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## **Wing Fung Group Asia Limited**

**榮豐集團亞洲有限公司**

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

**(Stock code: 8526)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **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 that 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*This announcement, for which the directors (the “**Directors**”) of Wing Fung Group Asia Limited (the “**Company**”) 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 and its subsidiaries (collectively, the “**Group**”). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement 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 announcement misleading.*

## ANNUAL RESULTS

The board of Directors (the “**Board**”) of the Company announces the audited consolidated results of the Group for the year ended 31 December 2021 (the “**Relevant Period**”), together with the comparative audited figures for the year ended 31 December 2020, as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 December 2021*

	<i>Notes</i>	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
<b>Revenue</b>	3	<b>174,824</b>	221,225
Cost of sales	4	<b>(182,044)</b>	(179,561)
<b>Gross (loss) profit</b>		<b>(7,220)</b>	41,664
Other income, net		<b>1,087</b>	5,332
Reversal (Provision) of impairment losses on trade receivables and contract assets	4	<b>374</b>	(590)
Administrative expenses	4	<b>(16,826)</b>	(15,311)
Expenses in relation to the transfer of listing	4	<b>(448)</b>	(4,403)
<b>Operating (loss) profit</b>		<b>(23,033)</b>	26,692
Finance costs		<b>(1,873)</b>	(980)
<b>(Loss) Profit before income tax</b>		<b>(24,906)</b>	25,712
Income tax credit (expense)	5	<b>3,083</b>	(3,141)
<b>(Loss) Profit for the year</b>		<b>(21,823)</b>	22,571
Other comprehensive (expenses) income for the year, net of tax			
<i>Item that may be reclassified to profit or loss:</i>			
– Exchange differences on translation of a foreign operation		<b>(44)</b>	95
<b>Total comprehensive (expenses) income for the year</b>		<b>(21,867)</b>	22,666
		<b>(21,867)</b>	22,666
			(Restated)
<b>Basic and diluted (loss) earnings per share for (loss) profit attributable to the ordinary equity holders of the Company (HK cents per share)</b>	7	<b>(14.98)</b>	15.73

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment		505	895
Right-of-use assets		863	1,265
Deferred income tax assets		3,071	367
		<u>4,439</u>	<u>2,527</u>
<b>Current assets</b>			
Contract assets	8	117,361	100,566
Trade and other receivables, deposits and prepayments	9	39,546	74,595
Current income tax assets		853	–
Pledged and restricted bank deposits	10	15,258	20,212
Cash and cash equivalents	10	10,653	18,718
		<u>183,671</u>	<u>214,091</u>
<b>Total assets</b>		<u>188,110</u>	<u>216,618</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		132	536
		<u>132</u>	<u>536</u>
<b>Current liabilities</b>			
Trade and retention payables	11	41,227	40,953
Other payables and accrued expenses		6,112	5,758
Lease liabilities		749	737
Current income tax liabilities		–	5,620
Bank borrowings	12	26,815	38,224
		<u>74,903</u>	<u>91,292</u>
<b>Total liabilities</b>		<u>75,035</u>	<u>91,828</u>
<b>Net assets</b>		<u>113,075</u>	<u>124,790</u>
<b>EQUITY</b>			
Share capital	13	6,490	5,740
Reserves		106,585	119,050
<b>Total equity</b>		<u>113,075</u>	<u>124,790</u>

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

*For the year ended 31 December 2021*

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 29 September 2016 as an exempted company with limited liability under 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 PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands and the principal place of business is Unit D, 21st Floor, Tower B, Billion Centre, 1 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.

The Company is an investment holding company and the Group is principally engaged in the provision of supply, installation and fitting-out services of mechanical ventilation and air-conditioning ("MVAC") system for buildings. The Company's immediate and ultimate holding company is Wing Fung Capital Limited, a private company incorporated in the British Virgin Islands.

The consolidated financial information are presented in Hong Kong dollars ("HK\$"), which is the functional currency of the Company.

The Company listed its shares on GEM of the Stock Exchange on 27 February 2018 (the "Listing").

### 2. BASIS OF PREPARATION

The consolidated financial information of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") and disclosure requirements of the Companies Ordinance (Cap. 622). The consolidated financial information have been prepared under the historical cost convention.

The preparation of consolidated financial information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

#### (a) New/revised HKFRSs applied by the Group

The Group has applied the following new/revised HKFRSs for the first time for their annual reporting period commencing on 1 January 2021:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The adoption of the amendments did not have any significant impact on the significant accounting policies of the Group and the presentation of these consolidated financial information.

**(b) New/revised HKFRSs that are not yet effective and have not been early adopted by the Group**

At the date of authorisation of these consolidated financial information, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions Beyond 30 June 2021 <sup>1</sup>
Amendments to HKAS 16	Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Annual Improvements to HKFRSs	2018–2020 Cycle <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current <sup>3</sup>
Amendments to HKAS 1	Disclosure of Accounting Policies <sup>3</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>3</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>3</sup>
HKFRS 17	Insurance Contracts <sup>3</sup>
Amendments to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 April 2021

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>4</sup> The effective date to be determined

The Group will apply the above new/revised HKFRSs when they become effective. The Directors do not anticipate that the adoption of these new/revised HKFRSs in future periods will have any material impact on the Group's consolidated financial information.

**3. REVENUE AND SEGMENT INFORMATION**

The Group's revenue are derived from the provision of supply, installation, and fitting-out services of MVAC system for buildings to external customers in Hong Kong and Macau during the year. For the purposes of resources allocation and performance assessment, the chief operating decision maker reviews the overall results and financial position of the Group as a whole prepared based on the accounting policies. The Group has only one single operating segment and no further analysis of this single segment is presented.

	Year ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
Revenue from construction contracts	<u>174,824</u>	<u>221,225</u>

The Group's revenue is recognised over time for the years ended 31 December 2021 and 2020.

## Unsatisfied construction contracts

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) at 31 December 2021 and 2020 and the expected timing of recognising revenue are as follows:

	At 31 December	
	2021	2020
	HK\$'000	HK\$'000
Revenue from construction contracts to be recognised		
Within one year	237,709	280,971
More than one year	25,661	336,402
	<u>263,370</u>	<u>617,373</u>

## Geographical information

The following table provides an analysis of the Group's revenue from external customers based on geographical location of the customers:

	Year ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
Hong Kong	163,068	163,156
Macau	11,756	58,069
	<u>174,824</u>	<u>221,225</u>

The following is an analysis of the carrying amounts of non-current assets, excluding deferred income tax assets, analysed by the geographical area in which the assets are located:

	At 31 December	
	2021	2020
	HK\$'000	HK\$'000
Hong Kong	746	1,566
Macau	622	594
	<u>1,368</u>	<u>2,160</u>

## Information about major customers

Revenue from customers contributing over 10% of total revenue of the Group are as follows:

	Year ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
Customer A	101,281	80,590
Customer B	51,116	68,467
Customer C	N/A <sup>1</sup>	44,333
Customer D	N/A <sup>1</sup>	25,408
	<u>152,397</u>	<u>218,800</u>

<sup>1</sup> Revenue from the customer is less than 10% of the total revenue of the Group for the year ended 31 December 2021.

#### 4. EXPENSES BY NATURE

	Year ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
Costs of materials	55,949	61,929
Subcontractor costs	102,999	92,566
Employee benefit expenses		
– directors' remuneration	6,822	4,309
– direct labour	16,986	16,986
– administrative staff	3,008	2,376
(Reversal) Provision of impairment losses on trade receivables	(425)	317
Provision of impairment losses on contract assets	51	273
Auditor's remuneration		
– Audit services	680	1,100
– Non-audit services	22	68
Depreciation of plant and equipment	407	379
Depreciation of right-of-use assets	812	685
Operating lease rentals in respect of minimum lease payments of rented premises	379	1,317
Expenses in relation to the transfer of listing	448	4,403
Write-off of plant and equipment	–	12
Legal and professional fees	2,321	2,674
Travelling expenses	452	699
Other expenses	8,033	9,772
	<u>198,944</u>	<u>199,865</u>

#### 5. INCOME TAX (CREDIT) EXPENSE

The amount of income tax (credit) expense credited/charged to the consolidated statement of comprehensive income represents:

	Year ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
Current income tax:		
– Hong Kong profits tax	–	4,145
– Macau complementary tax	–	196
– Over provision in prior years	(379)	(314)
	<u>(379)</u>	<u>4,027</u>
Deferred income tax	(2,704)	(886)
	<u>(3,083)</u>	<u>3,141</u>

(i) **Hong Kong profits tax**

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 gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% (2020: 16.5%).

(ii) **Macau Complementary Tax**

Pursuant to a tax incentive approved under Section 20 of Decree Law No. 11/2016, Macau Complementary Tax is levied at a fixed rate of 12% (2020: 12%) on the taxable income above Macau Pataca (“**MOP**”) 600,000 (approximately HK\$586,000) of the Group’s operations in Macau. On 29 April 2021, the Legislative Assembly approved an additional tax incentive to reduce the 2020 complementary tax payment by MOP300,000 (approximately HK\$293,000) as a relief measure for the negative impacts of COVID-19.

The income tax (credit) expense for the year can be reconciled to the (loss) profit before income tax per the consolidated statement of comprehensive income as follows:

	Year ended 31 December	
	2021	2020
	HK\$’000	HK\$’000
(Loss) Profit before income tax	<u>(24,906)</u>	<u>25,712</u>
Tax calculated at the applicable tax rates	(3,779)	3,943
Expenses not deductible for tax purpose	1,138	2,006
Income not subject to tax	(154)	(2,222)
Over provision in prior years	(379)	(314)
Others	<u>91</u>	<u>(272)</u>
Income tax (credit) expense	<u>(3,083)</u>	<u>3,141</u>

6. **DIVIDENDS**

No dividend was declared or paid by the Company during the year ended 31 December 2021 (2020: Nil).

7. **BASIC AND DILUTED (LOSS) EARNINGS PER SHARE**

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 year.

	Year ended 31 December	
	2021	2020
		(Restated)
(Loss) Profit attributable to owners of the Company ( <i>in HK\$’000</i> )	<u>(21,823)</u>	<u>22,571</u>
Weighted average number of ordinary shares in issue ( <i>Note</i> )	<u>145,708,904</u>	<u>143,500,000</u>
Basic (loss) earnings per share ( <i>HK cents per share</i> )	<u>(14.98)</u>	<u>15.73</u>

Diluted (loss) earnings per share is equal to the basic (loss) earnings per share since the Company has no dilutive potential shares during the year ended 31 December 2021 (2020: Nil).

*Note:* This is derived from the weighted average number of ordinary shares of 582,835,616 in issue during the year ended 31 December 2021 (2020: 574,000,000) after taking into account the effect of the share consolidation with effect on 21 January 2022.

## 8. CONTRACT ASSETS

	<b>At 31 December</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Construction contracts	<b>118,403</b>	101,558
Less: Provision for impairment loss allowance	<b>(1,042)</b>	(992)
	<b><u>117,361</u></b>	<u>100,566</u>

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditional on the Group's future performance. Included in contract assets are retention receivables. Retention receivables arise from the Group's construction project and are held by customers in order to provide the customers with assurance that the Group will complete its obligations satisfactorily under the contracts, rather than to provide financing to the customers. They are generally settled within a period ranging from one to two years upon the completion of construction work. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically reclassifies contract assets to trade receivables on the date of payment certificates issued by the customers when such right of collections becomes unconditional other than the passage of time.

At the end of the reporting period, the contract assets that are expected to be recovered after more than 12 months are HK\$22,070,000 (2020: HK\$19,742,000), which represented the retention receivables. The remaining contract assets are expected to be recovered within 12 months.

The movements of contract assets (before loss allowance and excluding those arising from increases and decrease both occurred within the same year) from contracts with customers within HKFRS 15 during the year are as follows:

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
At 1 January	<b>101,558</b>	29,965
Transferred to trade receivables	<b>(11,803)</b>	(5,377)
Recognition of revenue	<b>28,648</b>	76,970
At 31 December	<b><u>118,403</u></b>	<u>101,558</u>

Movements in the loss allowance on contract assets are as follow:

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
At 1 January	992	718
Impairment loss recognised	51	273
Exchange differences	(1)	1
	<u>1,042</u>	<u>992</u>
At 31 December	<u><b>1,042</b></u>	<u>992</u>

The retention receivables (net of loss allowance) to be settled, based on the expiry of retention period, at the end of the reporting period are:

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within one year	12,830	9,395
After one year	22,070	19,742
	<u>34,900</u>	<u>29,137</u>
	<u><b>34,900</b></u>	<u>29,137</u>

## 9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<b>At 31 December</b>	
	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables ( <i>Note i</i> )	38,613	73,723
Less: Provision for impairment loss allowance	(2,008)	(2,435)
	<u>36,605</u>	71,288
Other receivables and deposits ( <i>Note ii</i> )	1,291	1,188
Prepayments	1,650	2,119
	<u>39,546</u>	74,595
	<u><b>39,546</b></u>	<u>74,595</u>

(i) **Trade receivables**

Trade receivables arise from the provision of supply, installation and fitting-out services of MVAC system for buildings. The Group grants a credit period ranged from 30 to 45 days to its customers. The following is an aging analysis of trade receivables based on valuation dates of payment certificates or reports net of provision for impairment loss allowance at the end of the reporting period:

	At 31 December	
	2021	2020
	HK\$'000	HK\$'000
0 to 30 days	12,826	30,072
31 to 60 days	19,360	22,698
61 to 90 days	–	891
91 to 180 days	–	1,486
181 to 365 days	806	5,368
1 to 2 years	3,613	10,773
	<u>36,605</u>	<u>71,288</u>

The fair value of trade receivables approximate their carrying values.

The carrying amounts of trade receivables are denominated in the following currencies:

	At 31 December	
	2021	2020
	HK\$'000	HK\$'000
HK\$	30,226	58,883
MOP	6,379	12,405
	<u>36,605</u>	<u>71,288</u>

Before accepting any new customers, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits granted to customers are reviewed periodically. Management of the Group closely monitors the credit quality of trade receivables and considers the majority of the Group's trade receivables that are past due but not impaired have good credit quality with reference to respective settlement history.

Movements of the provision for impairment loss allowance on trade receivables are as follows:

	2021	2020
	HK\$'000	HK\$'000
At 1 January	2,435	2,115
(Reversal) Impairment loss recognised	(425)	317
Exchange differences	(2)	3
	<u>2,008</u>	<u>2,435</u>

(ii) **Other receivables and deposits**

The fair value of other receivables and deposits approximate to their carrying values.

**10. PLEDGED AND RESTRICTED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS**

	<b>At 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Pledged bank deposits	<b>12,028</b>	11,927
Restricted bank deposits	<b>3,230</b>	8,285
	<b>15,258</b>	20,212
Cash and cash equivalents	<b>10,653</b>	18,718
Bank overdrafts ( <i>Note 12</i> )	<b>(6,526)</b>	(9,461)
	<b>4,127</b>	9,257

The pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group (including overdrafts and trade facilities) with maturity within one year from the end of the reporting period and is therefore classified as a current asset. The pledged bank deposits carried interest at a fixed rate ranging from 0.6% to 1.55% per annum at 31 December 2021 (2020: 1.5% to 1.55% per annum).

The restricted bank deposits represent cash held at banks as security for due performance under several service contracts of MVAC system for buildings with prevailing market interest rate ranging from 0.01% to 0.25% per annum at 31 December 2021 (2020: 0.01% to 2.1% per annum) (*Note 14*).

The carrying amounts of pledged and restricted bank deposits and cash and cash equivalents approximate their fair values and are denominated in the following currencies:

	<b>At 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
HK\$	<b>12,935</b>	24,414
MOP	<b>6,450</b>	5,055
	<b>19,385</b>	29,469

**11. TRADE AND RETENTION PAYABLES**

	<b>At 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Trade payables	<b>25,370</b>	30,359
Retention payables	<b>15,857</b>	10,594
	<b>41,227</b>	40,953

The credit period of trade payables granted by subcontractors and suppliers range from 30 to 60 days upon the issue of invoices or application of interim payment generally.

The following is an aging analysis of trade payables based on the invoice dates or the dates of application of interim payment, as appropriate.

	<b>At 31 December</b>	
	<b>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
0 to 30 days	<b>15,587</b>	21,988
31 to 60 days	<b>5,155</b>	5,270
61 to 90 days	<b>1,264</b>	190
91 to 180 days	<b>17</b>	140
181 days to 1 year	<b>642</b>	98
Over 1 year	<b>2,705</b>	2,673
	<b>25,370</b>	30,359

Retention payables to subcontractors are interest-free and payable at the end of the defect liability period of individual contracts, normally one year from the completion date of the respective project.

The retention payables are expected to be settled, based on the expiry date of the defect liability period, at the end of the reporting period as follows:

	<b>At 31 December</b>	
	<b>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Due within one year	<b>5,525</b>	3,763
Due after one year	<b>10,332</b>	6,831
	<b>15,857</b>	10,594

The carrying amounts of trade and retention payables approximate their fair values and are denominated in the following currencies:

	<b>At 31 December</b>	
	<b>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
HK\$	<b>34,267</b>	34,230
MOP	<b>6,960</b>	6,723
	<b>41,227</b>	40,953

## 12. BANK BORROWINGS

	At 31 December	
	2021	2020
	HK\$'000	HK\$'000
Secured:		
– Bank borrowings	20,289	28,763
– Bank overdrafts	6,526	9,461
	<u>26,815</u>	<u>38,224</u>

The fair value of the bank borrowings approximates their carrying amount as the impact of discounting is not significant.

The bank borrowings and overdrafts due for repayment are as follows:

	At 31 December	
	2021	2020
	HK\$'000	HK\$'000
On demand or within one year	<u>26,815</u>	<u>38,224</u>

The bank borrowings at 31 December 2021 carried interest at Hong Kong Prime Rate plus interest rate ranging from 0.25% to 0.5% (2020: 0.25% to 0.5%). The effective interest rate on the bank borrowings (which is also equal to contracted interest rate) is ranging from 5.25% to 5.5% per annum (2020: 5.25% to 5.5% per annum). The bank overdrafts at 31 December 2021 carried interest at Hong Kong Prime Rate and the effective interest rate is 5% per annum (2020: 5% per annum). The Group's bank borrowings are denominated in HK\$.

At 31 December 2021, the bank borrowings were secured by a corporate guarantee of HK\$57,971,000 as issued by the Company (2020: HK\$47,971,000).

Analysis of the amounts due based on scheduled payment dates set out in the loan agreements (ignoring the effect of any repayment on demand clause) is as follows:

	At 31 December	
	2021	2020
	HK\$'000	HK\$'000
Within one year	22,942	38,224
1 to 2 years	3,873	–
	<u>26,815</u>	<u>38,224</u>

### 13. SHARE CAPITAL

The movements in the Company's authorised and issued ordinary share capital are as follows:

	Nominal value per share	Number of shares	Total HK\$'000
<b>Authorised:</b>			
At 1 January 2020, 31 December 2020 and 2021	HK\$0.01	100,000,000,000	1,000,000
<b>Issued and fully paid:</b>			
At 1 January 2020 and 31 December 2020	HK\$0.01	574,000,000	5,740
Issue of shares ( <i>Note</i> )	HK\$0.01	75,000,000	750
At 31 December 2021	HK\$0.01	649,000,000	6,490

*Note:* On 19 November 2021, the Company issued 75,000,000 ordinary shares by way of placing (the "Placing"), at a placing price of HK\$0.144 per share. The net proceeds from the Placing after deducting of related expenses were HK\$10,152,000 and were used as additional general working capital. These shares rank pari passu with all existing shares in all respects.

### 14. CONTINGENCIES

	At 31 December	
	2021	2020
	HK\$'000	HK\$'000
Performance bonds ( <i>Note a</i> )	12,254	17,343
Corporate guarantee ( <i>Note b</i> )	12,371	4,376

*Note a:* Certain customers require the Group to procure performance bonds to be provided by a bank in favour of them as security for due performance and observance of the obligations under the contracts. In procuring such performance bonds, the Groups is usually required to place a required amount of deposit with such bank. If the Group fails to provide satisfactory services to the customers, the customers are entitled to seek compensation from the bank for the amount of financial losses incurred not exceeding the amount of the performance bonds. The Group will then become liable to compensate the bank accordingly. During the years ended 31 December 2021 and 2020, no call was made on any performance bonds of the Group. Typically, the estimated consideration is not constrained for revenue recognition.

*Note b:* At 31 December 2021, the Group provided corporate guarantee amounted to approximately HK\$12,371,000 (2020: HK\$4,376,000) to a customer as an indemnity for two construction contracts (2020: one). During the years ended 31 December 2021 and 2020, no corporate guarantee was being enforced. Typically, the estimated consideration is not constrained for revenue recognition.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW AND OUTLOOK**

The Group is principally engaged as a subcontractor for the provision of supply, installation and fitting-out services of MVAC system for various types of private and public building projects including infrastructural, commercial and residential building projects in Hong Kong and Macau.

The lingering of the COVID-19 pandemic has continued to negatively impact on the general economy of Hong Kong and Macau. There has been prolonged delay on tendering process for works in both public and private sectors and keen competition in the construction market. The sporadic outbreaks of a more contagious but less virulent Omicron COVID-19 variant in Hong Kong and other parts of China towards the end of 2021 has continued to cast uncertainties over the longer-term economic outlook, and hinder the pace of recovery in the Hong Kong and Macau construction industry.

During the Relevant Period, the Group recorded a loss of approximately HK\$21.8 million and a decrease in revenue of approximately 21.0% as compared to the corresponding period in 2020. As mentioned in the announcement of the Company dated 7 March 2022, the Group's result had been materially affected by prolonged completion of various projects of the Group leading to overrun of project costs and a drop in number of ongoing projects undertaken by the Group which were revenue generating during the Relevant Period. This coupled with an increase in the subcontracting charges in the Relevant Period has primarily contributed to the loss suffered by the Group. It is expected that the Group will continue to face challenges brought by prolonged delay in the tendering process, fierce competition in securing tenders for future projects from competitors with aggressive pricing strategies and a rising material costs, subcontracting charges and labour costs.

Looking ahead, the Group holds a cautious view on the recovery of the construction sector and related industries in Hong Kong and Macau for 2022. The recent exponential outbreak of the Omicron variant prompted the Hong Kong government to impose the strictest social distancing measures to-date, bringing a halt to a wide range of business activities in the city and posing a setback to the recovery of local economy. The fifth wave of COVID-19 infections has led to temporary suspension of construction works in Hong Kong in February and March 2022, and disruption in cross-border transportation has resulted in delay in delivery of construction materials. Prolonged uncertainties over the pandemic and stricter containment measures set to weigh on business sentiment and put pressure on the local economy and the construction industry in the near term. The financial results of the Group for the year ending 2022 may potentially be affected as a result of the aforementioned uncertainties. Nonetheless, the Group will stay vigilant and continue to drive sustainable growth by constantly reviewing its business and tendering strategies and enhancing its operational efficiency, with a view to creating long-term value to shareholders and investors of the Company.

## **FINANCIAL REVIEW**

### **Revenue**

Our revenue decreased from approximately HK\$221.2 million for the year ended 31 December 2020 to approximately HK\$174.8 million for the Relevant Period, representing a decrease of approximately 21.0%. The decrease in our revenue during the Relevant Period as compared to the corresponding period in 2020 mainly due to a drop in number of ongoing projects undertaken by the Group which were revenue generating during the Relevant Period as a result of the continuous outbreak of COVID-19 and the weak business sentiment. In particular, while the Group recorded (i) an increase in revenue of approximately HK\$7.1 million from new projects (in particular two new projects located at Kai Tak and Taipa in Macau which collectively contributed to an increase in revenue of approximately HK\$5.9 million); and (ii) an increase in revenue of approximately HK\$110.5 million due to the increase in the amount of work under our existing projects as compared with the year ended 31 December 2020 (in particular, the projects located at Yau Ma Tei and Tai Wai), the aforesaid increments were offset by (i) a decrease in revenue of approximately HK\$146.8 million resulting from the completion of certain projects during the Relevant Period; and (ii) a decrease in revenue of approximately HK\$17.2 million due to the decrease in the amount of work under our existing projects as compared with the year ended 31 December 2020 (in particular, the other two projects located at Kai Tak together accounted for a decrease in revenue of approximately HK\$16.6 million).

### **Cost of Sales**

Our cost of sales increased from approximately HK\$179.6 million for the year ended 31 December 2020 to approximately HK\$182.0 million for the Relevant Period, representing an increase of approximately 1.3%. Such increase was mainly attributable to the increase in our subcontracting charges as a result of unexpected prolonged completion of the Group's certain projects during the Relevant Period.

### **Gross Loss/Profit and Gross Loss/Profit Margin**

Gross loss of the Group was approximately HK\$7.2 million for the Relevant Period while gross profit of the Group was approximately HK\$41.7 million for the year ended 31 December 2020. The change was mainly driven by the combined effect of decrease in revenue and increase in cost of sales for the Relevant Period as discussed above.

The overall gross loss margin was approximately 4.1% for the Relevant Period while gross profit margin of the Group was approximately 18.8% for the year ended 31 December 2020. Such turnaround was primarily attributable to (i) the combined effect of the decrease in revenue and increase in subcontracting charges as mentioned above, and (ii) the substantial completion of our project located at Chek Lap Kok in 2020 (under which the Group could charge a higher premium due to a tight construction schedule imposed by the customer). In addition, due to the increase in subcontracting charges, a few projects recorded losses for the Relevant Period.

## **Administrative Expenses**

Our administrative expenses increased by approximately HK\$1.5 million, or approximately 9.8%, from approximately HK\$15.3 million for the year ended 31 December 2020 to approximately HK\$16.8 million for the Relevant Period, mainly attributable to the increase in the staff costs.

## **Expenses in Relation to the Transfer of Listing**

The Company submitted an application for a transfer of listing from GEM to the Main Board of the Stock Exchange (the “**Proposed Transfer of Listing**”) on 14 May 2020 and the said application was renewed on 23 November 2020. Nonetheless, the Company has decided not to proceed further with the Proposed Transfer of Listing, details of which have been set out in the announcement of the Company published on 25 May 2021.

During the Relevant Period, our Group recognised non-recurring professional service fees of approximately HK\$0.4 million (2020: HK\$4.4 million) in connection with the Proposed Transfer of Listing.

## **Income Tax Credit/Expense**

The Group recorded income tax credit of approximately HK\$3.1 million for the Relevant Period while the Group recorded income tax expense of approximately HK\$3.1 million for the year ended 31 December 2020. Such change was primarily attributable to the loss before tax for the Relevant Period as compared with profit before tax for the corresponding period in 2020.

## **Loss/Profit for the Year**

As a result of the foregoing, our Group recognised a loss of approximately HK\$21.8 million for the Relevant Period as compared with a profit of approximately HK\$22.6 million for the corresponding period in 2020.

## **Liquidity and Financial Resources**

As at 31 December 2021, the Group had total assets of approximately HK\$188.1 million (2020: approximately HK\$216.6 million), which is financed by total liabilities and shareholders' equity (comprising share capital and reserves) of approximately HK\$75.0 million (2020: approximately HK\$91.8 million) and approximately HK\$113.1 million (2020: approximately HK\$124.8 million), respectively.

The total interest-bearing borrowings (including bank borrowings and bank overdrafts) of the Group decreased from approximately HK\$38.2 million as at 31 December 2020 to approximately HK\$26.8 million as at 31 December 2021. Current ratio increased from 2.3 times as at 31 December 2020 to approximately 2.5 times as at 31 December 2021.

The Group's borrowing and bank balances are mainly denominated in Hong Kong dollars and there was no significant exposure to foreign exchange rate fluctuations during the year.

The Group's gearing ratio, which is calculated by dividing the total interest-bearing borrowings and lease liabilities by total equity at the year-end date, decreased from approximately 31.7% as at 31 December 2020 to approximately 24.5% as at 31 December 2021, primarily due to (i) the decrease in the total interest-bearing borrowings; and (ii) the decrease in total equity resulting from the decrease in retained earnings attributable to recording a net loss for the Relevant Period.

## **Capital Structure**

The shares of the Company (the "**Shares**") were successfully listed on GEM of the Stock Exchange on 27 February 2018 (the "**Listing**"). Immediately upon Listing, the total issued share capital of the Company was HK\$5,740,000 divided into 574,000,000 Shares of par value of HK\$0.01 each. On 19 November 2021, 75,000,000 shares of HK\$0.01 each of the Company were issued at a price of HK\$0.144 by way of placing under general mandate as detailed below. The share capital of the Group comprises only ordinary shares.

As at 31 December 2021, the Company's issued share capital was HK\$6,490,000 (2020: HK\$5,740,000) divided into 649,000,000 (2020: 574,000,000) ordinary Shares of par value of HK\$0.01 each.

## **Placing of 75,000,000 Placing Shares under General Mandate**

On 22 October 2021, the Company and Brilliant Norton Securities Company Limited (the "**Placing Agent**") entered into a placing agreement (the "**Placing Agreement**"), pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 75,000,000 placing shares (the "**Placing Share(s)**"), at a price of HK\$0.144 per Placing Share (the "**Placing**"). The Placing was completed on 19 November 2021 and the Placing Agent successfully placed an aggregate of 75,000,000 Placing Shares, representing approximately 11.56% of the issued share capital of the Company as enlarged by the issue of 75,000,000 Placing Shares to not less than six independent placees at the placing price of HK\$0.144 per Placing Share.

The Placing Price of HK\$0.144 per Placing Share represents (i) a discount of approximately 14.8% to the closing price of HK\$0.169 per Share as quoted on the Stock Exchange on 22 October 2021, the last trading day; and (ii) a discount of approximately 10.6% to the average of the closing prices per Share of approximately HK\$0.161 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The gross proceeds from the Placing was approximately HK\$10.8 million and the net proceeds from the Placing, after deduction of the placing commission and other related expenses, amounted to approximately HK\$10.2 million (representing a net issue price of approximately HK\$0.135 per Placing Share). The net proceeds for the Placing was fully utilised as intended as the general working capital to support the business operations of the Group during the Relevant Period. For further information in relation to the Placing, please refer to the announcements of the Company dated 22 October 2021, 12 November 2021 and 19 November 2021.

### **Capital Commitments**

As at 31 December 2021 and 2020, the Group did not have any capital commitments contracted but not provided for.

### **Future Plans for Material Investments and Capital Assets**

Save as disclosed in the prospectus of the Company dated 12 February 2018 (the “**Prospectus**”) and this announcement, the Group did not have any plans for material investments or capital assets as at 31 December 2021.

### **Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures**

During the Relevant Period, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

### **Contingent Liabilities**

Save as disclosed in Note 14 of the notes to the consolidated financial information, as at 31 December 2021 and 31 December 2020, the Group did not have other material contingent liabilities.

### **Foreign Exchange Exposure**

The Group’s revenue generating operations are mainly transacted in Hong Kong dollars and MOP. The Directors consider the impact of foreign exchange exposure to the Group is minimal and the Group did not engage in any derivatives agreements nor commit to any financial instrument to hedge its foreign exchange exposure during the Relevant Period.

### **Pledge of Assets**

Save as disclosed in Note 10 of the notes to the consolidated financial information, as at 31 December 2021 and 2020, the Group did not have other pledge of assets.

## **Employees and Remuneration Policies**

As at 31 December 2021, the Group employed a total of 339 (31 December 2020: 527) employees, of whom 275 (31 December 2020: 458) were labour workers nominated by subcontractors. The decrease in the number of employees was mainly attributable to the decrease of labour workers nominated by subcontractors resulting from the drop in the number of on-going projects undertaken by the Group during the Relevant Period. The relevant cost of employing the labour workers nominated by subcontractors was classified as subcontracting charges and the staff costs, including Directors' emoluments, of the Group were approximately HK\$26.8 million for the Relevant Period (2020: approximately HK\$23.7 million).

The Group promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff, competitive remuneration package is offered to employees (with reference to market norms and individual employees' performance, qualification and experience). On top of basic salaries, bonuses may be paid with reference to the Group's performance as well as individual's performance. Other staff benefits include provision of retirement benefits, medical benefits and sponsorship of training courses.

## **Events after the Reporting Period**

On 3 December 2021, the Board proposed that every four (4) issued and unissued existing shares of the Company of par value HK\$0.01 each in the share capital of the Company would be consolidated into one (1) consolidated share of par value HK\$0.04 each in the share capital of the Company (the "**Share Consolidation**").

The Share Consolidation was approved by the Shareholders at the extraordinary general meeting of the Company on 19 January 2022 and became effective on 21 January 2022. Immediately after the Share Consolidation becoming effective on 21 January 2022, the authorised share capital of the Company has become HK\$1,000,000,000 divided into 25,000,000,000 consolidated shares of HK\$0.04 each, of which 162,250,000 consolidated shares would be in issue which are fully paid or credited as fully paid.

For details of the Share Consolidation, please refer to the Company's announcements dated 3 December 2021 and 19 January 2022 and the Company's circular dated 30 December 2021.

## **COMPETING INTEREST**

The Directors are not aware of any business or interest of the Directors or the Controlling Shareholders (as defined in the GEM Listing Rules) of the Company or any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the Relevant Period.

## **CORPORATE GOVERNANCE CODE**

The Directors and the management of the Group recognise the importance of sound corporate governance to the long-term success and continuing development of the Group. Therefore, the Board is committed to upholding good corporate standards and procedures, so as to enhance the accountability system and transparency of the Group, protect the interests of the Company's stakeholders and create value for shareholders of the Company.

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report (version up to 31 December 2021) (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules. Throughout the Relevant Period, the Company has adopted and complied with, where applicable, the CG Code to ensure that the Group's business activities and decision making processes are regulated in a proper and prudent manner, except for code provision A.2.1 which had been re-numbered to C.2.1 since 1 January 2022 of the CG Code.

Pursuant to code provision A.2.1 of the CG Code, the role of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Chung is currently the chairman of the Board and the chief executive officer of the Company, responsible for formulating the overall business strategies and overseeing the business and operation of the Group. Considering that Mr. Chung has been responsible for the overall management and operation of the Group since its inception, the Board believes that it is in the best interest of the Group to have Mr. Chung taking up both roles for effective management and business development.

Save as disclosed above, the Board considered that the Company has complied with, where applicable, the CG Code during the Relevant Period.

## **CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Group has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of all the Directors and all Directors confirmed that they had complied with the required standard of dealings regarding securities transactions during the Relevant Period. The Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors during the Relevant Period.

## COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus and the Company's announcement regarding the placing of new shares under general mandate and change in use of proceeds from the Listing dated 22 October 2021 (the "Announcement") with the Group's actual business progress for the period from the date of the Listing to 31 December 2021 is set out below:

<b>Business strategies as stated in the Prospectus</b>	<b>Implementation plan as stated in the Prospectus</b>	<b>Actual business progress up to 31 December 2021</b>
Employment of additional staff and provision of relevant training	Payroll for newly employed staff	The Company has incurred staff costs of approximately HK\$16.3 million as at 31 December 2021 for all 18 new headcounts in our project team and one administrative staff recruited by the Group since the Listing.
	Sponsor project team to attend technical seminars and occupational health and safety courses	As at 31 December 2021, the Group has paid approximately HK\$7,000 to sponsor its engineering staff to attend technical seminars and occupational health and safety courses organised by third parties and reallocated the remaining of approximately HK\$0.1 million to working capital on 22 October 2021.
	Purchase building information modeling BIM software	As at 31 December 2021, the Group acquired BIM software in the amount of approximately HK\$36,000 and reallocated the remaining of approximately of HK\$0.8 million to working capital on 22 October 2021.

<b>Business strategies as stated in the Prospectus</b>	<b>Implementation plan as stated in the Prospectus</b>	<b>Actual business progress up to 31 December 2021</b>
	Provide training to staff for the BIM software	As at 31 December 2021, the Group has paid approximately HK\$18,000 to sponsor its engineering staff to attend training for BIM software and reallocated the remaining of approximately of HK\$0.2 million to working capital on 22 October 2021.
Leasing of a new office and employment of additional staff in Macau	Rental for new Macau office	The Group has leased a new office located in Cotai, Macau in May 2018 and has utilised approximately HK\$0.6 million for the relevant rental expenses as at 31 December 2021 and reallocated the remaining of approximately of HK\$0.2 million to working capital on 22 October 2021.
	Payroll for newly employed administrative staff in Macau	The Group has hired two administrative staff in Macau thereby incurring additional staff cost of approximately HK\$0.7 million as at 31 December 2021 and reallocated the remaining of approximately of HK\$0.5 million to working capital on 22 October 2021.
	Purchase leasehold improvement, purchase of furniture and fixtures for the new Macau office	As at 31 December 2021, the Group has purchased furniture and fixtures in the amount of approximately HK\$0.2 million for the new Macau office and reallocated the remaining of approximately of HK\$0.2 million to working capital on 22 October 2021.

## USE OF PROCEEDS

The Shares were listed on GEM on 27 February 2018 pursuant to the initial public offering of the Company. The net proceeds from the Listing (after deducting the underwriting fees and expenses related to the Listing) amounted to approximately HK\$27.2 million. To cope with the increasingly challenging external business environment and ongoing uncertainties over the severity and duration of the COVID-19 pandemic, the Board resolved to change and re-allocate the uses of the unutilised net proceeds from the Listing on 22 October 2021. For more details including the reasons and benefits for the said change, please refer to the Announcement. As at 31 December 2021, the Group had fully utilised the net proceeds from the Listing in accordance to the plans disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus and the Announcement.

Up to 31 December 2021, the net proceeds had been utilised as follows:

	Allocation of total net proceeds as stated in the Prospectus <i>HK\$ million</i>	Actual use of net proceeds up to 22 October 2021 <i>HK\$ million</i>	Unutilised net proceeds as at 22 October 2021 <i>HK\$ million</i>	Revised allocation of total net proceeds as at 22 October 2021 <i>HK\$ million</i>	Actual use of net proceeds from 23 October 2021 to 31 December 2021 <i>HK\$ million</i>	Unutilised net proceeds as at 31 December 2021 <i>HK\$ million</i>
Acquisition of performance bond for new projects	7.2	7.2	-	-	-	-
Employment of additional staff and provision of relevant training	17.4	16.3	1.1	-	-	-
Leasing of a new office and employment of additional staff in Macau	2.4	1.5	0.9	-	-	-
Working capital	0.2	0.2	-	2.0	2.0	-
Total	<u>27.2</u>	<u>25.2</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>-</u>

## PRINCIPAL RISKS AND UNCERTAINTIES

The management of the Company considers that the following are the principal risks and uncertainties faced by the Group:

- (i) the outbreak of any pandemic such as COVID-19 pandemic could adversely affect the Group’s business operations and financial performance;

- (ii) the business of the Group relies on successful tenders and any failure of the Group to secure tender contracts would affect the operations and financial results of the Group;
- (iii) erroneous or inaccurate estimation of project duration and the costs involved for the determination of tender price may adversely affect the profitability and financial performance of the Group;
- (iv) the Group's historical revenue and profit margin may not be indicative of its future revenue and profit margin; and
- (v) any delay or defects of the works of the suppliers and subcontractors of the Group would adversely affect its operations and financial results.

For other risks and uncertainties facing the Group, please refer to the section headed "Risks Factors" in the Prospectus.

## **PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES**

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

## **DIVIDENDS**

The Board did not recommend the payment of a final dividend in respect of both years ended 31 December 2021 and 2020.

## **AUDIT COMMITTEE**

The Group has established an audit committee of the Board (the "**Audit Committee**") in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and with written terms of reference in compliance with the CG Code. The primary duties of the Audit Committee are to make recommendations to the Board on appointment or re-appointment and removal of external auditor; review financial statements of our Company and judgments in respect of financial reporting; and oversee the effectiveness of the procedures of the risk management and internal control procedures of the Group.

The Audit Committee currently consists of all three of our independent non-executive Directors, namely Mr. Choy Hiu Fai Eric, Mr. Lei For and Mr. Lai Wai Ming. Mr. Choy Hiu Fai Eric is the chairman of the Audit Committee and holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules.

The audited consolidated financial statements of the Group for the Relevant Period and this announcement had been reviewed by the Audit Committee, which was of the opinion that the audited consolidated financial statements have been prepared in compliance with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements.

## REVIEW OF THE ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Group's auditor, Mazars CPA Limited ("Mazars"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2021. The work performed by Mazars in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Mazars on this preliminary announcement.

## ANNUAL GENERAL MEETING AND PUBLICATION OF ANNUAL REPORT

The annual general meeting ("AGM") for the financial year 2021 of the Company is scheduled to be held on Wednesday, 1 June 2022, the notice of the AGM together with the 2021 Annual Report will be published on the Company's website at [www.wingfunggroup.com](http://www.wingfunggroup.com) and the GEM website at [www.hkgem.com](http://www.hkgem.com) and despatched to the shareholders of the Company in due course.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 27 May 2022 to Wednesday, 1 June 2022, both days inclusive, for the purposes of determining the entitlements of the shareholders of the Company to attend and vote at the AGM. During this closure period, no transfer of the Shares will be registered. In order to qualify for attending and voting at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration by no later than 4:30 p.m. on Thursday, 26 May 2022.

By order of the Board  
**Wing Fung Group Asia Limited**  
**Chung Chi Keung**  
*Chairman, Chief Executive Officer  
and Executive Director*

Hong Kong, 22 March 2022

*As at the date of this announcement, the executive Directors are Mr. Chung Chi Keung and Ms. Lai Suk Fan; and the independent non-executive Directors are Mr. Choy Hiu Fai Eric, Mr. Lei For and Mr. Lai Wai Ming.*

*This announcement will remain on the "Latest Listed Company Information" page of GEM website at [www.hkgem.com](http://www.hkgem.com) for at least seven days from the date of its posting. This announcement will also be published and remained on the Company's website at [www.wingfunggroup.com](http://www.wingfunggroup.com).*