–	56,450
As at 31 March 2023				
Segment assets	80,238	128,615	72,740	281,593
Segment liabilities	34,661	145	1,042	35,848
	<u>80,238</u>	<u>128,615</u>	<u>72,740</u>	<u>281,593</u>
	<u>34,661</u>	<u>145</u>	<u>1,042</u>	<u>35,848</u>
	Construction and ancillary services <i>HK\$'000</i>	Rental of investment properties <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 March 2022 (Restated)				
External revenue	223,058	138	–	223,196
Segment results	3,571	698	(2,391)	1,878
Depreciation of property, plant and equipment	2,323	27	–	2,350
Depreciation of right-of-use assets	1,474	–	–	1,474
Interest income	–	–	381	381
Finance costs	–	–	77	77
Other material non-cash items:				
Provision for rectification works, net	4,656	–	–	4,656
Reversal of provision for impairment allowance on trade receivables and contract assets, net	784	–	–	784
Fair value gain on investment properties	–	1,163	–	1,163
Additions to non-current assets	236	82,122	–	82,358
As at 31 March 2022				
Segment assets	109,940	83,246	74,565	267,751
Segment liabilities	22,524	33	2,301	24,858
	<u>109,940</u>	<u>83,246</u>	<u>74,565</u>	<u>267,751</u>
	<u>22,524</u>	<u>33</u>	<u>2,301</u>	<u>24,858</u>

(ii) **Reconciliation of reportable segment profit or loss, assets and liabilities**

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
Profit or loss		
Total profits of reportable segments	5,875	4,269
Unallocated amounts:		
Unallocated income	607	381
Unallocated expenses	<u>(2,426)</u>	<u>(2,772)</u>
Consolidated profit before tax	<u><u>4,056</u></u>	<u><u>1,878</u></u>
Assets		
Total assets of reportable segments	208,853	193,186
Unallocated corporate assets	<u>72,740</u>	<u>74,565</u>
Consolidated total assets	<u><u>281,593</u></u>	<u><u>267,751</u></u>
Liabilities		
Total liabilities of reportable segments	34,806	22,557
Unallocated corporate liabilities	<u>1,042</u>	<u>2,301</u>
Consolidated total liabilities	<u><u>35,848</u></u>	<u><u>24,858</u></u>

(iii) **Geographical information**

Since all of the Group's revenue was generated in Hong Kong and all of the Group's identifiable assets and liabilities were located in Hong Kong, no geographical information is presented.

(iv) **Information about major customers**

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Customer A	75,555	N/A ¹
Customer B	35,290	N/A ¹
Customer C	26,990	137,703
Customer D	21,192	N/A ¹
Customer E	N/A ¹	28,627
Customer F	<u>N/A¹</u>	<u>26,020</u>

¹ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

5. REVENUE

An analysis of revenue is as follows:

	2023 HK\$'000	2022 HK\$'000 (Restated)
Revenue from contracts with customers	207,698	223,058
Rental income (<i>note</i>)	652	138
	<u>208,350</u>	<u>223,196</u>

Note: Rental income which is derived from the ordinary business of the Group is presented as part of the Group's revenue in the current year's consolidated financial statements. Accordingly, the rental income included in other income in the prior year's consolidated financial statements has been reclassified to revenue to conform to the current year's presentation.

Revenue from contracts with customers within the scope of HKFRS 15

(i) Disaggregated revenue information

	2023 HK\$'000	2022 HK\$'000
Types of goods and services		
Construction services of residential buildings	180,757	138,058
Construction services of non-residential buildings	26,941	84,629
Trading of tools and equipment	–	371
	<u>207,698</u>	<u>223,058</u>
Timing of revenue recognition		
Over time	207,698	222,687
A point in time	–	371
	<u>207,698</u>	<u>223,058</u>

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:

	2023 HK\$'000	2022 HK\$'000
Revenue recognised that was included in the contract liability at the beginning of the reporting period		
Construction services	<u>4,310</u>	<u>944</u>

(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.

Trading of tools and equipment

The performance obligation is satisfied upon delivery of tools and equipment and payment is generally due within 30 days upon delivery.

Unsatisfied performance obligations related to construction contracts:

	2023 HK\$'000	2022 HK\$'000
Amounts of transaction prices expected to be recognised:		
Within one year	305,041	227,454
After one year	54,198	16,624
	<u>359,239</u>	<u>244,078</u>

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 the 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.

6. OTHER INCOME, GAINS AND LOSSES

An analysis of other income, gains and losses is as follows:

	2023 HK\$'000	2022 HK\$'000 (Restated)
Other income, gains and losses		
Bank interest income	607	381
Recovery of bad debts	269	687
Government subsidies [^]	1,536	–
Fair value change on investment properties	(4,674)	1,163
Gain on disposal of property, plant and equipment	–	25
Others	6	5
	<u>(2,256)</u>	<u>2,261</u>

[^] Government subsidies were granted from the Employment Support Scheme under the Anti-epidemic Fund of the Government of the Hong Kong Special Administrative Region (the "HKSAR Government"). There were no unfulfilled conditions or contingencies relating to the subsidies.

7. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on lease liabilities	<u>33</u>	<u>77</u>

8. INCOME TAX EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax		
Provision for the year	1,560	384
Under-provision in prior years	<u>–</u>	<u>267</u>
	<u>1,560</u>	<u>651</u>
Deferred tax	<u>(356)</u>	<u>(197)</u>
	<u>1,204</u>	<u>454</u>

Hong Kong Profits Tax has been provided at 16.5% (2022: 16.5%) based on the estimated assessable profit for the year ended 31 March 2023, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime.

Under the two-tiered profits tax regime, profits tax rate for the first HK\$2 million of assessable profits of qualifying corporations established in Hong Kong will be lowered to 8.25% and profits above that amount will be subject to the tax rate of 16.5%.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

9. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging/(crediting) the following:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Cost of construction work	182,691	206,684
Auditor's remuneration	930	900
Depreciation of property, plant and equipment	2,694	2,350
Depreciation of right-of-use assets	1,201	1,474
Fair value change on investment properties	4,674	(1,163)
Lease payments not included in the measurement of lease liabilities	263	253
Gain on disposal of property, plant and equipment	–	(25)
(Reversal of provision)/provision for impairment allowance on contract assets, net [#]	(19)	316
Provision/(reversal of provision) for impairment allowance on trade receivables, net [#]	2,209	(1,100)
Provision for rectification works*	<u>3,009</u>	<u>4,656</u>

* For the year ended 31 March 2023, salaries and allowances of HK\$22,492,000 (2022: HK\$21,269,000), discretionary bonuses of HK\$2,550,000 (2022: HK\$2,619,000), pension scheme contributions of HK\$865,000 (2022: HK\$822,000) and changes in provision for rectification works of HK\$3,009,000 (2022: HK\$4,656,000), respectively, are included in cost of construction work disclosed above.

Included in “(Provision)/reversal of provision for impairment allowance on trade receivables and contract assets, net” in the consolidated statement of profit or loss and other comprehensive income.

10. DIVIDENDS

The board of directors has resolved not to declare any dividend for the year ended 31 March 2023 (2022: Nil).

11. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to owners of the Company of HK\$2,852,000 (2022: HK\$1,424,000), and the weighted average number of ordinary shares of 1,000,000,000 (2022: 1,000,000,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2023 and 2022.

12. PROPERTY, PLANT AND EQUIPMENT

31 March 2023

	Carpark <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 March 2022 and at 1 April 2022:					
Cost	1,400	4,403	3,869	726	10,398
Accumulated depreciation	(27)	(2,317)	(2,042)	(406)	(4,792)
Net carrying amount	<u>1,373</u>	<u>2,086</u>	<u>1,827</u>	<u>320</u>	<u>5,606</u>
At 1 April 2022, net of accumulated depreciation	1,373	2,086	1,827	320	5,606
Additions	–	–	293	3,291	3,584
Transfer from investment properties (note 13)	1,750	–	–	–	1,750
Depreciation charge for the year	(113)	(1,539)	(568)	(474)	(2,694)
At 31 March 2023, net of accumulated depreciation	<u>3,010</u>	<u>547</u>	<u>1,552</u>	<u>3,137</u>	<u>8,246</u>
At 31 March 2023					
Cost	3,150	4,403	4,162	4,017	15,732
Accumulated depreciation	(140)	(3,856)	(2,610)	(880)	(7,486)
Net carrying amount	<u><u>3,010</u></u>	<u><u>547</u></u>	<u><u>1,552</u></u>	<u><u>3,137</u></u>	<u><u>8,246</u></u>

31 March 2022

	Carpark HK\$'000	Leasehold improvements HK\$'000	Office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
At 31 March 2021 and at 1 April 2021:					
Cost	–	4,225	3,862	724	8,811
Accumulated depreciation	–	(832)	(1,349)	(495)	(2,676)
Net carrying amount	–	3,393	2,513	229	6,135
At 1 April 2021, net of accumulated depreciation					
depreciation	–	3,393	2,513	229	6,135
Additions	–	178	7	236	421
Disposals	–	–	–	(234)	(234)
Transfer from investment properties (note 13)	1,400	–	–	–	1,400
Depreciation charge for the year	(27)	(1,485)	(693)	(145)	(2,350)
Accumulated depreciation written back upon disposal	–	–	–	234	234
At 31 March 2022, net of accumulated depreciation	1,373	2,086	1,827	320	5,606
At 31 March 2022					
Cost	1,400	4,403	3,869	726	10,398
Accumulated depreciation	(27)	(2,317)	(2,042)	(406)	(4,792)
Net carrying amount	1,373	2,086	1,827	320	5,606

13. INVESTMENT PROPERTIES

	2023 HK\$'000	2022 HK\$'000
At 1 April	81,700	–
Additions	50,124	81,937
Fair value change	(4,674)	1,163
Transfer to property, plant and equipment (note 12)	(1,750)	(1,400)
At 31 March (note)	125,400	81,700

The investment properties as at 31 March 2023 consist of 5 (2022: 3) industrial buildings, located at Hong Kong to be leased out for one or more operating leases with rental payable monthly. The leases typically run for an initial period of 2 years. The leases of industrial buildings are fixed over the lease term.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in HKD. The lease contracts do not contain lessee's option to purchase the property at the end of lease term.

Valuation processes of the Group

The Group measures its investment properties at fair value. The investment properties were revalued by Roma Appraisals Limited, an independent qualified valuer, who hold recognised relevant professional qualification and has recent experience in the locations and segments of the investment properties valued, at 31 March 2023 on an open market value basis. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that review the valuation performed by the independent valuer for financial reporting purposes. This team reports directly to the senior management and the Audit Committee. Discussions of valuation processes and results are held between the management and valuers at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial period end, the finance department verifies all major inputs to the independent valuation reports; assesses property valuation movements when compared to the prior year valuation reports; and holds discussions with the independent valuer.

Valuation techniques

Fair value of investment properties for industrial building units in Hong Kong is generally derived using the direct comparison method which is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

There were no changes to the valuation techniques during the year and there were no transfers among the fair value hierarchy during the year.

The following table gives information about how the fair values of these investment properties are determined as well as the fair value hierarchy in which the fair value measurements are categorised based on the degree to which the inputs to the fair value measurements is observable.

Carrying value of

investment properties

held by the Group in the consolidated statement of financial positions

	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Industrial building units in Hong Kong 2023: HK\$125,400,000 2022: HK\$81,700,000	Level 3	Direct comparable – based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property.	Price per square feet, using market direct comparable and taking into account of location, age and other individual factors with an average of HK\$3,605 (2022: HK\$3,667) per square feet.	The higher the price per square feet, the higher the fair value.

The valuations of investment properties were based on the economic, market and other conditions as they exist on, and the information available to management as of 31 March 2023. Given the impact of COVID-19 has caused high volatility to Hong Kong economy and uncertainties to the property market, this implication has increased the uncertainty of the assumptions adopted in the valuation process and the future fair value of the investment properties subsequent to 31 March 2023.

Note: As at 31 March 2023, the carrying amount of investment properties of HK\$81,700,000 (2022: HK\$81,700,000) was secured to a bank for the banking facilities amounting to HK\$81,328,000 (2022: HK\$81,328,000) granted to the Group. As at 31 March 2023, the Group's undrawn against these banking facilities stood at a HK\$77,673,000 (2022: HK\$81,328,000).

Subsequent after the report date, the remaining carrying amount of the investment properties of HK\$28,900,000 (2022: Nil) was further secured to the bank for the additional banking facilities amounting to HK\$11,552,000 granted to the Group.

14. CONTRACT ASSETS/(LIABILITIES)

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Contract assets		
– Unbilled revenue	7,113	11,770
– Retention receivables	29,923	36,906
	<u>37,036</u>	<u>48,676</u>
Impairment allowance	(650)	(669)
	<u>36,386</u>	<u>48,007</u>
Contract liabilities	<u>3,816</u>	<u>4,310</u>
Movements in gross carrying amounts of contract assets:		
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At beginning of the year	48,676	45,269
Additions in contract assets	16,613	20,126
Transfer to trade receivables	(28,253)	(16,719)
At end of the year	<u>37,036</u>	<u>48,676</u>

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 decrease in contract assets as at 31 March 2023 were the results of increasing in the retention money was released upon the expiry of defects liability period.

The Group's trading terms and credit policy with customers are disclosed in note 15 to the financial statements.

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within one year	23,026	28,102
After one year	13,360	19,905
	<u>36,386</u>	<u>48,007</u>

Movements in contract liabilities:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At beginning of the year	4,310	944
Receipt from customers	3,816	4,310
Revenue recognised that was included in the contract liability balance at beginning of the year	(4,310)	(944)
At end of the year	<u>3,816</u>	<u>4,310</u>

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

15. TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	24,175	23,882
Impairment allowance	<u>(2,520)</u>	<u>(380)</u>
	<u>21,655</u>	<u>23,502</u>

Trade receivables mainly 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 impairment allowance, is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	13,327	17,313
31 to 90 days	6,186	6,081
91 to 120 days	–	108
Over 120 days	<u>2,142</u>	<u>–</u>
	<u>21,655</u>	<u>23,502</u>

16. TRADE PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	<u>18,392</u>	<u>8,342</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	10,021	3,860
31 to 90 days	3,648	1,536
91 to 180 days	2,783	1,916
Over 180 days	<u>1,940</u>	<u>1,030</u>
	<u>18,392</u>	<u>8,342</u>

Trade 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.

All trade payables are denominated in HKD.

17. SHARE CAPITAL

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Authorised: 10,000,000,000 (2022: 10,000,000,000) ordinary shares of HK\$0.01 each	<u><u>100,000</u></u>	<u><u>100,000</u></u>
Issued and fully paid: 1,000,000,000 (2022: 1,000,000,000) ordinary shares of HK\$0.01 each	<u><u>10,000</u></u>	<u><u>10,000</u></u>

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

	Number of ordinary shares	Nominal value of ordinary shares <i>HK\$'000</i>
Authorised: At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	<u><u>10,000,000,000</u></u>	<u><u>100,000</u></u>
Issued and fully paid: At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	<u><u>1,000,000,000</u></u>	<u><u>10,000</u></u>

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors capital using a gearing ratio, which is the Group's total debts (comprising lease liabilities) over its total equity. The Group's policy is to keep the gearing ratio at a reasonable level. The Group's gearing ratio as at 31 March 2023 was 0.2% (2022: 0.7%). The decrease in the gearing ratio of the Group is primarily due to the decrease in the balance of lease liabilities.

The externally imposed capital requirements for the Group are: (i) in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares; and (ii) to meet financial covenants attached to the banking facilities granted.

Based on the information that is publicly available to the Company and within the knowledge of the directors, the Company demonstrates continuing compliance with the 25% limit throughout the year. As at 31 March 2023, 25.0% (2022: 25.0%) of the shares were in public hands.

Breaches in meeting the financial covenants would permit the bank to immediately terminate its banking facilities granted to the Group. There have been no breaches in the financial covenants noted for the years ended 31 March 2023 and 2022.

18. CONTINGENT LIABILITIES

- (a) At the end of the current and prior years, contingent liabilities not provided for in the financial statements were as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Guarantees given to banks for:		
Surety bonds	<u>12,202</u>	<u>33,039</u>

As at 31 March 2023, the surety bonds were secured by the pledge of time deposits of the Group amounting to HK\$10,173,000 (2022: HK\$22,825,000) and corporate guarantee executed by the Company amounting to HK\$50,000,000 (2022: HK\$50,000,000) respectively.

- (b) 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.

19. CAPITAL COMMITMENTS

Capital commitments contracted for at the end of the reporting period but not yet incurred are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Property, plant and equipment	<u>256</u>	<u>3,076</u>

20. OPERATING LEASE ARRANGEMENTS

The Group as lessee

On 5 June 2023, the Group entered into a new lease for the use of office premises in the People's Republic of China (the "PRC") through its newly incorporated wholly owned subsidiary, namely Wah Wo Design (Wuhan) Company Limited, a company incorporated in the PRC, for a fixed term of 5 years commencing from 21 July 2023 to 20 July 2028 with non-cancellable and without extension options. The total future undiscounted cash flows over the non-cancellable period amounted to approximately RMB3,828,000.

The Group as lessor

Operating leases relate to investment property owned by the Group with lease terms of 2 years. The lessee does not have an option to purchase the property at the expiry of the lease period.

Minimum lease payments receivable on leases are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within one year	516	156
In the second year	<u>10</u>	<u>23</u>
Total	<u>526</u>	<u>179</u>

The following table presents the amounts reported in profit or loss for investment properties:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Rental income	652	138
Direct operating expenses	(396)	(190)
Other operating expenses	(422)	(221)
	<u>(166)</u>	<u>(273)</u>

21. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in notes 13 and 20, there were no other significant events after the reporting period up to the date of this announcement.

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 and trading of tools and equipment. 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. The Group also engaged in rental of investment properties during the year as more resources being allocated to this segment.

Construction and ancillary 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.

As at 31 March 2023, the Group has a total of 14 ongoing projects, each with an awarded contract sum (exclusive of variation orders) of over HK\$5 million. The aggregate contract sums and the aggregated revenue recognised (inclusive of variation orders and contract sum adjustments as at 31 March 2023) of these ongoing projects as at 31 March 2023 amounted to approximately HK\$527.5 million and HK\$179.2 million respectively.

Rental of investment properties

The Group have acquired investment properties and considered they constituted a good investment opportunity that will offer a stable and attractive rate of return for the Group. Following the acquisition of these investment properties, the Group intends to lease them out for rental income after undergoing renovation and sub-divided them into smaller workshops or studio rooms according to approved plans and drawings. As of 31 March 2023, the Group possessed a total of five investment properties. Two of these investment properties had already been put on the market after undergoing renovation in February 2023, while another property was undergoing renovations. The remaining two properties were leased out under existing tenancies when they were acquired during the year ended 31 March 2023 and targeted to undergo further renovation after the expiration of existing tenancies. As the rental of investment properties segment was still in its early stages, this segment suffered a loss of approximately HK\$395,000 (excluding fair value change on investment properties of HK\$4.7 million) during the year ended 31 March 2023. The Group anticipates that this situation will improve as more investment properties are made available for lease in the future.

The Group recorded gross profit of approximately HK\$25.3 million for the Year, as compared with the gross profit of approximately HK\$16.3 million for the year ended 31 March 2022. The Group's gross profit margin for the Year was approximately 12.1% as compared with approximately 7.3% for the year ended 31 March 2022. The Group recorded a consolidated net profit of approximately HK\$2.9 million for the Year, as compared with an audited consolidated net profit of approximately HK\$1.4 million for the year ended 31 March 2022. Such increase in net profit is mainly attributable to less unexpected additional costs incurred to deal with unexpected changes to the on-site arrangements for certain projects as a result of COVID-19 situation which happened frequently in the year ended 31 March 2022 net off with (i) the decline in fair value of investment properties under current property market; and (ii) the increase in provision for impairment allowance.

Looking forward, 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 from (i) construction and ancillary service and (ii) rental of investment properties decreased by approximately HK\$14.8 million or approximately 6.7% from approximately HK\$223.2 million for the year ended 31 March 2022 to approximately HK\$208.4 million for the Year. The decrease in revenue was due to completion of the projects on hand from construction and ancillary services during the year ended 31 March 2022 and competitive construction project pricing arising from intense market competition.

Gross Profit and Gross Profit Margin

The gross profit of the Group for the Year amounted to approximately HK\$25.3 million, representing an increase of approximately 55.2% as compared with approximately HK\$16.3 million for the year ended 31 March 2022. The Group's gross profit margin for the Year was approximately 12.1%, as compared with approximately 7.3% for the year ended 31 March 2022. The increase in gross profit was primarily due to the gross profit margin from construction and ancillary services improved as compared to the situation during the year ended 31 March 2022, which has been affected by COVID-19. During the year ended 31 March 2023, the Group experienced fewer unforeseen expenses compared to the prior year. These included unexpected transportation costs, unexpected cost for safety management measures on site, and a sudden surge in raw material prices, which had occurred during the year ended 31 March 2022.

Other Income, Gain and Losses

Other income, gain and losses of the Group for the Year amounted to losses of approximately HK\$2.3 million, representing a decrease of HK\$4.6 million as compared with gain of approximately HK\$2.3 million for the year ended 31 March 2022. The decrease was primarily due to the decline in fair value of investment properties under current property market net off by the increase in bank interest income generated from bank deposits, and the government subsidies from the Employment Support Scheme under the Anti-epidemic Fund of the HKSAR Government.

Administrative Expenses

The administrative expenses of the Group for the Year amounted to approximately HK\$16.7 million, representing a decrease of approximately 4.0% as compared with approximately HK\$17.4 million for year ended 31 March 2022. The decrease was mainly attributable to decrease in staff cost in administrative management.

Finance Costs

Finance costs of the Group for the Year were approximately HK\$33,000, representing a decrease of approximately 57.1% as compared with approximately HK\$77,000 for the year ended 31 March 2022. The decrease was mainly attributable to the payments to the lease liabilities during the Year.

Profit for the year

Profit attributable to owners of the Company for the Year increased by approximately HK\$1.5 million or approximately 107.1% from approximately HK\$1.4 million for the year ended 31 March 2022 to approximately HK\$2.9 million for the Year. The increase in the Group's net profit for the Year was mainly due to the reasons as mentioned in the sections "Gross Profit and Gross Profit Margin" and "Other Income, Gain and Losses" above.

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 2023 and 2022, 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 2023, the Group had total cash and bank balances of approximately HK\$63.6 million (2022: approximately HK\$62.8 million). There were no bank borrowings of the Group as at 31 March 2023 and 2022. 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 2023, the Group had approximately HK\$10.2 million (2022: approximately HK\$22.8 million) of time deposits pledged for banking facilities.

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 (2022: Nil).

GEARING RATIO

As at 31 March 2023, the gearing ratio (calculated as total debts (including lease liabilities) divided by the total equity) was approximately 0.2% (2022: approximately 0.7%).

CAPITAL EXPENDITURE

During the Year, the Group invested approximately HK\$3.6 million (2022: approximately HK\$421,000) and HK\$50.1 million (2022: HK\$82.0 million) on the acquisition of property, plant and equipment and investment properties respectively. Capital expenditure was principally funded by internal resources.

LEASES

During the year ended 31 March 2021, the Group entered into a new lease arrangement with Ms. Wong Chun Siu, the spouse of Mr. Chen Yuet Wa ("**Controlling Shareholder**"), for the use of a warehouse and office premises. Upon initial recognition, the Group recognised a right-of-use asset and a lease liability of approximately HK\$7,206,000. Pursuant to the supplemental agreement signed in December 2020, the lease period was changed to fixed lease period of three years and upon its expiration, it shall be renewable for an additional three years subject to agreement of terms by both parties. The right-of-use asset and the lease liability were reduced by approximately HK\$3,603,000 and HK\$3,447,000 respectively. Details of the lease arrangement were disclosed in the announcements of connected transaction of the Company dated 10 December 2020 and supplemental announcement dated 11 January 2021. During the Year, there is no change in the lease arrangement.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2023, the Group had capital commitments contracted for property, plant and equipment amounting to approximately HK\$256,000 (2022: HK\$3.1 million).

As at 31 March 2023, contingent liabilities not provided for in the financial statements are guarantees given to banks for surety bonds of approximately HK\$12.2 million (2022: approximately HK\$33.0 million).

As at 31 March 2023, the surety bonds were secured by the pledge of time deposits of the Group amounting to HK\$10,173,000 (2022: HK\$22,825,000) and corporate guarantee executed by the Company amounting to HK\$50,000,000 (2022: HK\$50,000,000) respectively.

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

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

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 "**Prospectus**") of the Company dated 31 December 2019, the Group did not have any other plans for material investments or capital assets as at 31 March 2023.

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. As at 31 March 2023, all the net proceeds was utilised, an analysis of the utilisation of the net proceeds is set out below:

	Estimated use of proceeds as per Allotment Results <i>HK\$ million</i>	Adjusted use of proceeds from the Listing <i>HK\$ million</i>	Actual utilised amount from the Listing Date to 31 March 2023 <i>HK\$ million</i>	Unutilised amount as at 31 March 2023 <i>HK\$ million</i>
Satisfying surety bond requirement	32.7	31.2	31.2	–
Upfront costs of our awarded projects	32.8	31.4	31.4	–
Expansion of project management team, design team, supporting staff and rent a new office	12.0	11.5	11.5	–
General working capital	5.0	4.8	4.8	–
	<u>82.5</u>	<u>78.9</u>	<u>78.9</u>	<u>–</u>
At 31 March 2023	<u>82.5</u>	<u>78.9</u>	<u>78.9</u>	<u>–</u>

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2023, the Group employed a total of 63 employees (including executive Directors and independent non-executive Directors), as compared to a total of 58 employees as at 31 March 2022. Total staff costs which include Directors’ emoluments for the Year were approximately HK\$30.5 million (2022: approximately HK\$30.3 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.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted all the code provision in the Corporate Governance Code (the “**CG Code**”) in Appendix 14 to the Listing Rules as its own code on corporate governance practices. During the Year, the Company has complied with the code provisions under the CG Code, except for the deviation from code provision C.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 C.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. During the Year, 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 one of the Controlling Shareholders 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 annual results 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 C.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. The Board will continue to review and consider splitting the roles of chairman and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole. The Directors are aware that the Company is expected to comply with the CG Code. Any deviation from the CG Code should be carefully considered and disclosed in the interim and annual report. Save as disclosed above, the Company will continue to comply with the CG Code to protect the best interests of the shareholders.

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 during the Year.

COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors, the controlling shareholders 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 during the Year.

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 during the Year.

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 D.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 2023 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 2023 as set out in the preliminary announcement have been agreed by the Company’s auditor, RSM Hong Kong, to the amounts set out in the Group’s draft consolidated financial statements for the Year. The work performed by RSM Hong Kong 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 RSM Hong Kong 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 2023 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, 28 June 2023

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 Mr. CHOW Chi Fai, Mr. CHAN Hon Ki and Mr. YU Chi Wing are the independent non-executive directors of the Company.