

WT GROUP HOLDINGS LIMITED

WT 集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8422



FIRST QUARTERLY REPORT
2018/2019

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “Directors”) of WT Group Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

This report is prepared in English language and translated into Chinese. In the event of any inconsistencies between the Chinese and the English version, the latter shall prevail.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Mr. Yip Shiu Ching (*Chairman*)
Mr. Kung Cheung Fai Patrick
Mr. Kam Kin Bun

Independent Non-executive Directors:

Mr. Leung Chi Hung
Ms. Wong Lai Na
Ms. Hung Siu Woon Pauline

AUDIT COMMITTEE

Mr. Leung Chi Hung (*Chairman*)
Ms. Wong Lai Na
Ms. Hung Siu Woon Pauline

REMUNERATION COMMITTEE

Ms. Wong Lai Na (*Chairman*)
Mr. Leung Chi Hung
Ms. Hung Siu Woon Pauline

NOMINATION COMMITTEE

Ms. Hung Siu Woon Pauline (*Chairman*)
Mr. Leung Chi Hung
Ms. Wong Lai Na

Compliance Officer

Mr. Yip Shiu Ching

COMPANY SECRETARY

Mr. Lei Wai Hoi, *CPA*

AUTHORISED REPRESENTATIVES

Mr. Yip Shiu Ching
Mr. Lei Wai Hoi

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Flat A, 6/F, Evernew Commercial Centre
33 Pine Street, Tai Kok Tsui
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Union Registrars Limited
Suites 3301-04, 33/F.
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

COMPLIANCE ADVISER

Titan Financial Services Limited

LEGAL ADVISERS TO THE COMPANY

D. S. Cheung & Co.

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
DBS Bank (Hong Kong) Limited

AUDITORS

PricewaterhouseCoopers
Certified Public Accountants

STOCK CODE

8422

COMPANY'S WEBSITE

<http://www.wtgholdings.com>

FINANCIAL RESULTS

The board of Directors (the “Board”) of the Company is pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 30 September 2018, together with the comparative unaudited figures for the corresponding period in 2017 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 September 2018

	Notes	Three months ended 30 September	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Revenue	3	17,308	12,217
Cost of sales		(13,802)	(9,364)
Gross profit		3,506	2,853
Other income	4	–	262
Administrative expenses		(1,982)	(6,912)
Operating profit/(loss)		1,524	(3,797)
Finance income/(costs), net		20	(12)
Profit/(loss) before income tax		1,544	(3,809)
Income tax expense	5	–	(153)
Profit/(loss) and total comprehensive Income/(loss) for the period attributable to owners of the Company		1,544	(3,962)
Earnings/(loss) per share (expressed in HK\$ cents per share)			
Basic and diluted	6	0.15	(0.53)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three months ended 30 September 2018

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 July 2017 (Audited)	–	–	10,100	24,810	34,910
Comprehensive loss:					
Loss and total comprehensive loss for the period	–	–	–	(3,962)	(3,962)
At 30 September 2017 (Unaudited)	–	–	10,100	20,848	30,948
At 1 July 2018 (Restated)	10,000	36,855	10,100	9,179	66,134
Comprehensive income:					
Profit and total comprehensive income for the period	–	–	–	1,544	1,544
At 30 September 2018 (Unaudited)	10,000	36,855	10,100	10,723	67,678

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 General information

The Company was incorporated in the Cayman Islands on 11 July 2017 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong is Flat A, 6/F, Evernew Commercial Centre, 33 Pine Street, Tai Kok Tsui, Kowloon, Hong Kong. The Company's immediate and ultimate holding company is Talent Gain Ventures Limited ("Talent Gain"), a company incorporated in the British Virgin Islands ("BVI").

The Company is an investment holding company. The Group is principally engaged in the business of specialised works and general building works in Hong Kong (the "Listing Business").

The shares of the Company (the "Shares") were listed on GEM of the Stock Exchange (the "Listing") by way of placing and public offer (the "Share Offer") on 28 December 2017 (the "Listing Date").

These unaudited condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousands (HK\$'000), unless otherwise stated.

The condensed consolidated financial statements have not been audited by the Company's auditor, but has been reviewed by the audit committee of the Company.

1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation (the "Reorganisation"), the Listing Business was carried out by Wai Tat Foundation & Engineering Limited ("Wai Tat" or the "Operating Company"). Before the completion of the Reorganisation, the Operating Company was controlled by Mr. Kung Cheung Fai Patrick ("Mr. Kung"), Mr. Yip Shiu Ching ("Mr. Yip") and Mr. Kam Kin Bun ("Mr. Kam") (collectively, the "Controlling Shareholders") who owned 34%, 33% and 33%, respectively, of the shareholdings of the Operating Company.

Upon completion of the Reorganisation on 24 November 2017, the Company became the holding company of other companies now comprising the Group.

Details of the Reorganisation are set out in the section headed "History and Development" in the prospectus of the Company dated 13 December 2017 (the "Prospectus").

1.3 Basis of presentation

Immediately prior to and after the Reorganisation, the Listing Business has been conducted by the Operating Company. Pursuant to the Reorganisation, the Listing Business were transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and does not meet the definition of a business. The Reorganisation is merely a reorganisation of the Listing Business with no change in management of such business and the ultimate owners of the Listing Business remain the same. Accordingly, the condensed consolidated financial statements are prepared using the carrying values of the Listing Business under the Controlling Shareholders for all the years presented, or since the respective dates of incorporation/establishment of the subsidiaries within the Group, or since the date when the subsidiaries within the Group first came under the control of the Controlling Shareholders, whichever is later.

Intercompany transactions, balances, unrealised gains/losses on transactions between group companies are eliminated on consolidation.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements for the three months ended 30 September 2018 have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of chapter 18 of the GEM Listing Rules.

The unaudited condensed consolidated financial statements do not include all information and disclosures as required in the annual financial statements and should be read in conjunction with the Company’s consolidated financial statements for the year ended 30 June 2018, which have been prepared in accordance with the HKFRSs issued by the HKICPA, as set out in the latest annual report.

The accounting policies that have been used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the preparation of the Company’s consolidated financial statements for the year ended 30 June 2018.

The Group has adopted and applied the following new standards, amendments to standards and interpretations that have been issued and effective for the accounting periods beginning on 1 July 2018.

Annual Improvements 2014–2016 Cycle	Improvements to HKFRSs in relation to HKAS 28 “Investments in Associates and Joint Ventures”
HKFRS 1 (Amendment)	First Time Adoption of HKFRS
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HKFRS 15 (Amendments)	Clarifications to HKFRS 15
HKAS 28 (Amendment)	Investments in Associates and Joint Ventures
HKAS 40 (Amendments)	Transfers of Investment Property
HK (IFRIC) 22	Foreign Currency Transactions and Advance Consideration

Saved as described below, the adoption of these new standards, amendments to standards and interpretations has no material impact on the Group's results and financial position.

Impacts and changes in accounting policies on application of HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in current period. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulated effect of the adoption recognised in the retained earnings as of 1 July 2018 and that comparatives has not been restated. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations.

Key changes in accounting policies resulting from application of HKFRS 15 are:

- (1) Under HKFRS 15, the Group recognises revenue over time when (or as) the control of an underlying performance obligation, i.e. a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same, is transferred to the customer over time.

In line with HKFRS 15, the Group continues to apply the output method in recognising the revenue from construction contracts over time by reference to the progress towards complete satisfaction of the relevant performance obligation. The progress towards complete satisfaction of a relevant performance obligation is measured based on the progress certificate (which would make reference to the amounts of the completed works during the relevant period) certified by the architects who are appointed by the customers. The current practice adopted by the Group is consistent with output method in recognising revenue under HKFRS 15. Hence, there were no adjustments made to the recognised revenue.

- (2) Under HKAS 11, the Group charged the incurred construction costs to profit or loss by reference to the stage of completion of the contract activity at the end of relevant reporting period. Under HKFRS 15, those incurred construction costs which qualified to be recognised as assets are amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the performance obligation to which the assets relate. Accordingly, construction costs that have been incurred but deferred to be recognised in profit or loss and included in amounts due from customers for contract work under HKAS 11 were charged to retained earnings. The related tax effects were recognised in tax liabilities and retained earnings.
- (3) Under HKAS 11, the amounts due to customers for contract works result from the excess of the recognition of contract costs as expenses according to the percentage of completion when revenue was recognised by reference to the percentage of completion over the actual costs incurred (which mainly represent the amount paid or payable to our suppliers and subcontractors) up to the end of each reporting period. Under HKFRS 15, those excess cost according to the percentage of completion will not be recorded. Accordingly, the excess cost recognised and included in amounts due to customers for contract works were credited to retained earnings. The related tax effects were recognised in tax liabilities and retained earnings.

- (4) Under HKFRS 15, unbilled revenue and retention receivables arising from the construction contracts that are conditional on issuance of progress certificates by architects and included in trade and retention receivables under HKAS 11 were reclassified to contract assets.
- (5) In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract. For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For those new standards, amendments to standards and interpretations which have been issued but are not yet effective and have not been early adopted, the Group is in the process of assessing their impact on the Group's results and financial position.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Actual results may differ from these estimates.

3 REVENUE AND SEGMENT INFORMATION

	Three months ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue:		
Contract revenue	17,308	12,217

The chief operating decision maker (the "CODM") has been identified as the executive directors who review the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The CODM assesses the performance based on a measure of profit after income tax and considers all businesses to be included in a single operating segment.

The Group is principally engaged in the business of specialised works and general building works in Hong Kong. Information reported to CODM for the purpose of resources allocation and performance assessment focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

All of the Group's activities are carried out in Hong Kong and all of the Group's assets and liabilities are located in Hong Kong. Accordingly, no analysis by geographical basis is presented.

4 OTHER INCOME

	Three months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Other income:		
Sundry income	–	262
	–	262

5 INCOME TAX EXPENSE

No Hong Kong profits tax has been provided as the Group utilised tax losses to offset the estimated assessable profit during the three months ended 30 September 2018. Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the three months ended 30 September 2017.

No overseas profits tax has been calculated for entities of the Group that are incorporated in the BVI or the Cayman Islands as they are exempted from tax (three months ended 30 September 2017: Nil).

The amount of income tax expense charged to the condensed consolidated statement of comprehensive income represents:

	Three months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Current income tax		
— Hong Kong profits tax	–	153
Deferred income tax	–	–
Income tax expense	–	153

6 EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective periods. In determining the weighted average number of ordinary shares, the additional 749,999,000 Shares issued pursuant to the capitalisation issue in respect of the Listing were treated as if they had been in issue since 1 July 2016.

	Three months ended 30 September	
	2018 (Unaudited)	2017 (Unaudited)
Profit/(loss) attributable to owners of the Company (in HK\$'000)	1,544	(3,962)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	1,000,000,000	750,000,000
Earnings/(loss) per share (HK cents per share)	0.15	(0.53)

(b) Diluted

Diluted earnings/(loss) per share is the same as basic earnings/(loss) per share due to the absence of dilutive potential ordinary shares during the respective periods.

7 DIVIDENDS

The Directors do not recommend the payment of dividend for the three months ended 30 September 2018 (three months ended 30 September 2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is principally engaged in the provision of specialised works and general building works as a main contractor in Hong Kong, through Wai Tat, our key operating subsidiary. The Group undertakes specialised works which include (i) foundation and site formation works; (ii) demolition works; and (iii) ground investigation field works. The Group also undertake general building works including superstructure building works, slope maintenance works, hoarding works, alteration and addition works and other miscellaneous construction works.

For the three months ended 30 September 2018, the Group recorded a net profit of approximately HK\$1.5 million as compared to net loss of approximately HK\$4.0 million for the corresponding period in 2017. Net loss of the Group for the three months ended 30 September 2017 was mainly attributable to the non-recurring Listing expenses of approximately HK\$4.8 million incurred. Setting that aside, the Group's consolidated net profit (which is adjusted for the non-recurring Listing expenses) for the three months ended 30 September 2017 was approximately HK\$0.8 million. The increase in the net profit of the Group was mainly attributable to the increase of revenue as a result of the acceleration of the progress of the projects during the three months ended 30 September 2018.

FUTURE PROSPECTS

The construction industry in Hong Kong is always challenging. Despite the increase in residential and commercial real estate developments as well as investment in infrastructure in Hong Kong, competition is very keen and securing a construction contract remains difficult. With the experienced and professional management team, established relationship with the customers and suppliers as well as our commitment to maintaining high safety and working standard, the Directors are of the view that the Group is well-positioned to capture further business opportunities by focusing on the foundation and site formation works and superstructure building works projects in Hong Kong. The Group will continue to pursue its business objectives and strategies: (i) expanding the market share and compete for more foundation and site formation projects, and superstructure building works projects; (ii) further strengthening the Group's manpower; and (iii) adherence to prudent financial management to ensure sustainable growth and capital sufficiency.

Bearing in mind the associated risk and in consideration to maximise the returns to its shareholders, the Directors may also consider other investment opportunities to broaden the base of return of the Group. Currently, the Group has not identified any investment opportunities.

FINANCIAL REVIEW

Revenue

For the three months ended 30 September 2017 and 2018, the Group generated total revenue of approximately HK\$12.2 million and HK\$17.3 million, respectively. The increase in revenue was mainly attributable to the acceleration of the progress of the projects for the three months ended 30 September 2018, especially the residential project in Repulse Bay.

Gross profit and gross profit margin

For the three months ended 30 September 2017 and 2018, the Group recorded gross profit of approximately HK\$2.9 million and HK\$3.5 million, respectively and the gross profit margin of the Group was approximately 23.4% and 20.3% for the respective periods. Decline in gross profit margin was primarily attributable to the projects mix that we carried out during the three months ended 30 September 2018 which had generated a lower gross profit margin than those projects carried out during the three months ended 30 September 2017 and the upfront cost and working capital requirements incurred at the early stage of the projects in Tai Po Road and Central during the three months ended 30 September 2018.

Administrative expenses

Our administrative expenses mainly consist of employee benefits expenses including director's emoluments, audit fees and other professional fees. Our administrative expenses amounted to approximately HK\$6.9 million and HK\$2.0 million for the three months ended 30 September 2017 and 2018, respectively. Administrative expenses for the three months ended 30 September 2017 included the non-recurring Listing expenses of approximately HK\$4.8 million. Excluding the non-recurring Listing expenses, the administrative expenses for the three months ended 30 September 2017 amounted to approximately HK\$2.1 million which was similar to the amount of approximately HK\$2.0 million for the three months ended 30 September 2018.

Income tax expense

No income tax expense of the Group has been provided for the three months ended 30 September 2018 and income tax expense of the Group amounted to approximately HK\$0.2 million for the three months ended 30 September 2017. With the utilisation of the tax losses, no estimated assessable profit was recorded for the three months ended 30 September 2018.

Profit/loss and total comprehensive income/loss for the three months ended 30 September 2018 attributable to owners of the Company

Loss and total comprehensive loss attributable to owners of the Company and profit and total comprehensive income for the three months ended 30 September 2017 and 2018 amounted to approximately HK\$4.0 million and HK\$1.5 million respectively. Loss and total comprehensive loss for the three months ended 30 September 2017 attributable to owners of the Company was mainly attributable to the non-recurring Listing expenses of approximately HK\$4.8 million incurred. Setting that aside, profit and total comprehensive profit (which is adjusted for the non-recurring Listing expenses) for the three months ended 30 September 2017 was approximately HK\$0.8 million. The increase of the profit and total comprehensive profit attributable to owners of the Company was mainly attributable to the increase of revenue as a result of the acceleration of the progress of the projects during the three months ended 30 September 2018.

DISCLOSURE OF INTERESTS

A. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, THE UNDERLYING SHARES OR DEBENTURES

As at 30 September 2018, the interests and short positions of the Directors or chief executives of the Company in the Shares, the underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such director or chief executive was taken or deemed to have under such provision of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required, pursuant to

standard of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) Long positions in the Shares

Name of Directors	Capacity	Number of the Shares held/ interested in	Percentage of shareholding
Mr. Kung	Interest in controlled corporation (<i>Note</i>)	675,000,000	67.50%
Mr. Yip	Interest in controlled corporation (<i>Note</i>)	675,000,000	67.50%
Mr. Kam	Interest in controlled corporation (<i>Note</i>)	675,000,000	67.50%

Note:

Talent Gain, which beneficially owns 67.5% of the issued Shares of the Company, is owned as to 34% by Mr. Kung, 33% by Mr. Yip and 33% by Mr. Kam. Since Mr. Kung is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Talent Gain, Mr. Kung is deemed to be interested in the Shares in which Talent Gain is interested under the SFO. Further, pursuant to the Concert Party Deed, details of which are set out in the paragraph headed "History and Development — Concert Party Deed" of the Prospectus, immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares to be issued upon exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme), Mr. Yip, Mr. Kam and Mr. Kung are acting in concert with one another and each of them is deemed to exercise or control the exercise of 67.5% of the voting power at general meetings of Talent Gain, and is therefore deemed to be interested in the Shares in which Talent Gain is interested under the SFO.

Save as disclosed above, as at 30 September 2018, none of the Directors nor chief executives of the Company has registered an interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

B. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES OR UNDERLYING SHARES

So far as the Directors are aware, as at 30 September 2018, the following persons (other than the Directors or chief executives of the Company) or corporations had interests or short positions in the shares or underlying shares of the Company which were required to be kept by the Company under Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholders	Nature of interest	Number of the Shares held/ interested in (Note 4)	Percentage of total issued share capital of the Company
Talent Gain	Beneficial owner	675,000,000 (L)	67.50%
Ms. Szeto Sin Fun	Family interest (Note 1)	675,000,000 (L)	67.50%
Ms. Chiu Wai King	Family interest (Note 2)	675,000,000 (L)	67.50%
Ms. Chan Kit Yee	Family interest (Note 3)	675,000,000 (L)	67.50%
China Silver Asset Management Limited	Investment manager	95,840,000 (L) 35,000,000 (S)	9.58% 3.50%
CS Asia Opportunities Master Fund	Beneficial owner	95,840,000 (L) 35,000,000 (S)	9.58% 3.50%

Notes:

- Ms. Szeto Sin Fun is Mr. Kung's spouse and is deemed to be interested in the Shares in which Mr. Kung is interested under the SFO.
- Ms. Chiu Wai King is Mr. Yip's spouse and is deemed to be interested in the Shares in which Mr. Yip is interested under the SFO.
- Ms. Chan Kit Yee is Mr. Kam's spouse and is deemed to be interested in the Shares in which Mr. Kam is interested under the SFO.
- The Letter "L" denotes the person's long position in the shares or underlying shares. The Letter "S" denotes the person's short position in the shares or underlying shares.

Save as disclosed above, as at 30 September 2018, there was no person or corporation, other than the Directors and chief executives of the Company, had any interest or a short position in the Shares or underlying Shares of the Company which were required to be kept by the Company under Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

COMPETING INTERESTS

The Directors are not aware of and had not received any written confirmation from any of our Directors nor controlling shareholders in respect of any business or interest of the Directors nor the controlling shareholders of the Company nor any of their respective associates (as defined in the GEM Listing Rules) that compete or may compete, directly or indirectly, with the business of the Group or any other conflicts of interest which any such person has or may have with the Group during the three months ended 30 September 2018 and up to the date of this report.

INTEREST OF COMPLIANCE ADVISER

As at 30 September 2018, as notified by the Company's compliance adviser, Titan Financial Services Limited (the "Compliance Adviser"), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor any of its directors, employees or close associates (as defined in GEM Listing Rules) had any interests in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) or otherwise in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the three months ended 30 September 2018.

CORPORATE GOVERNANCE CODE

The Company has complied with the principles and code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules except the following:

The principal of code provision A.2.1 of CG Code stipulates that there should be a clear division of the management of the Board and the day-to-day management of the business. The Group has not appointed the chief executive officer. However, the management of the Board and the day-to-day management of the business are primarily performed by Mr. Yip. The Group is of the view that there is a deviation from code provision A.2.1 of CG Code. In view of Mr. Yip has been operating and managing Wai Tat, our operating subsidiary, since 2002, the Board believes that it is in the best interest of the Group to have Mr. Yip taking up both roles for effective management and business development.

Therefore, the Directors consider that the deviation from code provision A.2.1 of CG Code is appropriate in such circumstance. The Board believes that the balance of power and authority is ensured by the operations of the Board which comprises experienced and competent individuals, with three of them being independent non-executive Directors.

Except for the deviation from code provision A.2.1 of CG Code, the Company's corporate governance practices have complied with the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard of dealings and the code of conduct concerning securities transactions by the Directors during the three months ended 30 September 2018.

DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 30 September 2018 (three months ended 30 September 2017: Nil).

EVENTS AFTER THE REPORTING PERIOD

As of the date of this report, save as disclosed in this report, the Board is not aware of any significant events after the reporting period that requires disclosure.

SHARE OPTION SCHEME

The Share Option Scheme was adopted pursuant to a resolution passed by the Company's then Shareholders on 1 December 2017. No share option was granted, lapsed, exercised or cancelled by the Company under the Share Option Scheme during the three months ended 30 September 2018 and there was no outstanding share option as at the date of this report.

AUDIT COMMITTEE

The audit committee of the Group (the "Audit Committee") was established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 and C.3.7 of CG Code. The Audit Committee currently comprises three independent non-executive Directors and is chaired by Mr. Leung Chi Hung. The other members are Ms. Wong Lai Na and Ms. Hung Siu Woon Pauline. The written terms of reference of the Audit Committee are posted on the websites of the Stock Exchange and the Company.

The primary duties of the Audit Committee are mainly to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Company has complied with Rule 5.28 of the GEM Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

The Group's unaudited condensed consolidated financial statements for the three months ended 30 September 2018 and this report have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the unaudited condensed consolidated financial statements of the Group for the three months ended 30 September 2018 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

By Order of the Board
WT Group Holdings Limited
Yip Shiu Ching
Chairman and executive Director

Hong Kong, 12 November 2018

As at the date of this report, the executive Directors are Mr. Yip Shiu Ching (Chairman), Mr. Kung Cheung Fai Patrick and Mr. Kam Kin Bun; and the independent non-executive Directors are Mr. Leung Chi Hung, Ms. Wong Lai Na and Ms. Hung Siu Woon Pauline.

This report will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the Company's website at www.wtgholdings.com.