

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

**WAI HUNG GROUP HOLDINGS LIMITED**

**偉鴻集團控股有限公司**

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

**(Stock Code: 3321)**

**FULFILMENT OF ALL RESUMPTION CONDITIONS  
AND  
RESUMPTION OF TRADING**

**Financial Adviser to the Company**

**ADVENT**  
**宏智融資**

Advent Corporate Finance Limited

**FULFILMENT OF RESUMPTION CONDITIONS**

The Board is pleased to announce that the Company has fulfilled all the Resumption Conditions.

**RESUMPTION OF TRADING**

Trading in the Shares on the Stock Exchange had been suspended with effect from 9:00 a.m. on 11 May 2022. As the Resumption Conditions have been satisfied in full, the Company has made an application to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 19 January 2024.

This announcement is made by Wai Hung Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 30 March 2022, 22 April 2022, 17 May 2022, 28 June 2022, 15 July 2022, 10 August 2022, 31 August 2022, 10 November 2022, 10 February 2023, 31 March 2023, 11 May 2023 and 10 August 2023, 24 September 2023, 10 November 2023, 12 November 2023 and 8 December 2023 (collectively, the “**Announcements**”) in relation to, among other matters, (i) the delay in publication of audited annual results and annual report of the Company for the year ended 31 December 2021; (ii) the suspension of trading in the Shares; (iii) the resignation of Deloitte as the auditor of the Company with effect from 7 May 2022; (iv) the appointment of McMillan Woods as the new auditor of the Company with effect from 12 May 2022; (v) the resignation of McMillan Woods as the auditor of the Company with effect from 27 June 2022; (vi) the appointment of CL Partners (the “**Auditor**”) as the new auditor of the Company with effect from 28 June 2022; (vii) the Resumption Guidance; (viii) the appointment of Crowe (HK) Risk Advisory Limited as the Independent Forensic Accountant; (ix) the delay in publication of the interim results and interim report of the Company for the six months ended 30 June 2022; (x) the delay in publication of audited annual results and annual report of the Company for the year ended 31 December 2022; (xi) proposed issue of the Convertible Bond under specific mandate; (xii) key findings of the Independent Investigation; (xiii) removal of the chief financial officer; (xiv) publication of the outstanding financial results; (xv) termination of the Subscription Agreement; (xvi) proposed sale of Shares by controlling Shareholder; and (xvii) quarterly updates on the resumption progress. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

## **BACKGROUND**

As disclosed in the announcement of the Company dated 30 March 2022, the Company was unable to publish the audited FY2021 Annual Results on or before 31 March 2022 in compliance with the Listing Rules due to the implementation of the tightened prevention and control quarantine measures and restrictions in Hong Kong, Macau and the PRC caused by the outbreak of the COVID-19 pandemic, which resulted in the delay in obtaining necessary documents and certain external confirmations for the audit.

As disclosed in the announcement of the Company dated 22 April 2022, in the light of the COVID-19 pandemic, additional time was required to complete the audit process and the publication of the audited FY2021 Annual Results had been further delayed.

Trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 11 May 2022 pending release of the audited FY2021 Annual Results.

On 17 May 2022, the Company announced that Deloitte, being the then auditor of the Company, has by its letters dated 16 April 2022 and 6 May 2022 (the “**Letters from Deloitte**”) recommended the Audit Committee to engage an independent and competent forensic accounting firm to investigate the commercial substance, fund flows and recoverability of certain deposits in an aggregate amount of approximately MOP113.1 million (the “**Deposits**”) paid to five purported sub-contractors based in the PRC (the “**Purported Subcontractors**”), which were neither the Projects’ Business Partners (as defined below) nor the Accounts Receivable Customers (as defined below), during the year ended 31 December 2021 in respect of the smart garage projects (the “**Projects**”). In particular, Deloitte has raised the following issues:

- (i) the commercial substance of and business rationale for the payment of the Deposits to the Purported Subcontractors; and
- (ii) the payment of part of the Deposits made to the PRC bank accounts of the relevant Purported Subcontractors may have violated the relevant laws and regulations in respect of the foreign exchange control policies in the PRC. Assuming the Deposits were made as purported, their collectability shall be assessed ((i) and (ii) collectively, the “**Audit Issues**”).

## **RESUMPTION GUIDANCE**

In the light of the aforesaid circumstances, on 28 June 2022, the Company received a letter from the Stock Exchange, in which the Stock Exchange set out the Resumption Guidance for the resumption of trading in the Shares on the Stock Exchange, details of which are set out as follows:

- (i) conduct an appropriate independent forensic investigation into the Audit Issues, announce the findings and take appropriate remedial actions (“**Resumption Condition 1**”);
- (ii) publish all outstanding financial results and address any audit modifications (“**Resumption Condition 2**”);
- (iii) demonstrate the Company’s compliance with Rule 13.24 of the Listing Rules (“**Resumption Condition 3**”); and
- (iv) inform the market of all material information for shareholders and investors to apprise the Company’s position, including the implications of the Audit Issues identified by Deloitte to the Group’s assets, financial and operation position (“**Resumption Condition 4**”, together with Resumption Condition 1, Resumption Condition 2 and Resumption Condition 3, the “**Resumption Conditions**”).

## FULFILMENT OF RESUMPTION CONDITIONS

The Board is pleased to announce that the Company has fulfilled all the Resumption Conditions, details of which are set out as follows:

### **Resumption Condition 1 – conduct an appropriate independent forensic investigation into the Audit Issues, announce the findings and take appropriate remedial actions**

On 15 July 2022, the Company has engaged Crowe (HK) Risk Advisory Limited, the Independent Forensic Accountant, to conduct the Independent Investigation in respect of the Audit Issues.

#### *Key findings of the Independent Investigation*

- (i) In order to expand the Group’s business scope and overall revenue stream, the Group plans to diversify into, among others, the smart garage business and the Projects were proposed to the Board in April 2020.
- (ii) During the period from April 2020 to March 2021, the Group has identified and entered into non-legally binding framework cooperation agreements with five potential business partners (the “**Projects’ Business Partners**”), which are neither the Purported Subcontractors nor the Accounts Receivable Customers.
- (iii) In or around April 2021, the Company suspended its pursuit of the Projects but there is no written record in relation to the suspension of the Projects.
- (iv) Save for (a) the aforementioned non-legally binding framework cooperation agreements; (b) the minutes of the Board meetings approving the aforesaid framework cooperation agreements; and (c) the relevant announcements of the Company dated 20 October 2020, 30 November 2020, 8 March 2021, 30 March 2021 and 30 March 2021, there is no other documents in relation to the Projects, such as quotations from other subcontractors, assessment and screening documents, management approval records, construction plans and progress reports, etc..
- (v) Based on the relevant framework cooperation agreements provided by the Company, there is no provision or clause in relation to the payment of the Deposits.
- (vi) Upon reviewing and sorting out the relevant accounting records and monthly bank statements of the Group in relation to the Deposits, it has come to the attention of the Independent Forensic Accountant that:
  - (a) During the period from June 2021 to November 2021, the accounts receivable of the Company of approximately MOP113.1 million (the “**Accounts Receivable**”) due from five previous accounts receivable customers (the “**Accounts Receivable Customers**”), which the Company’s management confirmed that the Accounts Receivable Customers were neither the Purported Subcontractors nor the Projects’ Business Partners, were adjusted and recorded as the Deposits paid to the Purported Subcontractors through multiple accounting entries, which involved Wai Hung HK and Wai Hung Macau, each being a wholly-owned subsidiary of the Company.

- (b) Among the Deposits of approximately MOP113.1 million, approximately MOP69.1 million, representing approximately 61.1% of the Deposits, were directly adjusted from “Accounts Receivable” to “Prepayment” without involving any payment arrangement, while approximately MOP44.0 million, representing approximately 38.9% of the Deposits, were indirectly adjusted from “Accounts Receivable” to “Prepayment” through multiple accounting entries involving payment arrangements being made among Wai Hung HK, Wai Hung Macau and Mr. KH Li, being an executive Director, the chairman of the Board and the chief executive officer of the Company.
- (c) Set out below is a summary of the relevant accounting entries:

Payment from Wai Hung Macau to Wai Hung HK (purported settlement of the Accounts Receivable of Wai Hung Macau), involving adjustments of approximately MOP13 million:

**Wai Hung Macau**

**Wai Hung HK**

**Alleged payment of the Deposits**

Debit: Prepayment  
 Credit: Bank\*

\* Paid to Wai Hung HK

**Alleged settlement of the Accounts Receivable by the Accounts Receivable Customers of Wai Hung Macau (allegedly received by Wai Hung HK)**

Debit: Current account – Wai Hung HK  
 Credit: Accounts Receivable

**Alleged receipt of sums by Wai Hung HK on behalf of Wai Hung Macau**

Debit: Bank\*  
 Credit: Current account – Wai Hung Macau

\* Received from Wai Hung Macau

Payment from Wai Hung Macau to Wai Hung HK (purported settlement of the Accounts Receivable of Wai Hung HK), involving adjustments of approximately MOP12 million:

**Wai Hung Macau**

**Wai Hung HK**

**Alleged payment of the Deposits**

**Alleged settlement of the Accounts Receivable by the Accounts Receivable Customer of Wai Hung HK**

Debit: Prepayment

Credit: Bank\*

Debit: Bank\*

Credit: Accounts Receivable

\* Paid to Wai Hung HK

\* Received from Wai Hung Macau

Payment from Wai Hung HK to Wai Hung Macau (purported settlement of the Accounts Receivable of Wai Hung Macau), involving adjustments of approximately MOP7 million:

**Wai Hung Macau**

**Wai Hung HK**

**Alleged payment of the Deposits by Wai Hung HK**

**Alleged payment by Wai Hung HK on behalf of Wai Hung Macau**

Debit: Prepayment

Credit: Current account –  
Wai Hung HK

Debit: Current account –  
Wai Hung Macau

Credit: Bank\*

\* Paid to Wai Hung Macau

**Alleged settlement of the Accounts Receivable by the Accounts Receivable Customers of Wai Hung Macau**

Debit: Bank\*

Credit: Accounts Receivable

\* Received from Wai Hung HK

Fund flows between Wai Hung HK and Mr. KH Li (involving alleged receipts and payments of Wai Hung HK and Wai Hung Macau), involving adjustments of approximately MOP12 million:

<b>Wai Hung Macau</b>	<b>Wai Hung HK</b>
<b>Alleged settlement of the Accounts Receivable by the Accounts Receivable Customers of Wai Hung Macau (received by Wai Hung HK)</b>	<b>Alleged receipt of payment on behalf of Wai Hung Macau</b>
Debit: Current account – Wai Hung HK	Debit: Bank*
Credit: Accounts Receivable	Credit: Current account – Wai Hung Macau

\* Received from Mr. KH Li

<b>Alleged payment of the Deposits by Wai Hung HK</b>	<b>Alleged payment on behalf of Wai Hung Macau</b>
Debit: Prepayment	Debit: Current account – Wai Hung Macau
Credit: Current account – Wai Hung HK	Credit: Bank*

\* Repayment to Mr. KH Li

*Note:* On 21 September 2021, Mr. KH Li has provided a sum in the total amount of HK\$12,000,000 to Wai Hung Macau, which was subsequently received by Wai Hung HK, for general working capital purpose.

- (d) As such, there has not been any noted cash outflow to the Purported Subcontractors.
- (vii) Upon scrutinising the accounting records in relation to the Deposits, the following observations were made:
- (a) the relevant accounting vouchers in relation the Deposits were supported by receipts of acknowledgement with the names of the relevant Purported Subcontractors and the recipients' chops affixed thereon. However, such documents were contrary to the findings of the Independent Investigation that the Deposits were only adjustments of the Accounts Receivable;
  - (b) the recipients of the Deposits as shown in the accounting records were (1) Foshan City Gaoming District Aolin Wood Processing Factory# (佛山市高明區奧霖木器加工場) (“**Aolin Wood**”); (2) Foshan City Honglin Furniture Company Limited# (佛山市紅霖家具有限公司) (“**Honglin Furniture**”); (3) Hunan Gourmet Flow Intelligent Technology Company Limited# (湖南美食流智能科技有限公司); (4)

Qian Jin Construction Engineering (前進裝修工程); and (5) Joint Art (匯藝裝修工程) (i.e. the Purported Subcontractors), which are not the parties to the relevant framework cooperation agreements;

- (c) the Deposits of approximately MOP24.7 million were purported to be paid to Aolin Wood during the period from June 2021 to August 2021, while Aolin Wood was struck off on 30 August 2021; and
  - (d) the receipt issued by Honglin Furniture with the company chop of the same affixed therein and acknowledging receipt of the Deposits from Wai Hung Macau was dated 1 July 2021, which is preceding 6 August 2021, being the date on which Honglin Furniture was established in the PRC.
- (viii) Based on the interviews conducted with the relevant Purported Subcontractors (two of whom have accepted the Independent Forensic Accountant's interview requests), the relevant Purported Subcontractors confirmed that they have not issued any receipt in connection with the Projects. As they are existing suppliers of the Company in relation to other construction projects, they have only issued receipts of acknowledgement in relation to those other construction projects, which did not include the Projects.
- (ix) It was given to understand that in or around February 2022, upon receiving the written instructions and the receipts in relation to the Deposits from Mr. Kennedy Li, being the chief financial officer of the Company at the material time, the accounting manager and the accounting officer of the Company, who were merely following the instructions from Mr. Kennedy Li without enquiring into the nature of the transactions, adjusted the relevant Accounts Receivable into the Deposits.
- (x) As Mr. Kennedy Li was unable to be reached throughout the course of the Independent Investigation, the circumstances leading to and the reasons for the above accounting arrangements could not be ascertained, and there is no sufficient information in support of the commercial substance and business rationale for the payment of the Deposits.
- (xi) In respect of the issue of potential non-compliance with the foreign exchange control policies in the PRC, based on the representation of the interviewees, they are not aware of any payment of the Deposits nor any indirect payment of the Deposits made to the PRC bank accounts of the Purported Subcontractors by the payers on behalf of the Group. Therefore, according to the understanding of the interviewees, the purported payment of the Deposits of approximately MOP69.1 million to the PRC bank accounts of the relevant Purported Subcontractors does not exist. According to the accounting books and records, the Deposits of approximately MOP69.1 million were only adjusted from the Accounts Receivable without any payment arrangement. As such, there is no noted issue in connection with the foreign exchange control policies in the PRC.
- (xii) Further, given that (a) there has not been any payment of the Deposits by the Group nor any cash outflow to the Purported Subcontractors; and (b) the Deposits were merely adjusted from the Accounts Receivable, there is no noted issue of recoverability of the Deposits.



The Independent Investigation was completed by Crowe (HK) Risk Advisory Limited, which has also identified the following potential deficiencies in the internal control of the Company and suggested the remedial measures:

### **Potential deficiencies**

### **Suggested remedial measures**

#### *Project formulation and evaluation*

The Group did not conduct feasibility analysis and properly retain the relevant documents in support of the management's assessment and investment value of the Projects.

Conduct feasibility analysis on new projects, such as project proposal, market and revenue analysis, project timetable, etc., and keep records of management approvals.

#### *Project progress monitoring*

The Group did not keep comprehensive records of the progress of a project to be developed or under development, and the Group did not keep written records in relation to the termination of the Projects.

The project manager should report the progress of the project to be developed or under development to the management on a regular basis, e.g., on a half-yearly basis, and keep record of the relevant reports as well as independent reviews. Any termination of a project should be stated in the next reporting record after the termination of the project.

#### *Records management mechanism*

The Projects were not supported by appropriate supporting documents, especially contracts, agreements or written payment records in relation to financial records, including emails, payment applications and records of approval, etc..

Establish records management standards and systems, including:

- (i) defining the types of key records to be retained, including originals, hard copies or electronic copies, retention periods and the responsible departments;
- (ii) establishing a register of signed contracts;
- (iii) conducting back-up of key business records on a regular basis; and
- (iv) conducting regular or occasional tests of the records management system to ensure the completeness of the records through spot checks.

## Potential deficiencies

## Suggested remedial measures

### *Internal funds transfer requests and approvals*

No formal request and written approval for the internal transfer of funds, and the Group did not maintain supporting documents in relation to the purpose and use of the transferred funds and the relevant accounting records; and

Mr. KH Li approved the internal transfer of funds and issued the relevant cheque without having full knowledge of the purpose of the payment and the use of the funds.

Make the internal fund transfer requests in writing, setting out the purpose and use of the funds, and obtaining the approval from the appropriate management, and informing the management of the reasons for the transfer. The approved internal funds transfer request should be retained as supporting document for the relevant accounting records; and

Step up the approval hierarchy by increasing the number of officers required for the approval of fund transfer request, such that any payment applications exceeding a specified amount of, for example, HK\$500,000 or above, must be concurrently approved by two persons, namely Mr. KH Li and another authorised officer.

### *Review of contents of draft announcements*

Insufficient time for the Board to fully consider and review the draft announcement in relation to the unaudited annual results of the Company for the financial year ended 31 December 2021 and understand the nature of the Deposits.

With reference to the code provision C.5.8 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, draft announcements and related materials shall be made available for review by the Directors at least three days prior to Board meetings to ensure sufficient time for reviewing and considering the meeting materials.

## Potential deficiencies

## Suggested remedial measures

### *Sufficiency of accounting resources*

The financial statements of the Company are prepared by Mr. Kennedy Li, being the then chief financial officer, and based on the trust and confidence in Mr. Kennedy Li, there is no mechanism in place for effective review of the financial statements prepared by Mr. Kennedy Li to ensure that the unaudited financial data are free from material misstatement.

Assign personnel with relevant qualifications and extensive experience in accounting to assist the Board in reviewing the financial statements to ensure the accuracy of the financial data and disclosures.

### *Personnel management*

Mr. Kennedy Li was under the employment of the Group but failed to cooperate in the Independent Investigation.

Establish a contingency mechanism covering circumstances where investigations are required by the regulatory authority, requiring employee's proactive cooperation with internal investigations and that the senior management or department heads should explain to and lead their members and subordinates in respect of the internal investigations. In addition, the employee's responsibilities in relation to such incidents should be set out in the internal documents, such as job descriptions, employment contracts or staff manuals.

The detailed summary of the major findings of the Independent Investigation and recommendations made by Independent Forensic Accountant has been set out in the announcement of the Company dated 10 November 2023.

The Company would like to supplement that at the meetings of the Audit Committee and the Board whereby the unaudited FY2021 Annual Results were approved, although physical copy of the unaudited FY2021 Annual Results was not circulated at the relevant meetings for review, Mr. Kennedy Li, being the then chief financial officer of the Company who was responsible for preparing the unaudited results, did verbally present and explain to the Directors the financial positions of the Company, including but not limited to the key financial data in relation to the Company's financial position, the underlying circumstances affecting the Company's performance and the major liabilities of the Company for FY2021, without bringing the Deposits to the attention of the Directors. Taking into account (i) the presentation and explanation provided by Mr. Kennedy Li in respect of the unaudited FY2021 Annual Results; and (ii) that no significant issues on the unaudited FY2021 Annual Results were raised by Deloitte and Mr. Kennedy Li during the relevant meetings, the Board has resolved to approve the unaudited FY2021 Annual Results.

After reviewing and considering the Investigation Report, the Board is of the view that the Independent Forensic Accountant has investigated into the Audit Issues and adequately addressed the concerns raised by Deloitte, and the findings of the Independent Investigation in the Investigation Report are reasonable and acceptable. As at the date of this announcement, the Board has taken and will take the relevant appropriate remedial measures, including but not limited to (a) having removed Mr. Kennedy Li as the chief financial officer of the Company with effect from 1 November 2023; (b) having adopted an internal policy (the “**Remedial Policy**”) addressing the relevant internal control deficiencies; and (c) appointing an external compliance adviser to monitor the implementation and enforcement of the Remedial Policy.

As the Board has (a) conducted an appropriate independent investigation into the Audit Issues; (b) announced the findings of the Independent Investigation; and (c) taken appropriate remedial actions, Resumption Condition 1 has been fulfilled.

### **Resumption Condition 2 – publish all outstanding financial results and address any audit modifications**

As at the date of this announcement, all the Company’s outstanding financial results have been published as follows:

- (i) on 12 November 2023, the Company published the FY2021 Annual Results;
- (ii) on 12 November 2023, the Company published its unaudited interim results for the six months ended 30 June 2022;
- (iii) on 12 November 2023, the Company published its audited annual results (“**FY2022 Annual Results**”) for the year ended 31 December 2022; and
- (iv) on 12 November 2023, the Company published its unaudited interim results for the six months ended 30 June 2023.

The Auditor had communicated with the Audit Committee and agreed that the Investigation Report has clarified for the fact that the Group has not made any Deposits to the Purported Subcontractors for the Projects. The Investigation Report has also listed out all relevant accounting entries in relation to the adjustments of Accounts Receivable. Based on the accounting entries as extracted in the Investigation Report, it has also clarified that there were no fund flows to the Purported Subcontractors in the PRC. As such, the Auditor considered that the Audit Issues raised by Deloitte have been addressed and no other audit procedures were performed in respect of the Deposits.

In respect of the Accounts Receivable, the Auditor has made an impairment assessment on its recoverability and performed all reasonable audit procedures, including but not limited to:

- (i) obtaining the contracts in relation to the Accounts Receivable;
- (ii) conducting company search on the Accounts Receivable Customers, and the major subcontractors and suppliers involved in those projects;
- (iii) conducting land search on properties on which the Group has provided renovation work in relation to the Accounts Receivable and confirmed with the management the owners/ landlords of the related properties;
- (iv) conducting interview with the Group's project manager, and confirmed that all the projects related to Accounts Receivable were completed before the end of 31 December 2020, and obtained the site photos from the project manager in relation to the projects of the Accounts Receivable;
- (v) arranging confirmations as at 31 December 2020 for the trade receivables, other receivables and contract assets with the debtors related to the Accounts Receivable;
- (vi) obtained the settlement agreements from the management that was entered into between the Group and the debtors of the Accounts Receivable;
- (vii) conducting meeting with the Audit Committee to discuss the details on the Audit Issues and the findings of the Investigation Report; and
- (viii) increasing the extent of the audit work by increasing the number of samples of audit confirmation and audit inspection for the audit.

Based on the completion of the above audit procedures, the Auditor has not noted any irregularities in relation to the Accounts Receivable.

As disclosed in the announcements of the Company both dated 12 November 2023 in relation to FY2021 Annual Results and FY2022 Annual Results, there were audit modifications (the "**Audit Modifications**") (i.e. in the form of a disclaimer of opinion) in respect of the financial statements for the years 31 December 2021 and 31 December 2022 on the basis of multiple uncertainties relating to going concern.

Set out below are the summary of the major concerns of the Auditor and the corresponding action(s) taken and/or to be taken by the Company to resolve the Audit Modifications:

<b>Auditor's concern(s)</b>	<b>Action(s) taken/to be taken by the Company</b>
The Group had a net loss of approximately MOP70,555,000 as at 31 December 2022	In view of the Macau government's effort in revitalising the economy and promoting various construction projects in Macau, the management of the Company expects that more tenders of sizeable projects will be available for submission in the first half of 2024. The Company will proactively consider and submit tenders should suitable opportunities arise.
The Group's total borrowings amounted to approximately MOP81,188,000 as at 31 December 2022	<p>On 8 December 2023, Copious Astute, being the controlling Shareholder, and the Company entered into the Loan Agreement, pursuant to which Copious Astute conditionally agreed to provide to the Company an unsecured and interest-free revolving loan facility (the "<b>Shareholder's Loan</b>") of up to HK\$20,000,000 for the repayment of certain outstanding bank loans and for general working capital purpose.</p> <p>Further, the Group will take initiatives to negotiate with several financial institutions and seek for renewal of the existing bank facilities to finance the Group's working capital and commitments in the foreseeable future.</p> <p>As at the date of this announcement, the Company and one of the bank creditors have entered into an agreement to restructure the repayment schedule of one of the outstanding bank loans. Also, another bank creditor has also indicated that it is in the process of making an internal assessment of the repayment plan in respect of the outstanding bank loans, subject to the resumption of trading of the Shares on the Stock Exchange and the fulfillment of other credit conditions as may be imposed by such bank (the "<b>Proposed Loan Restructuring</b>").</p>

**Auditor’s concern(s)****Action(s) taken/to be taken by the Company**

Taking into account the Proposed Loan Restructuring and the provision of the Shareholder’s Loan by Copious Astute to the Company, the Board is of the view that the current liability of the Company could be significantly improved.

The Group has overdue trade receivables amounted to MOP57,806,000 and long aged other receivables and contract assets amounted to MOP33,993,000 and MOP48,876,000, respectively as at 31 December 2022

The Group has entered into settlement agreements with certain debtors for the repayment of the outstanding trade and other receivables and contract assets.

As at the date of this announcement, certain outstanding trade and other receivables and contract assets have been duly repaid by the relevant debtors in accordance with the agreed repayment schedule. The management of the Group will closely monitor the subsequent settlement from these debtors according to the agreed repayment schedule.

The Board is confident that by taking the above measures, the Audit Modifications would not be expected to recur for the financial year ending 31 December 2024.

Accordingly, the Resumption Condition 2 has been fulfilled.

**Resumption Condition 3 – demonstrate compliance with Rule 13.24 of the Listing Rules**

As shown from the Company’s audited annual results for the year ended 31 December 2022 and the unaudited interim results for the six months ended 30 June 2023 (“**1H2023 Interim Results**”), the Group has maintained a high level of operating activities and revenue. Based on the FY2022 Annual Results and 1H2023 Interim Results, the Company has recorded a revenue of approximately MOP54.6 million and MOP58.4 million respectively. Despite the fact that the Group has recorded gross loss of approximately MOP34.9 million for the year ended 31 December 2022, the Group has improved significantly in terms of profitability and recorded a gross profit of approximately MOP2.0 million for the six months ended 30 June 2023. The latest asset value of the Group as at 30 June 2023 were approximately MOP211.7 million.

As at the date of this announcement, the Group also has a total of 103 potential projects to which the Group has submitted tenders. Among the aforesaid submitted tenders, 48 of which have been awarded to the Group and the total contract sum amounted to approximately MOP61.9 million.

Further, the Proposed Loan Restructuring and the provision of the Shareholder’s Loan by Copious Astute to the Company are expected to bring significant improvement on the current liability position of the Company.

Therefore, the Company has continued to maintain a business with sufficient level of operation and assets of sufficient value in compliance with Rule 13.24 of the Listing Rules.

In light of the above, the Resumption Condition 3 has been fulfilled.

**Resumption Condition 4 – announce all material information for the Company’s shareholders and investors to appraise the Company’s position**

Since the suspension of trading in the shares in the Company, the Company has kept its shareholders and potential investors informed of all material information in relation to the Resumption Conditions and any relevant updates and progress by way of announcements.

The Board believes that the Company has announced all material information it considers necessary and appropriate for the Company’s shareholders and investors to appraise the Company’s position.

In light of the above, Resumption Condition 4 has been fulfilled.

**RESUMPTION OF TRADING IN THE SHARES**

Trading in the Shares on the Stock Exchange had been suspended with effect from 9:00 a.m. on 11 May 2022. As the Resumption Conditions have been satisfied in full, the Company has made an application to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 19 January 2024.

In the meantime, Shareholders and potential investors of the Company are advised to exercise caution when dealing with the shares of the Company.

By order of the Board  
**Wai Hung Group Holdings Limited**  
**Mr. Li Kam Hung**  
*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 18 January 2024

*As at the date of this announcement, the Board comprises Mr. Li Kam Hung, Mr. Yu Ming Ho and Mr. Yau Yan Ming Raymond as executive Directors; Mr. Li Chun Ho as non-executive Director; and Ms. Rita Botelho dos Santos, Mr. Wu Chou Kit and Mr. Lam Chi Wing as independent non-executive Directors.*

# *The English translation of Chinese names or words in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*