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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)

INSIDE INFORMATION

(I) PROFIT WARNING AND

(II) BUSINESS UPDATE

(I) PROFIT WARNING

This announcement is made by Wing Fung Group Asia Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong.

Based on the information currently available to the board (the “**Board**”) of directors (the “**Directors**”) of the Company and upon the preliminary review of the latest unaudited consolidated management accounts of the Group, the Board wishes to inform shareholders of the Company (the “**Shareholders**”) and potential investors that the Group expects to record a decrease in the revenue of the Company of at least 30% for the year ended 31 December 2023 (the “**Relevant Period**”) as compared to the corresponding period of 2022. The Group also expects to record a net loss for the Relevant Period in the range of HK\$32.3 million to HK\$39.5 million as compared to the net loss of approximately HK\$11.2 million in the corresponding period of 2022.

The Board believes that, such decrease in the revenue and increase in the expected net loss during the Relevant Period are mainly due to the following factors:

- (i) a drop in number of ongoing projects undertaken by the Group which were revenue generating during the Relevant Period which drove down the Group’s revenue recognised during the Relevant Period;

- (ii) the Group recognised one-off COVID-19 relief and subsidies of approximately HK\$5.6 million from the Hong Kong and Macau governments for the year ended 31 December 2022, while no similar government subsidies were received for the Relevant Period;
- (iii) the written off of contract assets in the range of HK\$10.1 million to HK\$12.3 million as a result of the agreement of final accounts after negotiation with customers for three projects located at Chek Lap Kok, Sha Tin and Taipa in Macau; and
- (iv) the recognition for impairment loss in the range of HK\$11.0 million to HK\$13.4 million in relation to (a) the expected credit losses on the contract assets that have been due for at least three years in which the Company has no reasonable expectation of recovering the contractual cash flows and no realistic prospect of recovery, after taking into account factors such as the external economic environment and the pace of the collections of customers' payment; and (b) impairment arising from the Affected Project as mentioned below.

The Company is in the process of finalising the Group's annual results for the Relevant Period. The information contained in this announcement is only a preliminary assessment by the Board of the information currently available to it and the unaudited consolidated management accounts of the Group, which have not been audited nor reviewed by the Company's auditors or the audit committee of the Company, and may be subject to amendment. The Group's financial results for the Relevant Period will be disclosed in the annual results announcement of the Company to be released by the end of March 2024.

(II) BUSINESS UPDATE

Reference is made to the Company's announcements dated 23 July 2020, 15 October 2021 and 1 December 2021 regarding the termination of the Affected Project (the "**Announcements**"). Capitalised terms used herein shall have the same meanings as used in the Announcements unless the context otherwise requires.

The Board wishes to inform the Shareholders and potential investors that based on recent communication with the customer of the Affected Project (the "**Direct Customer**"), the Direct Customer has obtained a final arbitration award against the main-contractor of the Affected Project. It is expected that upon enforcement of the final award by the Direct Customer, it is highly probable that the Group can recover a total sum of approximately HK\$29.1 million arising from the Affected Project from the Direct Customer. In this connection, the Company is expected to record an impairment loss on contract assets in respect of the Affected Project of approximately HK\$1.3 million in the Relevant Period.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 12 March 2024

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, for which the Directors 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 of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (i) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (ii) there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of The Stock Exchange of Hong Kong Limited’s website at www.hkexnews.hk for at least seven days from the date of its publication. This announcement will also be published on the Company’s website at www.wingfunggroup.com.