

WT GROUP HOLDINGS LIMITED

WT 集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8422



2019/2020

FIRST QUARTERLY REPORT

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

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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 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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

Advent Corporate Finance 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 2019, together with the comparative unaudited figures for the corresponding period in 2018 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 September 2019

		Three months ended 30 September	
		2019	2018
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
<i>Notes</i>			
Revenue	3	23,338	17,308
Cost of sales		(20,455)	(13,802)
Gross profit		2,883	3,506
Administrative expenses		(2,162)	(1,982)
Operating profit		721	1,524
Finance (costs)/income, net		(7)	20
Profit before income tax		714	1,544
Income tax expense	4	(58)	–
Profit and total comprehensive income for the period attributable to owners of the Company		656	1,544
Earnings per share (expressed in HK cents per share)			
Basic and diluted	5	0.07	0.15

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three months ended 30 September 2019

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 July 2018, as restated	10,000	36,855	10,100	7,324	64,279
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	8,868	65,823
At 1 July 2019	10,000	36,855	10,100	13,760	70,715
Comprehensive income:					
Profit and total comprehensive income for the period	–	–	–	656	656
At 30 September 2019 (Unaudited)	10,000	36,855	10,100	14,416	71,371

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements for the three months ended 30 September 2019 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 have been prepared under the historical cost convention.

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 2019, 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 2019 except for the adoption of the new standards, amendments to standards and interpretations issued by the HKICPA mandatory for the annual periods beginning on 1 July 2019.

The Group has adopted and applied the new standards, amendments to standards and interpretations that have been issued and effective for the accounting periods beginning on 1 July 2019.

Impacts of the adoption of HKFRS 16 “Leases”

HKFRS 16 is effective for accounting periods beginning on 1 July 2019. The Group has applied HKFRS 16 retrospectively without restating comparative information. Accordingly, certain comparative information may not be comparable.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of HKAS 17 “Leases”. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rate.

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the condensed consolidated statement of financial position.

Each lease payment is allocated between the principal repayment of lease liability and finance cost. The finance cost is charged to the condensed consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

Save as disclosed above, the adoption of other new standards, amendment to standards and interpretations did not have material impact on the Group’s financial positions and results of operations.

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	
	2019	2018
	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)
Revenue:		
Contract Revenue	23,338	17,308

4 INCOME TAX EXPENSE

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profit for the three months ended 30 September 2019 (2018: no Hong Kong profits tax has been provided as the Group did not have assessable profit for the respective period after the utilisation of the tax losses from prior year).

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day.

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The two-tiered profits tax rates regime is applicable to the Group's companies with estimated assessable profits for annual reporting periods ending on or after 1 April 2018.

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 (2018: same).

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

	Three months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Current income tax		
— Hong Kong profits tax	60	—
Deferred income tax	(2)	—
Income tax expense	58	—

5 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective periods.

	Three months ended 30 September	
	2019 (Unaudited)	2018 (Unaudited)
Profit attributable to owners of the Company (in HK\$'000)	656	1,544
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	1,000,000,000	1,000,000,000
Earnings per share (HK cents per share)	0.07	0.15

(b) Diluted

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

6 DIVIDENDS

The Directors do not recommend the payment of dividend for the three months ended 30 September 2019 (2018: 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 2019, the Group recorded a net profit of approximately HK\$0.7 million as compared to net profit of approximately HK\$1.5 million for the corresponding period in 2018. The decrease in the net profit of the Group was mainly attributable to the decrease of the gross profit and increase of the administrative expenses for the three months ended 30 September 2019 compared to the corresponding period in 2018.

FUTURE PROSPECTS

The construction industry in Hong Kong is challenging and competitive. Despite the opportunities in the construction industry in Hong Kong, competition is very keen and securing a construction contract becomes more difficult than before. 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 is prudently optimistic about the construction market and will continue to exercise due care in pursuing the 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 our manpower; and (iii) adherence to prudent financial management to ensure sustainable growth and capital sufficiency.

Bearing in mind the associated risks and in consideration to maximise the returns to the shareholders of the Company (the “**Shareholders**”), the Directors may also consider other investment opportunities to broaden the base of return of the Group. As at the date of this report, the Group has not identified any investment opportunities.

FINANCIAL REVIEW

Revenue

For the three months ended 30 September 2018 and 2019, the Group generated total revenue of approximately HK\$17.3 million and HK\$23.3 million, respectively. The increase in revenue was mainly attributable to the school campus redevelopment project in Tai Po Road contributed significant revenue for the period.

Gross profit and gross profit margin

For the three months ended 30 September 2018 and 2019, the Group recorded gross profit of approximately HK\$3.5 million and HK\$2.9 million, respectively and the gross profit margin of the Group was approximately 20.3% and 12.4% for the respective periods. The decline in gross profit margin was primarily attributable to the delay in receipt of progress certificates in relation to certain construction projects as a result of negotiation between the Group and the relevant customers, of which the Group had incurred construction costs in respect of such project works.

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\$2.0 million and HK\$2.2 million for the three months ended 30 September 2018 and 2019, respectively. Increase in the administrative expenses was primarily attributable to increase in the employee benefits for the three months ended 30 September 2019 compared to the corresponding period in 2018.

Income tax expense

For the three months ended 30 September 2019, the Group recorded income tax expenses of approximately HK\$0.1 million. No income tax expense of the Group has been provided for the corresponding period in 2018 as there was no assessable profit after the utilisation of the tax losses from prior year.

In calculating the income tax expense for the period ended 30 September 2019, the Group has applied the two-tiered profits tax rates regime that the first HK\$2,000,000 of profits of qualifying corporations will be taxed at 8.25% and profits above HK\$2,000,000 will be tax at 16.5%.

Profit and total comprehensive income for the three months ended 30 September 2019 attributable to owners of the Company

Profit and total comprehensive income attributable to owners of the Company for the three months ended 30 September 2018 and 2019 amounted to approximately HK\$1.5 million and HK\$0.7 million respectively. The decrease in the profit and total comprehensive income attributable to owners of the Company was mainly attributable to the decrease in the gross profit and increase in the administrative expenses for the three months ended 30 September 2019 compared to the corresponding period in 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 2019, 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 Cheung Fai Patrick (" Mr. Kung ")	Interest in controlled corporation (<i>Note</i>)	648,600,000	64.86%
Mr. Yip Shiu Ching (" Mr. Yip ")	Interest in controlled corporation (<i>Note</i>)	648,600,000	64.86%
Mr. Kam Kin Bun (" Mr. Kam ")	Interest in controlled corporation (<i>Note</i>)	648,600,000	64.86%

Note:

Talent Gain, which beneficially owns 64.86% 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, 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 64.86% of the voting power of Talent Gain at general meetings of the Company, 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 2019, 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 2019, 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 recorded in register 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 <i>(Note 4)</i>	Percentage of total issued share capital of the Company
Talent Gain	Beneficial owner	648,600,000 (L)	64.86%
Mrs. Kung Szeto Pauline Sin Fun	Family interest <i>(Note 1)</i>	648,600,000 (L)	64.86%
Ms. Chiu Wai King Clara	Family interest <i>(Note 2)</i>	648,600,000 (L)	64.86%
Ms. Chan Kit Yee	Family interest <i>(Note 3)</i>	648,600,000 (L)	64.86%
China Silver Asset Management Limited	Investment manager	101,150,000 (L) 35,000,000 (S)	10.12% 3.50%
CS Asia Opportunities Master Fund	Beneficial owner	101,150,000 (L) 35,000,000 (S)	10.12% 3.50%

Notes:

1. Mrs. Kung Szeto Pauline 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.
2. Ms. Chiu Wai King Clara is Mr. Yip's spouse and is deemed to be interested in the Shares in which Mr. Yip is interested under the SFO.
3. 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.
4. 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 2019, 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 recorded in register 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 2019 and up to the date of this report.

INTEREST OF COMPLIANCE ADVISER

As at 30 September 2019, as notified by the Company's compliance adviser, Advent Corporate Finance 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 2019.

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 principle 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 two 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 2019.

DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 30 September 2019 (2018: 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.

INSIDE INFORMATION

Reference is made to the announcement of the Company dated 16 October 2019. The Company announced that Wai Tat was informed by an officer of the Independent Commission Against Corruption of Hong Kong (the "ICAC") on 15 October 2019 that an assistant project manager of Wai Tat, was charged to have conspired to accept advantages as rewards for assisting a supplier to secure the orders in relation to the supply of materials to a columbarium project of the Group in Tuen Mun (the "Charge").

The Charge has not had any material adverse impact on the daily operations of the Group which follow established procedures with clear delegation of authorities and robust internal control systems in place. The Directors and the Board are also not aware of any matter arising from the Charge that indicates or suggests that the Company or any of its subsidiaries or their operations will be materially impacted, and therefore does not expect that the Charge will have any material adverse impact on the financial position of the Group.

The Board is in the process of assessing the internal control policy and discussing any appropriate remedial actions.

On 16 October 2019, the relevant assistant project manager has resigned and other than him, none of the Company itself, its subsidiaries, Directors and staffs has been investigated or charged by the ICAC.

The Company will also monitor the developments of the Charge closely and take legal advice as to the appropriate steps it should take going forward. When more information comes to light the Company will make further announcement when necessary and as appropriate.

PASS AWAY OF INDEPENDENT NON-EXECUTIVE DIRECTOR

Reference is made to the announcement of the Company dated 22 October 2019. Ms. Hung Siu Woon Pauline ("**Ms. Hung**"), an independent non-executive Director, has passed away on 19 October 2019.

Following the passing of Ms. Hung, the Board comprises five members with three executive Directors and two independent non-executive Directors. As a result, the number of independent non-executive Directors of the Board is below the minimum number prescribed under Rule 5.05 of the GEM Listing Rules. The number of members of the Audit Committee is reduced to two which is below the minimum number prescribed under Rule 5.28 of the GEM Listing Rules. The number of members of the Remuneration Committee is reduced to two which is below the minimum number prescribed under the terms of reference of the Remuneration Committee. The number of members of the Nomination Committee is reduced to two which is below the minimum number prescribed under the terms of reference of the Nomination Committee.

In order to comply with Rules 5.05 and 5.28 of the GEM Listing Rules, and to fulfill the requirements as stipulated in the terms of reference of the Remuneration Committee and Nomination Committee, the Company is endeavoring to identify a suitable candidate to fill up the abovementioned vacancies as soon as practicable and in any event within three months from 19 October 2019 as prescribed under Rule 5.06 and Rule 5.33 of the GEM Listing Rules, and will make further announcement(s) as and when appropriate.

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 2019 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 two independent non-executive Directors and is chaired by Mr. Leung Chi Hung. Another member is Ms. Wong Lai Na. 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.

Saved as disclosed in the paragraph headed “Pass Away of Independent Non-Executive Director” in this report above, 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 2019 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 2019 comply with applicable accounting standards and 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, 13 November 2019

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 and Ms. Wong Lai Na.

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.