

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

INTERIM REPORT

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 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.*

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. Yen Kwun Wing
(appointed with effect from
20 December 2019)

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

Ms. Yen Kwun Wing (*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

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 interim results of the Group for the three months and six months ended 31 December 2019, together with the comparative unaudited figures for the corresponding periods in 2018 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the three months ended 31 December		For the six months ended 31 December	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	5	10,951	20,423	34,289	37,731
Cost of sales	6	(9,383)	(16,033)	(29,838)	(29,835)
Gross profit		1,568	4,390	4,451	7,896
Administrative expenses	6	(2,202)	(2,272)	(4,364)	(4,254)
Operating (loss)/profit		(634)	2,118	87	3,642
Finance income/(costs), net	7	19	(3)	12	17
(Loss)/profit before income tax		(615)	2,115	99	3,659
Income tax credit	8	60	-	2	-
(Loss)/profit and total comprehensive (loss)/ income for the period attributable to owners of the Company		(555)	2,115	101	3,659
Dividends	18	-	-	-	-
(Loss)/earnings per share (expressed in HK cents per share)					
Basic and diluted	9	(0.06)	0.21	0.01	0.37

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2019 HK\$'000 (Unaudited)	As at 30 June 2019 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property and equipment	10	645	788
Deposits and prepayments	13	24	203
Right-of-use assets		485	–
		1,154	991
Current assets			
Trade and retention receivables	11	8,049	20,542
Contract assets	12	16,384	20,245
Deposits, prepayments and other receivables	13	3,481	3,855
Current income tax recoverable		2,576	2,589
Restricted cash	14	5,012	4,682
Cash and cash equivalents	14	43,229	29,726
		78,731	81,639
Total assets		79,885	82,630
EQUITY			
Share capital	17	10,000	10,000
Share premium	17	36,855	36,855
Other reserves		10,100	10,100
Retained earnings		13,861	13,760
Total equity		70,816	70,715

	<i>Notes</i>	As at 31 December 2019 HK\$'000 (Unaudited)	As at 30 June 2019 HK\$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities		160	184
Deferred income tax liabilities		82	97
		242	281
Current liabilities			
Trade and retention payables	15	4,603	6,709
Accruals and other payables	16	3,635	4,775
Lease liabilities		589	150
		8,827	11,634
Total liabilities		9,069	11,915
Total equity and liabilities		79,885	82,630

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended 31 December 2019

	Attributable to owners of the Company				Total HK\$'000
	Share capital	Share premium	Other reserves	Retained earnings	
	HK\$'000 (Note 17)	HK\$'000 (Note 17)	HK\$'000	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	–	–	–	3,659	3,659
At 31 December 2018 (Unaudited)	10,000	36,855	10,100	10,983	67,938
At 1 July 2019	10,000	36,855	10,100	13,760	70,715
Comprehensive income:					
Profit and total comprehensive income for the period	–	–	–	101	101
At 31 December 2019 (Unaudited)	10,000	36,855	10,100	13,861	70,816

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Net cash generated from/(used in) operating activities	13,909	(5,016)
Net cash used in investing activities	(45)	(24)
Net cash used in financing activities	(361)	(76)
Increase/(decrease) in cash and cash equivalents	13,503	(5,116)
Cash and cash equivalents at beginning of the period	29,726	30,045
Cash and cash equivalents at end of the period	43,229	24,929

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM 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 Company and its subsidiaries comprising the group are 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 (the "**Listing**") by way of placing and public offer (the "**Share Offer**") on 28 December 2017 (the "**Listing Date**").

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

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements for the six months ended 31 December 2019 have been prepared in accordance with Hong Kong Accounting Standards ("**HKAS**") 34 "Interim Financial Reporting" 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 interim 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 Hong Kong Financial Reporting Standards ("**HKFRS**") 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 interim 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. The impact of the adoption of HKFRS 16 "Lease" is disclosed below.

Impacts of the adoption of HKFRS 16 “Leases”

The Group has adopted HKFRS 16 retrospectively from 1 July 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

(a) Adjustments recognised on adoption of HKFRS 16

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 lessee’s incremental borrowing rate as of 1 July 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 2.5%.

	HK\$'000
Operating lease commitments, disclosed as at 30 June 2019	791
Discounted using the lease’s incremental borrowing rate at the date of initial application	(15)
Lease liabilities recognised as at 1 July 2019	776
Of which are:	
Current lease liabilities	556
Non-current lease liabilities	220
	776

Impact on profit, comprehensive income and earnings per share

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other 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 balance sheet as at 30 June 2019. There was no onerous lease contract that would have required an adjustment to the right-of-use assets at the date of initial application.

The change in accounting policy affected the following items in the balance sheet on 1 July 2019:

- right-of-use assets — increased by HK\$776,000
- lease liabilities — increased by HK\$776,000.

The impact on the profit before income tax, profit for the period attributable to owners of the Company, total comprehensive income and basic and diluted earnings per share as a result of the adoption of HKFRS 16 are insignificant.

(b) The Group's leasing activities and how these are accounted for

The Group leases its office premises and Director's quarter in Hong Kong. Rental contracts are typically made for fixed periods of 2 years but may have terminated options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Until the financial year ended 30 June 2019, leases of office premises and Director's quarter were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the 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.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed lease payments. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability.

Other than the increase in assets and financial liabilities in the unaudited condensed consolidated statement of finance position and the financial performance impact in the unaudited condensed consolidated statement of comprehensive income as stated above, the Directors expect that the adoption of HKFRS 16 will not have significant impact on the financial position and financial performance of the Group.

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.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the unaudited condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing the unaudited condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the Company's consolidated financial statements for the year ended 30 June 2019, which have been prepared in accordance with HKFRSs issued by the HKICPA, as set out in the latest annual report.

4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

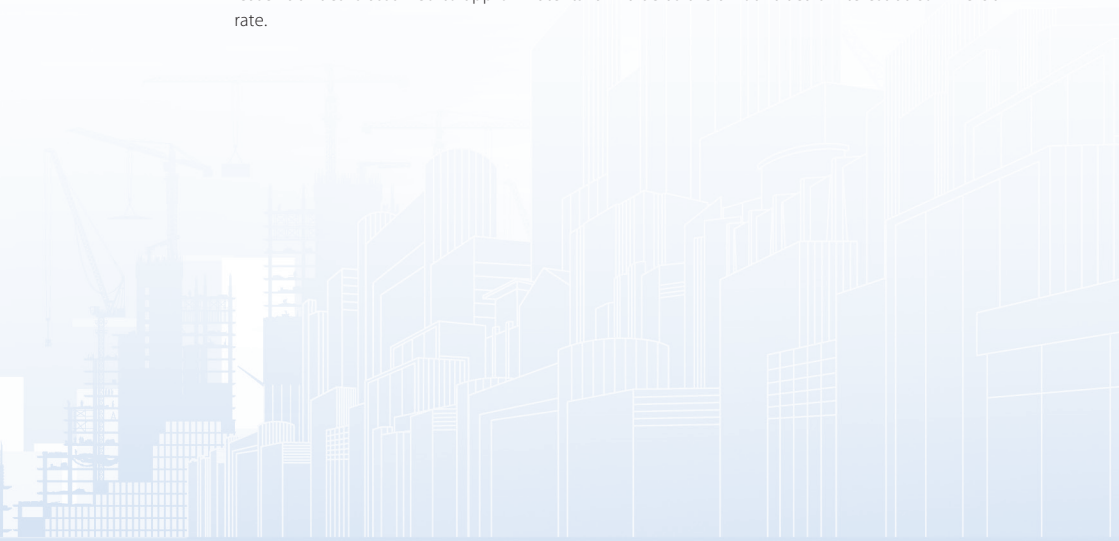
4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, cash flow and fair value interest rate risk and liquidity risk. The unaudited condensed consolidated interim financial statements do not include all financial risk management information and disclosures 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 HKFRSs issued by the HKICPA, as set out in the latest annual report.

There have been no changes in the risk management policies since 30 June 2019.

4.2 Fair value estimation

The carrying amounts of the Group's current financial assets, including trade and retention receivables, deposits and other receivables, restricted cash and cash and cash equivalents, and current financial liabilities, including trade and retention payables, accruals and other payables, and lease liabilities, approximate their fair values as at the reporting date due to their short maturities. The nominal value less estimated credit adjustments for financial assets and liabilities with maturities of less than one year are assumed to approximate their fair values. The carrying value of non-current lease liabilities is assumed to approximate its fair value as the amount bears interest at commercial rate.



5 REVENUE AND SEGMENT INFORMATION

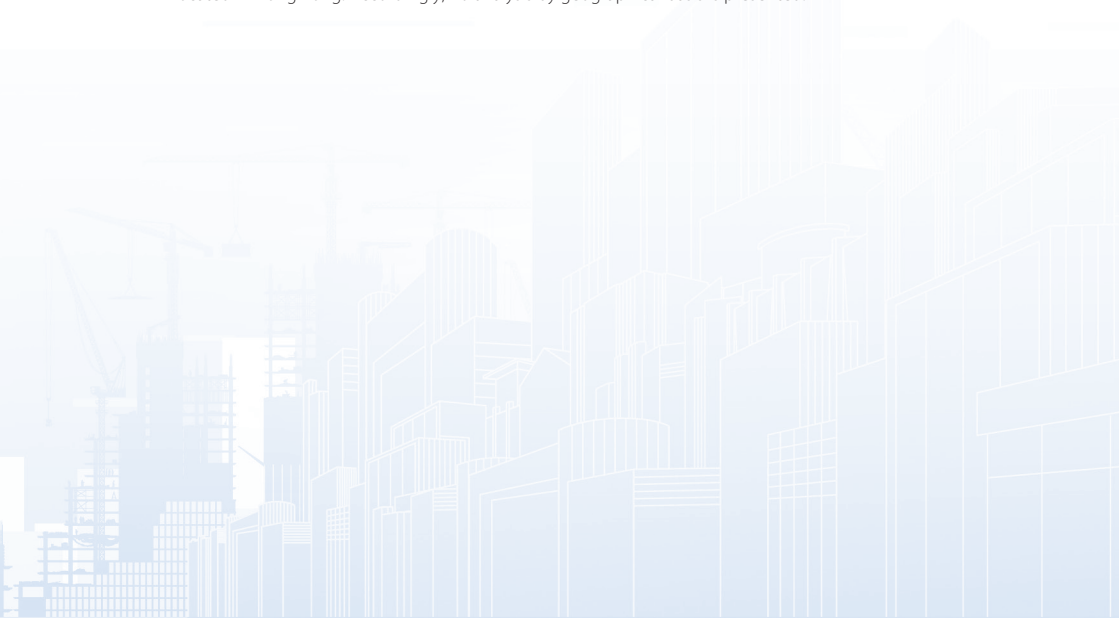
	Three months ended 31 December		Six months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue:				
Contract revenue	10,951	20,423	34,289	37,731

The chief operating decision-maker (the “**CODM**”) has been identified as the executive Directors of the Company who reviews the Group’s internal reporting in order to assess performance and allocate resources.

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.



6 EXPENSES BY NATURE

Expenses included in cost of sales and administrative expenses are analysed as follows:

	Three months ended 31 December		Six months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Construction costs recognised in cost of sales	9,383	16,033	29,838	29,835
Employee benefits expenses, including directors' emoluments	1,079	1,214	2,261	2,310
Depreciation, including right-of- use assets	241	91	479	182
Legal and professional fees	481	376	720	653
Auditors' remuneration — Audit services	237	225	475	450
Operating lease charges in respect of the Group's office	—	118	—	150
Motor vehicle expenses	78	45	174	181
Utility expenses	18	15	33	38
Others	68	188	222	290
Total cost of sales and administrative expenses	11,585	18,305	34,202	34,089

7 FINANCE INCOME/(COSTS), NET

	Three months ended 31 December		Six months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Finance income				
Bank interest income	27	3	27	27
Finance costs				
Lease liabilities	(8)	(6)	(15)	(10)
	19	(3)	12	17

8 INCOME TAX CREDIT

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profit for the six months ended 31 December 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 unaudited condensed consolidated statement of comprehensive income represents:

	Three months ended 31 December		Six months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Current income tax				
— Hong Kong profits tax	(47)	310	13	439
Deferred income tax	(13)	(310)	(15)	(439)
Income tax credit	(60)	—	(2)	—

9 (LOSS)/EARNINGS PER SHARE

(a) Basic

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

	Three months ended 31 December		Six months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
(Loss)/profit attributable to owners of the Company (in HK\$'000)	(555)	2,115	101	3,659
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
(Loss)/earnings per share (HK cents per share)	(0.06)	0.21	0.01	0.37

(b) Diluted

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

10 PROPERTY AND EQUIPMENT

	Furniture and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Six months ended 31 December 2019			
Opening net book amount	314	474	788
Additions	45	–	45
Depreciation	(62)	(126)	(188)
Closing net book amount	297	348	645
Six months ended 31 December 2018			
Opening net book amount	375	726	1,101
Additions	51	–	51
Depreciation	(56)	(126)	(182)
Closing net book amount	370	600	970

11 TRADE AND RETENTION RECEIVABLES

	As at 31 December 2019 HK\$'000 (Unaudited)	As at 30 June 2019 HK\$'000 (Audited)
Trade receivables	9,355	21,848
Retention receivables	983	983
Trade and retention receivables	10,338	22,831
Less: Loss allowance	(2,289)	(2,289)
Trade and retention receivables, net	8,049	20,542

The Group's credit terms granted to third-party customers other than those retention receivables range from 30 days to 180 days. The Group does not hold any collateral as security.

The ageing analysis of the third-party trade receivables, based on invoice date, are as follows:

	As at 31 December 2019 HK\$'000 (Unaudited)	As at 30 June 2019 HK\$'000 (Audited)
Up to 30 days	2,861	9,370
31–60 days	–	2,579
61–90 days	–	–
91–120 days	–	–
121–365 days	–	404
Over 1 year	6,494	9,495
	9,355	21,848

In the unaudited condensed consolidated statements of financial position, retention receivables were classified as current assets based on operating cycle. The ageing of the retention receivables, based on invoice date, are as follows:

	As at 31 December 2019 HK\$'000 (Unaudited)	As at 30 June 2019 HK\$'000 (Audited)
Up to 1 year	–	45
Over 1 year	983	938
	983	983

The carrying amounts of trade and retention receivables are denominated in HK\$ and approximate their fair values.

12 CONTRACT ASSETS

	As at 31 December 2019 HK\$'000 (Unaudited)	As at 30 June 2019 HK\$'000 (Audited)
Contract assets relating to:		
Uncertified work-in-progress	5,500	10,451
Retention receivables	11,154	10,064
	16,654	20,515
Less: Loss allowance of contract assets relating to retention receivables	(270)	(270)
Contract assets, net	16,384	20,245

In the unaudited condensed consolidated statement of financial position, contract assets relating to retention receivables were classified as current assets based on operating cycle. The ageing of the retention receivables, based on invoice date, was as follows:

	As at 31 December 2019 HK\$'000 (Unaudited)	As at 30 June 2019 HK\$'000 (Audited)
Up to 1 year	4,360	4,910
Over 1 year	6,794	5,154
	11,154	10,064

13 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December 2019 HK\$'000 (Unaudited)	As at 30 June 2019 HK\$'000 (Audited)
Deposits and other receivables	364	312
Prepayments	3,141	3,746
	3,505	4,058
Less: non-current portion Deposits and prepayments	(24)	(203)
	3,481	3,855

The carrying amounts of deposits and other receivables are denominated in HK\$ and approximate their fair values.

14 RESTRICTED CASH AND CASH AND CASH EQUIVALENTS

	As at 31 December 2019 HK\$'000 (Unaudited)	As at 30 June 2019 HK\$'000 (Audited)
Restricted cash	5,012	4,682

As at 31 December 2019, restricted cash represented deposits of HK\$5,012,000 (as at 30 June 2019: HK\$4,682,000) were placed in insurance companies as collateral for performance bonds. Restricted cash is interest-free.

	As at 31 December 2019 HK\$'000 (Unaudited)	As at 30 June 2019 HK\$'000 (Audited)
Cash and cash equivalents	43,229	29,726

The carrying amounts of cash and cash equivalents are denominated in HK\$ and approximate their fair values.

15 TRADE AND RETENTION PAYABLES

Trade and retention payables at the end of each reporting period comprise amounts outstanding to contract creditors and suppliers. The average credit period taken for trade payables is generally 30 days.

	As at 31 December 2019 HK\$'000 (Unaudited)	As at 30 June 2019 HK\$'000 (Audited)
Trade payables	1,177	3,890
Retention payables	3,426	2,819
	4,603	6,709

The ageing analysis of the trade payables, based on invoice date, are as follows:

	As at 31 December 2019 HK\$'000 (Unaudited)	As at 30 June 2019 HK\$'000 (Audited)
Up to 30 days	1,177	3,852
31–60 days	–	–
61–90 days	–	–
Over 90 days	–	38
	1,177	3,890

The ageing of the retention payables by invoice date are as follows:

	As at 31 December 2019 HK\$'000 (Unaudited)	As at 30 June 2019 HK\$'000 (Audited)
Up to 1 year	2,038	1,875
Over 1 year	1,388	944
	3,426	2,819

The carrying amounts of trade and retention payables are denominated in HK\$ and approximate their fair values.

16 ACCRUALS AND OTHER PAYABLES

	As at 31 December 2019 HK\$'000 (Unaudited)	As at 30 June 2019 HK\$'000 (Audited)
Accruals for legal and professional fees	584	1,215
Other accruals and other payables	3,051	3,560
	3,635	4,775

The carrying amounts of accruals and other payables are denominated in HK\$ and approximate their fair values.

17 SHARE CAPITAL AND SHARE PREMIUM

	Number of shares (in thousand)	Total HK\$'000	Share premium HK\$'000
Ordinary shares of HK\$0.01 each			
Authorised:			
At 30 June 2019 and 31 December 2019	5,000,000	50,000	–
Issued and fully paid:			
At 30 June 2019 and 31 December 2019	1,000,000	10,000	36,855

18 DIVIDENDS

The Directors do not recommend the payment of dividend for the six months ended 31 December 2019 (2018: nil).

19 RELATED PARTY TRANSACTIONS

- (a) Parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

The directors are of the view that the following individuals were related parties that had transactions or balances with the Group during the six months ended 31 December 2019:

Name	Relationship with the Group
Mr. Kung Cheung Fai Patrick ("Mr. Kung")	Shareholder and executive director
Mr. Yip Shiu Ching ("Mr. Yip")	Shareholder and executive director
Mr. Kam Kin Bun ("Mr. Kam")	Shareholder and executive director
Ms. Du Juan	Executive director (appointed on 4 December 2018 and resigned on 30 August 2019)

(b) Key management compensation

Key management includes executive, independent non-executive directors and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	For the three months ended 31 December		For the six months ended 31 December	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Salaries, allowances and benefits in kind	1,286	1,308	2,703	2,617
Retirement benefit costs – defined contribution plans	18	18	39	36
	1,304	1,326	2,742	2,653

20 CONTINGENT LIABILITIES

As at 31 December 2019, the Group has given guarantees on performance bonds issued by insurance companies of HK\$5,012,000 in respect of four construction contracts of the Group in its ordinary course of business (as at 30 June 2019: HK\$4,682,000 in respect of three construction contracts). The performance bonds are expected to be released in accordance with the terms of the respective construction contracts.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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 Foundation & Engineering Limited ("**Wai Tat**"), the 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 six months ended 31 December 2019, the Group recorded a net profit of approximately HK\$0.1 million as compared to the net profit of approximately HK\$3.7 million for the corresponding period in 2018. The decrease in the net profit of the Group was mainly attributable to the decrease in the gross profit due to decline in overall gross profit margin of the projects undertaken by the Group and a decrease in the number of construction projects undertaken by the Group for the six months ended 31 December 2019 as compared to the corresponding period in 2018.

FUTURE PROSPECTS

The construction industry in Hong Kong is challenging and competitive. Given the economic uncertainty and persisted social unrest, the Group is of the view that the overall construction industry in Hong Kong will be rollbacked in the coming year. Also, under the keen competition in the construction industry, securing a construction contract has become more difficult than before. Therefore, the Group has to adopt a competitive tender pricing policy, which undoubtedly affect the financial performance of the Group.

Nevertheless, the Group is prudently optimistic and believes opportunities always exist in the construction market in Hong Kong. With the experienced and professional management team, established relationship with the customers and suppliers as well as the Group's commitment to maintain 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 and (ii) adherence to prudent financial management to ensure sustainable growth and capital sufficiency.

Bearing in mind the associated risk and in order to maximise the returns to the shareholders of the Company (the “**Shareholders**”), the Directors may also consider other investment opportunities to broaden the sources of income of the Group. Currently, the Group has not identified any investment opportunity.

FINANCIAL REVIEW

Revenue

For the six months ended 31 December 2018 and 2019, the Group generated total revenue of approximately HK\$37.7 million and HK\$34.3 million, respectively. The decrease in revenue was mainly attributable to a decrease in the number of construction projects undertaken by the Group for the six months ended 31 December 2019 compared to the corresponding period in 2018.

Gross profit and gross profit margin

For the six months ended 31 December 2018 and 2019, the Group recorded gross profit of approximately HK\$7.9 million and HK\$4.5 million, respectively and the gross profit margin of the Group was approximately 20.9% and 13.0% for the respective periods. Decline in gross profit and gross profit margin was primarily attributable to the decline in the overall gross profit and gross profit margin of the projects undertaken by the Group and a decrease in the number of construction projects undertaken by the Group for the six months ended 31 December 2019 compared to the corresponding period in 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\$4.3 million and HK\$4.4 million for the six months ended 31 December 2018 and 2019, respectively. There was no significant change of the administrative expenses for the six months ended 31 December 2019 compared to the corresponding period in 2018.

Income tax expense

For the six months ended 31 December 2019, the Group recorded income tax credit of approximately HK\$2,000. 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.

Profit and total comprehensive income for the six months ended 31 December 2019 attributable to owners of the Company

Profit and total comprehensive income attributable to owners of the Company for the six months ended 31 December 2018 and 2019 amounted to approximately HK\$3.7 million and HK\$0.1 million respectively. The decrease of the profit and total comprehensive income attributable to owners of the Company was mainly attributable to the decrease in the gross profit for the six months ended 31 December 2019 as compared to the corresponding period in 2018 mentioned in the paragraph headed “Gross profit and gross profit margin” in this report above.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a sound financial position during the six months ended 31 December 2019. As at 31 December 2019, the Group had bank balances and cash of approximately HK\$43.2 million (as at 30 June 2019: approximately HK\$29.7 million) and restricted cash balances of approximately HK\$5.0 million (as at 30 June 2019: approximately HK\$4.7 million). The current ratio as at 31 December 2019 was approximately 8.9 times (as at 30 June 2019: approximately 7.0 times). The Directors are of the view that the Group is in a healthy financial position to expand its core business and to achieve its business objectives.

GEARING RATIO

The gearing ratio is calculated based on the total debt divided by total equity as at the respective reporting date. Total debt represents the lease liabilities. As at 31 December 2019, the Group recorded gearing ratio of approximately 1.1% (as at 30 June 2019: approximately 0.5%).

CHARGE OVER THE GROUP'S ASSETS

As at 31 December 2019, the Group pledged its deposits in certain insurance companies of approximately HK\$5.0 million (as at 30 June 2019: approximately HK\$4.7 million) as collateral for performance bonds.

As at 31 December 2019, the Group pledged the leased motor vehicles of approximately HK\$0.3 million (as at 30 June 2019: approximately HK\$0.4 million) as collateral to the lease liabilities.

Save as disclosed above, the Group does not have any other charges on its assets.

FOREIGN EXCHANGE EXPOSURE

Most of the revenue-generating operations were transacted in Hong Kong dollars. For the six months ended 31 December 2019, there was no significant exposure to foreign exchange rate fluctuations. As such, the Group currently does not have a foreign currency hedging policy.

CAPITAL STRUCTURE

During the six months ended 31 December 2019, there has been no change in the capital structure of the Company. The capital structure of the Company comprises of ordinary shares and reserves.

The Group mainly finances its operations, working capital, capital expenditures and other liquidity requirements through a combination funds generated from operations and net proceeds from the Share Offer.

TREASURY POLICY

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group believes that there are certain risks and uncertainties involved in the operations, some of which are beyond the Group's control. Some of the major risks include:

- (i) the Group's revenue relies on successful tenders or quotations of specialised works and general building works projects which are non-recurring in nature, and there is no guarantee that the customers will provide the Group with new business opportunities or that the Group will secure new customers;
- (ii) the Group makes estimation of our project costs in our tenders and quotations and any failure to accurately estimate the costs involved and/or delay in completion of any project may lead to cost overruns or even result in losses;

- (iii) the Group relies on our subcontractors to perform a portion of the site works and unsatisfactory performance or unavailability of the Group's subcontractors may adversely affect our operations and profitability;
- (iv) the Group is exposed to our customers' credit risks and the Group's liquidity position may be adversely affected if our customers fail to make payment on time or in full;
- (v) the Group's performance depends on the trends and developments in the construction industry in Hong Kong; and
- (vi) the Group's performance depends on the market conditions and the general economic and political conditions in Hong Kong.

CAPITAL COMMITMENTS

As at 31 December 2019, the Group did not have any capital commitment (as at 30 June 2019: nil).

SEGMENT INFORMATION

Segment information of the Group is presented as disclosed in note 5 to the unaudited condensed consolidated interim financial statements.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, there was no significant investment held, material acquisition and disposal of subsidiaries and associated companies by the Company during the six months ended 31 December 2019. The Group currently does not have any other plan for material investments or capital assets.

CONTINGENT LIABILITIES

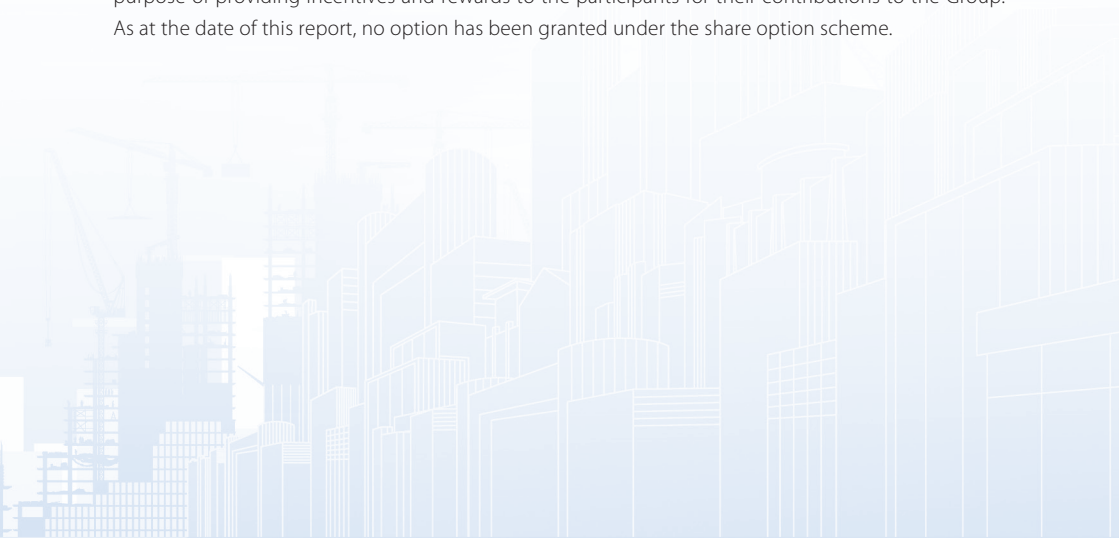
As at 31 December 2019, the Group has given guarantees on performance bonds issued by insurance companies of approximately HK\$5.0 million in respect of four construction contracts of the Group in its ordinary course of business (as at 30 June 2019: approximately HK\$4.7 million in respect of three construction contracts). The Group has contingent liabilities to indemnify the insurance companies for any claims from customers under the guarantee due to the failure of the Group's performance. The performance bonds are expected to be released in accordance with the terms of the respective construction contracts. As at 31 December 2019, the Directors do not consider it probable that a claim will be made against the Group.

Save as disclosed above, the Group has no other material contingent liabilities (as at 30 June 2019: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, excluding the independent non-executive directors, the Group employed a total of 15 employees (as at 30 June 2019: 17 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$5.1 million for the six months ended 31 December 2019 (for the six months ended 31 December 2018: approximately HK\$5.5 million).

The Group remunerates the employees based on their position, qualifications and performance. On top of the basic salaries, bonuses may be paid with reference to the Group's performance as well as employee's performance. Various types of trainings are provided to the employees for the improvement of their standards and skills. The Company maintains a share option scheme for the purpose of providing incentives and rewards to the participants for their contributions to the Group. As at the date of this report, no option has been granted under the share option scheme.



COMPARISON BETWEEN BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

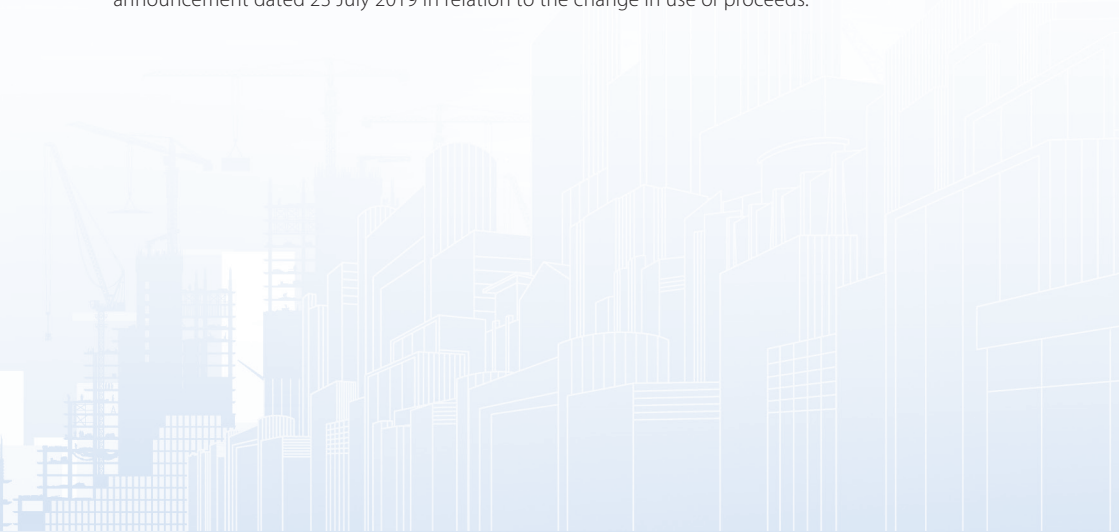
An analysis comparing the business objectives as set out in the prospectus of the Company dated 13 December 2017 (the "Prospectus") with the Group's actual business progress for the period from the Listing Date to 31 December 2019 is set out below:

Business objective as stated in the Prospectus	Business plan stated in the Prospectus	Actual business progress up to 31 December 2019
Continue to expand the market share and compete for more foundation and site formation projects and superstructure building works projects	Take out surety bonds for Project A and Project B	Bank balances of approximately HK\$1.8 million and HK\$1.1 million were deposited for the surety bond requirement of Project B and the project in Central, Hong Kong awarded in July 2018 respectively.
	Finance the upfront costs and working capital requirement at the early stage of Project A and Project B and other projects	Bank balances of approximately HK\$19.0 million had been utilised to finance the upfront cost and working capital requirement of Project B, the project in Central, Hong Kong awarded in July 2018 and other projects awarded in 2019.
	Continue to identify suitable business opportunities and review the tendering strategies to compete for more foundation and site formation projects and superstructure building works projects	The Group is continuing to identify suitable business opportunities and review the tendering strategies to compete for more foundation and site formation projects and superstructure building works projects.

Business objective as stated in the Prospectus	Business plan stated in the Prospectus	Actual business progress up to 31 December 2019
Further strengthening the Group's manpower	Hire and employ one project manager, two assistant project managers, one assistant accountant and one site foreman and continue to assess the needs to recruit additional staff in view of the business development	The Group has recruited two senior engineers and three foremen to enhance the project implementation capabilities and one management trainee to support its accounting functions.
	Provide training to our existing and newly recruited staff and/or sponsor our staff to attend training courses on occupational health and safety	The Group has sponsored its staff to attend several training courses on occupational health and safety.

USE OF PROCEEDS

Based on the offer price of HK\$0.22 per Offer Share, the net proceeds from the Listing, after deducting the underwriting commission and other Listing related expenses, amounted to approximately HK\$31.7 million. The Group intended to apply such net proceeds in accordance with the purposes set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus and the announcement dated 23 July 2019 in relation to the change in use of proceeds.



As at 31 December 2019, the planned application and actual utilisation of the net proceeds from the Listing is set out below:

Business plan as stated in the Prospectus	Net proceeds from the Share Offer	Revised net proceeds from the Share Offer	Amount utilised up to 31 December 2019	Unutilised balance up to 31 December 2019
	HK\$'million	HK\$'million	HK\$'million	HK\$'million
Taking out surety bond for Project A and Project B	8.6	2.9	2.9	–
Financing the upfront cost and working capital requirement at the early stage of Project A and Project B and other projects	16.4	22.1	19.0	3.1
Further strengthening the Group's manpower	4.1	4.1	3.1	1.0
General working capital	2.6	2.6	2.6	–
Total	31.7	31.7	27.6	4.1

As at 31 December 2019, approximately HK\$4.1 million of the net proceeds has not yet been utilised by the Group.

CHANGE IN USE OF PROCEEDS

Reference is made to the announcement dated 23 July 2019 in relation to the change in use of proceeds, an aggregate amount of approximately HK\$5.7 million reserved for the surety bond requirement of certain construction projects were resolved to be reallocated to finance the upfront cost and working capital requirement for certain new projects awarded in 2019 and other potential new projects that the Group targets to secure.

DISCLOSURE OF INTERESTS

A. Directors' and Chief Executives' Interests and Short Positions in the Shares, the Underlying Shares or Debentures

As at 31 December 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	Approximate percentage of total issued share capital of the Company
Mr. Kung	Interest in controlled corporation (<i>Note</i>)	648,600,000	64.86%
Mr. Yip	Interest in controlled corporation (<i>Note</i>)	648,600,000	64.86%
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 31 December 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 31 December 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>	Approximate percentage of total issued share capital of the Company
Talent Gain	Beneficial owner	648,600,000 (L)	64.86%
Ms. 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	110,410,000 (L) 35,000,000 (S)	11.04% 3.50%
CS Asia Opportunities Master Fund	Beneficial owner	110,410,000 (L) 35,000,000 (S)	11.04% 3.50%

Notes:

1. Ms. 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 31 December 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.

SUFFICIENCY OF PUBLIC FLOAT

Reference is made to the announcements of the Company dated 19 November 2019, 24 December 2019 and 23 January 2020. To the best knowledge, information and belief of the Directors as at the date of this report, the public float of the Company is approximately 24.10%, which is below the requirement of 25% of the total issued share capital of the Company held by the public as prescribed by Rule 11.23(7) of the GEM Listing Rules. As at the date of this report, the controlling Shareholder has indicated its intention to assist the Company to restore the public float by disposing of its existing Shares. Such disposal will be subject to, among others, the commercial decision of the controlling Shareholder and market sentiment in general. The Company is actively communicating with the controlling Shareholder to devise a feasible plan and timetable to restore the public float. Meanwhile, the Company will continue to consider and carry out other feasible and viable options, if any, to restore the public float with the financial advisers.

The Company will use its best endeavours to restore the public float as soon as practicable and target to complete the restoration by the end of February 2020.

INSIDE INFORMATION

Reference is made to the announcement of the Company dated 16 October 2019 in relation to a former assistant project manager of Wai Tat was charged by the Independent Commission Against Corruption of Hong Kong (the "ICAC") 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 relevant project manager has resigned from the Group with effect from 16 October 2019. On 13 January 2020, such former employee admitted at the Tuen Mun Magistracy that he had solicited and accepted illegal commissions from the supplier.

As of the date of this report, other than the abovementioned former employee, none of the Company itself, its subsidiaries, the Directors and its staff has been investigated or charged by the ICAC. The Directors hold the view that the Charge has no material impact to the operations and financial position of the Group.

The Group always strives to uphold a high standard of corporate governance. After the Charge, training on anti-bribery was conducted to the employees. The Board had also assessed the internal control policy and reviewed certain payment records and are not aware of any matters that should be brought to their attention nor the Shareholders.

CANCELLATION OF THE PROPOSED CHANGE OF COMPANY NAME

Reference is made to the announcements dated 30 April 2019 and 23 August 2019 in relation to the proposed change of Company name. After taking into account of the opinions from various stakeholders, the Board had decided not to proceed with the proposed change of Company name.

RESIGNATION OF EXECUTIVE DIRECTOR

Reference is made to the announcement dated 30 August 2019 in relation to the resignation of the executive Director. Ms. Du Juan tendered her resignation as an executive Director with effect from 30 August 2019 due to her other business commitments. Ms. Du Juan confirmed that she had no disagreement with the Board and there were no other matters in relation to her resignation that needed to be brought to the attention of the Shareholders and the Stock Exchange.

PASS AWAY OF INDEPENDENT NON-EXECUTIVE DIRECTOR AND THE APPOINTMENT OF THE SUCCESSOR

Reference is made to the announcements dated 22 October 2019 and 20 December 2019 in relation to the non-compliance with Rule 5.05(1) and Rule 5.28 of the GEM Listing Rules. Following the pass-away of Ms. Hung Siu Woon Pauline on 19 October 2019, 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 was below the minimum number prescribed under Rule 5.05 of the GEM Listing Rules. The number of members of the audit committee of the Company (the "**Audit Committee**") was reduced to two which was below the minimum number prescribed under Rule 5.28 of the GEM Listing Rules. The number of members of the remuneration committee of the Company (the "**Remuneration Committee**") was reduced to two which was below the minimum number prescribed under the terms of reference of the Remuneration Committee. The number of members of the nomination committee of the Company (the "**Nomination Committee**") was reduced to two which was below the minimum number prescribed under the terms of reference of the Nomination Committee. On 20 December 2019, Ms. Yen Kwun Wing ("**Ms Yen**") was appointed as an independent non-executive Director, chairman of the Nomination Committee and a member of each of the Audit Committee and Remuneration Committee.

Ms. Yen, aged 44, was admitted to the High Court of Hong Kong as a solicitor in November 2001. From 1999 to 2018, Ms. Yen worked for several law firms in Hong Kong. Ms. Yen joined Raymond Siu & Lawyers in 2018 and she is currently a consultant and practising solicitor. Ms. Yen has over 18 years of experience in the legal profession and she is also an accredited family mediator of the Hong Kong International Arbitration Centre and Hong Kong Mediation Accreditation Association Limited.

Ms. Yen obtained a Bachelor of Arts, Common Professional Examination Certificate in Laws and Postgraduates Certificate in Laws from The University of Hong Kong in 1997, 1998 and 1999 respectively, a Bachelor of Laws from The Manchester Metropolitan University in 2002 and a Master of Laws from The University of London in 2005.

An appointment letter was entered into between Ms. Yen and the Company on 20 December 2019 pursuant to which she was appointed for a term of one year as an independent non-executive Director which is determinable by either party serving on the other not less than one month's written notice. Ms. Yen will be entitled to a director's fee of HK\$180,000 per annum for acting as the independent non-executive Director, which was recommended by the Remuneration Committee and has been determined with reference to the prevailing market conditions and her roles and responsibilities in the Group, subject to review by the Board and the Remuneration Committee from time to time.

Save as disclosed above, Ms. Yen (i) has no relationship with any Directors, senior management or substantial or controlling shareholders of the Company (as respectively defined in the GEM Listing Rules); (ii) has not hold any other directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; and (iii) does not hold any other positions in the Company or other members of the Group.

Following the appointment of Ms. Yen as the abovementioned positions, the Company have fulfilled the requirements under Rules 5.05 and 5.28 of the GEM Listing Rules and the requirements as stipulated in the terms of reference of the Remuneration Committee and Nomination Committee.

COMPETING INTERESTS

The Directors are not aware 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 six months ended 31 December 2019 and up to the date of this report.

INTEREST OF COMPLIANCE ADVISER

As notified by Advent Corporate Finance Limited ("**Advent**"), the Company's compliance adviser, save for (i) the compliance agreement entered into between the Company and Advent dated 22 March 2019 in connection with the compliance with the GEM Listing Rules and (ii) the advisory agreement entered into between the Company and Advent dated 10 May 2019 in connection with the proposed change of Company name, none of Advent or its directors, employees or associates (as defined in the GEM Listing Rules) had any interest in the Company as at the date of this report, 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 six months ended 31 December 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 the 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 the 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 the 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.

During the six months ended 31 December 2019, the Group has failed to comply with Rule 5.05(1) and Rule 5.28 of the GEM Listing Rules in relation to the appointment of a sufficient number of independent non-executive Directors. Please refer to the paragraph headed "Pass Away of Independent Non-Executive Director and the Appointment of the Successor" in this report for details.

Except for the deviation from code provision A.2.1 of the CG Code and the non-compliance with the appointment of a sufficient number of independent non-executive Directors, 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 six months ended 31 December 2019.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 31 December 2019 (for the six months ended 31 December 2018: nil).

EVENTS AFTER THE REPORTING PERIOD

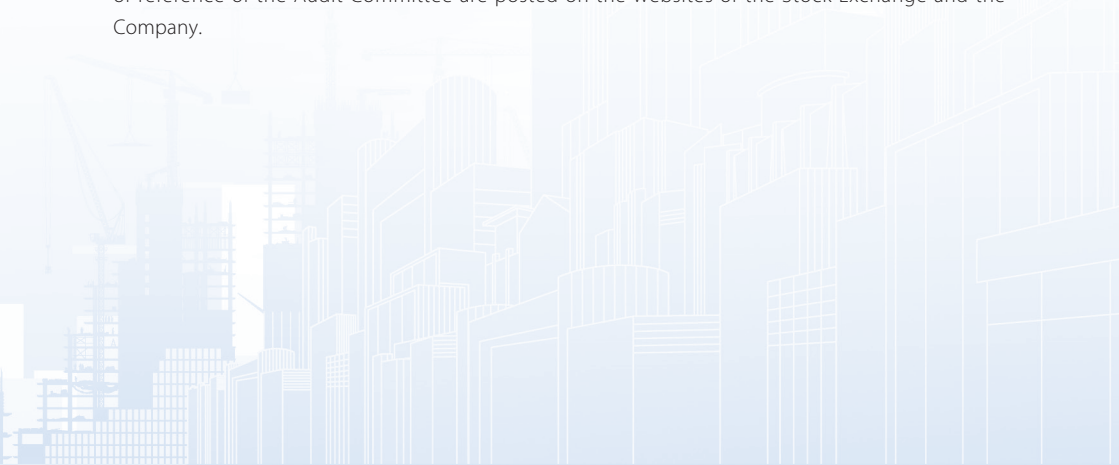
As of the date of this report, save as disclosed in this report, the Board is not aware of any significant events after the reporting period that requires disclosure.

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 six months ended 31 December 2019 and there was no outstanding share option as at the date of this report.

AUDIT COMMITTEE

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 the 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. Yen Kwun Wing. 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.

Save as the non-compliance as disclosed under the paragraph headed “Pass Away of Independent Non-Executive Director and the Appointment of the Successor” in this report, 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 interim financial statements for the six months ended 31 December 2019 and this report had been reviewed by the Audit Committee. The Audit Committee is of the opinion that the unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 December 2019 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, 13 February 2020

As at the date of this report, the Board comprises Mr. Yip Shiu Ching (Chairman), Mr. Kung Cheung Fai Patrick and Mr. Kam Kin Bun as executive Directors; Mr. Leung Chi Hung, Ms. Wong Lai Na and Ms. Yen Kwun Wing as independent non-executive Directors.

This report will remain on the “Latest Listed Company Information” 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.

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