

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Wah Wo Holdings Group Limited

華和控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 9938)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2022

The board (“**Board**”) of directors (the “**Directors**”) of Wah Wo Holdings Group Limited (the “**Company**”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2022, together with the comparative figures for the corresponding period in 2021 as follows:

FINANCIAL HIGHLIGHTS

1. Revenue was approximately HK\$223.1 million for the year ended 31 March 2022, representing a decrease of approximately 36.4% as compared with the year ended 31 March 2021.
2. Gross profit was approximately HK\$16.4 million for the year ended 31 March 2022, representing a decrease of approximately 23.4% as compared with approximately HK\$21.4 million for the year ended 31 March 2021.
3. Profit attributable to owners of the Company was approximately HK\$1.4 million for the year ended 31 March 2022, representing a decrease of approximately 76.7% as compared with approximately HK\$6.0 million for the year ended 31 March 2021.
4. Basic earnings per share was approximately HK0.14 cents for the year ended 31 March 2022 (2021: basic earnings per share: HK0.60 cents).
5. The Board does not recommend the payment of final dividend for the year ended 31 March 2022.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

Year ended 31 March 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
REVENUE	5	223,058	350,847
Cost of sales		<u>(206,684)</u>	<u>(329,466)</u>
Gross profit		16,374	21,381
Other income and gain	5	2,399	5,194
Administrative expenses		(17,602)	(15,734)
Reversal of provision/(provision) for impairment loss allowances, net		784	(2,424)
Finance costs	6	<u>(77)</u>	<u>(107)</u>
PROFIT BEFORE TAX		1,878	8,310
Income tax expense	8	<u>(454)</u>	<u>(2,358)</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	7	<u>1,424</u>	<u>5,952</u>
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted	10	<u>HK0.14 cents</u>	<u>HK0.60 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		5,606	6,135
Right-of-use assets		1,602	3,076
Investment properties	<i>11</i>	81,700	–
Deposits		852	461
Deferred tax asset		272	302
Total non-current assets		90,032	9,974
CURRENT ASSETS			
Contract assets	<i>12</i>	48,007	44,916
Trade receivables	<i>13</i>	23,502	60,612
Prepayments, deposits and other receivables		9,388	31,195
Tax recoverable		11,216	5,446
Pledged deposits		22,825	29,231
Cash and cash equivalents		62,781	84,835
Total current assets		177,719	256,235
CURRENT LIABILITIES			
Contract liability	<i>12</i>	4,310	944
Trade payables	<i>14</i>	8,342	11,311
Other payable and accruals		3,212	1,889
Lease liabilities		1,288	1,530
Provisions for rectification works		7,269	7,119
Total current liabilities		24,421	22,793
NET CURRENT ASSETS		153,298	233,422
TOTAL ASSETS LESS CURRENT LIABILITIES		243,330	243,416
NON-CURRENT LIABILITIES			
Lease liabilities		437	1,720
Deferred tax liability		–	227
Total non-current liabilities		437	1,947
Net assets		242,893	241,469
EQUITY			
Issued capital	<i>15</i>	10,000	10,000
Reserves		232,893	231,469
Total equity		242,893	241,469

NOTES TO THE FINANCIAL STATEMENTS

31 March 2022

1. GENERAL INFORMATION

Wah Wo Holdings Group Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands. The principal place of business of the Company is located at Flat A & D, 4/F, Phase 1, Kwai Shing Industrial Building, 36–40 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in the provision of aluminium works related services and the trading of tools and equipment.

The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 17 January 2020 (the “**Listing**”).

In the opinion of the directors, the immediate and the ultimate holding company of the Company is Ornate Bright Limited, a company incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and the disclosure requirements of the Companies Ordinance (Cap.622). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2021 for the preparation of the financial statements:

Amendments to HKFRS 16 *COVID-19 — Related Rent Concessions*

Amendments to HKFRS 9, HKAS 39,
HKFRS 7, HKFRS 4 and HKFRS 16 *Interest Rate Benchmark Reform — Phase 2*

Except as described below, the application of the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these financial statements.

Amendments to HKFRS 16, COVID-19-Related Rent Concessions

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic (“**COVID-19 Related Rent Concessions**”) are lease modifications and, instead, account for those rent concessions as if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; b) any reduction in lease payments affects only payments due on or before 30 June 2021; and c) there is no substantive change to other terms and conditions of the lease.

The amendments do not have an impact on these financial statements as the Group did not obtain any rent concessions during the year.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest Rate Benchmark Reform — Phase 2

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates (“**IBOR reform**”).

The amendments do not have an impact on these financial statements as the Group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not applied any new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning on 1 April 2021. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 16 Lease — COVID-19-Related Rent Concessions	1 April 2022
Amendments to HKFRS 3 Business Combination — Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16 Property, Plant and Equipment — Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37 Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to HKFRSs 2018–2020 Cycle	1 January 2022
Amendments to HKAS 1 Classification of Liabilities as Current or Non-current	1 January 2023

**Effective for
accounting periods
beginning on or after**

Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements — Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors — Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 Income Taxes — Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of aluminium works related services and the trading of tools and equipment. Information reported to the Group's chief operating decision maker for the purpose of resource allocation and performance assessment is focused 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 further operating segment information is presented.

Geographical information

(a) *Revenue from external customers*

All of the Group's revenues from external customers were attributed to Hong Kong based on the location of the services provided.

(b) *Non-current assets*

All of the Group's non-current assets were located in Hong Kong based on the locations of the assets.

Information about major customers

Revenue from external customers contributing to 10% or more of the total revenue of the Group is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A	137,703	110,423
Customer B	28,627	207,705
Customer C	<u>26,020</u>	<u>N/A¹</u>

¹ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

5. REVENUE, OTHER INCOME AND GAIN

An analysis of revenue is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from contracts with customers	<u>223,058</u>	<u>350,847</u>

Revenue from contracts with customers

(i) *Disaggregated revenue information*

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Type of goods and services		
Construction services of residential buildings	138,058	339,168
Construction services of non-residential buildings	84,629	11,256
Trading of tools and equipment	<u>371</u>	<u>423</u>
Total revenue from contracts with customers	<u>223,058</u>	<u>350,847</u>
Timing of revenue recognition		
Services transferred over time	222,687	350,424
Goods transferred at a point of time	<u>371</u>	<u>423</u>
Total revenue from contracts with customers	<u>223,058</u>	<u>350,847</u>

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liability at the beginning of the reporting period:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue recognised that was included in contract liability at the beginning of the reporting period		
Construction services	<u>944</u>	<u>–</u>

(ii) *Performance obligation*

Information about the Group's performance obligation is summarised below:

Construction services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 days from the date of issuance of the payment certificate. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

Trading of tools and equipment

The performance obligation is satisfied upon delivery of tools and equipment and payment is generally due within 30 days upon delivery.

Unsatisfied performance obligations related to construction contracts:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Amounts of transaction prices expected to be recognised:		
Within one year	227,454	221,316
After one year	<u>16,624</u>	<u>40,100</u>
	<u><u>244,078</u></u>	<u><u>261,416</u></u>

The amounts of contract sum allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to construction services, of which the performance obligations are to be satisfied within three years. All the other amounts of contract sum allocated to remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

An analysis of other income and gain is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Other income and gain		
Bank interest income	381	1,228
Recovery of bad debts	687	830
Government subsidies [^]	–	3,136
Fair value gain on investment properties	1,163	–
Gross rental income from investment properties	138	–
Gain on disposal of property, plant and equipment	25	–
Others	<u>5</u>	<u>–</u>
	<u><u>2,399</u></u>	<u><u>5,194</u></u>

[^] Government subsidies were granted from the Employment Support Scheme under the Anti-epidemic Fund of the Government of the Hong Kong Special Administrative Region (the “**HKSAR Government**”). There were no unfulfilled conditions or contingencies relating to the subsidies.

6. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on lease liabilities	<u>77</u>	<u>107</u>

7. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging/(crediting) the following:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Contract costs	206,684	329,466
Auditor's remuneration	900	1,746
Depreciation of property, plant and equipment	2,350	1,314
Depreciation of right-of-use assets	1,474	1,269
Fair value gain on investment properties	1,163	–
Lease payments not included in the measurement of lease liabilities	253	235
Gain on disposal of property, plant and equipment	(25)	–
Provision for impairment of contract assets, net [#]	316	947
(Reversal of provision)/provision for impairment of trade receivables, net [#]	(1,100)	1,477
Changes in provision for rectification works*	150	(1,831)
	<u>150</u>	<u>(1,831)</u>

* For the year ended 31 March 2022, salaries and allowances of HK\$21,269,000 (2021: HK\$24,639,000), discretionary bonuses of HK\$2,619,000 (2021: HK\$2,543,000), pension scheme contributions of HK\$822,000 (2021: HK\$941,000) and changes in provision for rectification works of HK\$150,000 (2021: HK\$1,831,000), respectively, are included in contract costs disclosed above.

Included in "Reversal of provision/(provision) for impairment loss allowances, net" in the consolidated statement of profit or loss and other comprehensive income.

8. INCOME TAX

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current		
Provision for the year	384	1,061
Under-provision in prior years	267	1,467
	<u>651</u>	<u>2,528</u>
Deferred tax	(197)	(170)
	<u>(197)</u>	<u>(170)</u>
Total tax charge for the year	<u>454</u>	<u>2,358</u>

Hong Kong Profits Tax has been provided at 16.5% (2021: 16.5%) based on the estimated assessable profit for the year ended 31 March 2022, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime.

Under the two-tiered profits tax regime, profits tax rate for the first HK\$2 million of assessable profits of qualifying corporations established in Hong Kong will be lowered to 8.25% and profits above that amount will be subject to the tax rate of 16.5%.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

9. DIVIDENDS

The board of directors has resolved not to declare any dividend for the year ended 31 March 2022 (2021: Nil).

10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to owners of the Company of HK\$1,424,000 (2021: HK\$5,952,000), and the weighted average number of ordinary shares of 1,000,000,000 (2021: 1,000,000,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2022 and 2021.

11. INVESTMENT PROPERTIES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At 1 April	–	–
Additions	81,937	–
Fair value gains	1,163	–
Transfer to property, plant and equipment	(1,400)	–
	<u>81,700</u>	<u>–</u>

The Group leases out its industrial buildings under operating leases with rentals payable monthly. The leases typically run for an initial period of 2 years. The leases of industrial buildings are fixed over the lease term.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in HKD. The lease contracts do not contain lessee's option to purchase the property at the end of lease term.

Valuation processes of the Group

The Group measures its investment properties at fair value. The investment properties were revalued by Roma Appraisals Limited, an independent qualified valuer, who hold recognised relevant professional qualification and has recent experience in the locations and segments of the investment properties valued, at 31 March 2022 on an open market value basis. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that review the valuation performed by the independent valuer for financial reporting purposes. This team reports directly to the senior management and the Audit Committee. Discussions of valuation processes and results are held between the management and valuers at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial period end, the finance department verifies all major inputs to the independent valuation reports; assesses property valuation movements when compared to the prior year valuation reports; and holds discussions with the independent valuer.

Valuation techniques

Fair value of investment properties for industrial building units in Hong Kong is generally derived using the direct comparison method which is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

There were no changes to the valuation techniques during the year and there were no transfers among the fair value hierarchy during the year.

The following table gives information about how the fair values of these investment properties are determined as well as the fair value hierarchy in which the fair value measurements are categorised based on the degree to which the inputs to the fair value measurements is observable.

Carrying value of investment properties held by the Group in the consolidated statement of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Industrial building units in Hong Kong 2022: HK\$81,700,000 2021: Nil	Level 3	Direct comparable – based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property.	Price per square feet, using market direct comparable and taking into account of location, age and other individual factors which are HK\$3,436 and HK\$4,122 per square feet respectively.	The higher the price per square feet, the higher the fair value.

The valuations of investment properties were based on the economic, market and other conditions as they exist on, and with information available to management as of 31 March 2022. Given the outbreak of COVID-19 which has caused high volatility to the global economy and uncertainties to the property market in Hong Kong, this disruption has increased the uncertainty of the assumptions adopted in the valuation process. Consequently, the on-going development of COVID-19 may cause unexpected volatility in the future fair value of the investment properties subsequent to 31 March 2022.

12. CONTRACT ASSETS/(LIABILITY)

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Contract assets		
— Unbilled revenue	11,770	10,558
— Retention receivables	<u>36,906</u>	<u>34,711</u>
	48,676	45,269
Impairment	<u>(669)</u>	<u>(353)</u>
	<u>48,007</u>	<u>44,916</u>
Contract liability	<u>4,310</u>	<u>944</u>

Movements in gross carrying amounts of contract assets:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At beginning of the year	45,269	53,448
Additions in contract assets	20,126	32,087
Transfer to trade receivables	(16,719)	(39,665)
Write-off of contract assets	<u>—</u>	<u>(601)</u>
At end of the year	<u>48,676</u>	<u>45,269</u>

Unbilled revenue included in contract assets represents the Group's right to receive consideration for work completed and not yet billed because the rights are conditional upon the quality and quantity check by the customers on the construction work completed by the Group and the work is pending for the certification by the customers. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the time when the Group obtains the certification of the completed construction work from the customers.

Retention receivables included in contract assets represent the Group's right to consideration for work performed but not yet collectible because the rights are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the expiry date of the period for the provision of assurance by the Group on the service quality of the construction work performed by the Group.

The increase in contract assets as at 31 March 2022 were the results of increase in the provision of construction services near the end of the year and retention money withheld by the customers.

The decreases in contract assets as at 31 March 2021 were the result of the decreases in the provision of construction services near the end of the years.

The Group's trading terms and credit policy with customers are disclosed in note 13 to the financial statements in this announcement.

The expected timing of recovery or settlement for contract assets is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within one year	28,102	16,300
After one year	19,905	28,616
	<u>48,007</u>	<u>44,916</u>

Movements in contract liability:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At beginning of the year	944	–
Receipt from customers	4,310	944
Revenue recognised that was included in the contract liability balance at beginning of the year	(944)	–
At end of the year	<u>4,310</u>	<u>944</u>

The contract liability primarily related to the Group's obligation to transfer services to customer for which the Group has received consideration from the customer.

13. TRADE RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	23,882	62,092
Impairment	(380)	(1,480)
	<u>23,502</u>	<u>60,612</u>

Trade receivables mainly represented receivables for contract works. Management generally submits interim payment applications to customers on a monthly basis containing a statement setting out management's estimation of the valuation of the works completed in the preceding month. Upon receiving the interim payment application, the quantity surveyors of the customer will verify such valuation of works completed and issue an interim payment certificate within 30 days. Within 30 days after the issuance of the interim payment certificate, the customer will make payment to the Group based on the certified amount stipulated in such certificate, deducting any retention money in accordance with the contract. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the progress payment certificate date and net of loss allowance, is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 30 days	17,313	3,923
31 to 90 days	6,081	54,067
91 to 120 days	108	902
Over 120 days	–	1,720
	<u>23,502</u>	<u>60,612</u>

14. TRADE PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	<u>8,342</u>	<u>11,311</u>

An ageing analysis of the trade payables as at the end of reporting period, based on the date of invoice and payment certificate, is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 30 days	3,860	5,900
31 to 90 days	1,536	3,910
Over 90 days	2,946	1,501
	<u>8,342</u>	<u>11,311</u>

Trade payables are non-interest-bearing. The payment terms of trade payables are stipulated in the relevant contracts with credit periods of 30 days in general.

All trade payables are denominated in HKD.

15. SHARE CAPITAL

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Authorised:		
10,000,000,000 (2021: 10,000,000,000) ordinary shares of HK\$0.01 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid:		
1,000,000,000 (2021: 1,000,000,000) ordinary shares of HK\$0.01 each	<u>10,000</u>	<u>10,000</u>

A summary of movements in the Company's authorised and issued share capital is as follows:

	<i>Notes</i>	Number of ordinary shares	Nominal value of ordinary shares HK\$'000
Authorised:			
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022		<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:			
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022		<u>1,000,000,000</u>	<u>10,000</u>

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors capital using a gearing ratio, which is the Group's total debts (comprising lease liabilities) over its total equity. The Group's policy is to keep the gearing ratio at a reasonable level. The Group's gearing ratio as at 31 March 2022 was 0.7% (2021: 1.3%). The decrease in the gearing ratio of the Group is primarily due to the decrease in the balance of lease liabilities.

The externally imposed capital requirements for the Group are: (i) in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares; and (ii) to meet financial covenants attached to the banking facilities granted.

16. EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed elsewhere in this announcement, on 8 April 2022, the Group entered into a provisional agreement with a vendor, an independent third party, pursuant to which the Group has agreed to acquire and the vendor has agreed to sell a premises and car parking space located at Factory B on 4/F and Carpark Space No.4 on G/F of Kwai Shing Industrial Building (Phase I), 36-40 Tai Lin Pai Road, Kwai Chung, N.T., Hong Kong (the "**premises and the carpark space**") at the consideration of HK\$15,650,000. An initial deposit of HK\$1,565,000 was paid by the Group on 8 April 2022 and the remaining sum of HK\$14,085,000 had been fully paid by the Group on 1 June 2022.

BUSINESS REVIEW AND OUTLOOK

The Group is an established contractor engaged in façade works with a focus on window in Hong Kong. Façade works can be classified into window, window wall system, curtain wall system and other façade members. We principally provide design and build services for new buildings and renovation services for built premises and trading of tools and equipment. Our services generally include developing designs, conducting structural calculations and preparing shop drawings, as well as management and coordination of various aspects of a project which involve procurement of building materials from material suppliers and/or subcontracting of installation works to our subcontractors, on-site project management and post-project completion and maintenance services. Our design and build services are typically conducted on new buildings and involve the installation of windows and other façade components such as metal doors, louvres, balustrades, grilles and canopy (referred to as “**design and build projects**”). Our renovation services on the other hand are typically conducted on built premises and usually involve the repair, replacement, upgrade or maintenance of windows, metal doors and other façade components (referred to as “**renovation projects**”). We provide design and build services and renovation services for different types of buildings, including residential apartments, commercial buildings, retail premises, universities and hotels in Hong Kong.

As at 31 March 2022, the Group has a total of twelve ongoing projects, each with an awarded contract sum (exclusive of variation orders) of over HK\$5 million. The aggregate contract sums and the aggregated revenue recognised (inclusive of variation orders and contract sum adjustments as at 31 March 2022) of these ongoing projects as at 31 March 2022 amounted to approximately HK\$438.4 million and HK\$226.4 million respectively.

The Group recorded gross profit of approximately HK\$16.4 million for the year ended 31 March 2022 (the “**Year**”), as compared with the gross profit of approximately HK\$21.4 million for the year ended 31 March 2021. The Group’s gross profit margin for the Year was approximately 7.3% as compared with approximately 6.1% for the year ended 31 March 2021. The Group recorded a consolidated net profit of approximately HK\$1.4 million for the Year, as compared with an audited consolidated net profit of approximately HK\$6.0 million for the year ended 31 March 2021. Such decrease in expected net profit is mainly attributable to (i) our continuing proactive pricing strategy in response to increasing competition in the construction industry; (ii) the decrease in government subsidies from the Employment Support Scheme under the Anti-epidemic Fund due to the outbreak of the coronavirus disease (COVID-19); and (iii) the increase in direct costs incurred from unexpected additional costs incurred to deal with unexpected changes to the on-site arrangements for certain construction projects of the Group as a result of COVID-19 pandemic.

Looking forward, the Group will continue to actively explore and consider any suitable development opportunities in the industry that can broaden our revenue base and are beneficial to the Group and its shareholders as a whole.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately HK\$127.7 million or approximately 36.4% from approximately HK\$350.8 million for the year ended 31 March 2021 to approximately HK\$223.1 million for the Year. The decrease in revenue was mainly substantial completion of the projects on hand during the year ended 31 March 2021 and competitive construction project pricing arising from intense market competition.

Gross Profit and Gross Profit Margin

The gross profit of the Group for the Year amounted to approximately HK\$16.4 million, representing a decrease of approximately 23.4% as compared with approximately HK\$21.4 million for the year ended 31 March 2021. The Group's gross profit margin for the Year was approximately 7.3%, as compared with approximately 6.1% for the year ended 31 March 2021. The decrease in gross profit was primarily due to the substantial completion of the projects on hand during the year ended 31 March 2021, while the gross profit margin improved slightly as compared to the situation during the year ended 31 March 2021, which has been affected by COVID-19.

Other Income and Gain

Other income and gain of the Group for the Year amounted to approximately HK\$2.4 million, representing a decrease of approximately 53.8% or HK\$2.8 million as compared with approximately HK\$5.2 million for the year ended 31 March 2021. The decrease was primarily due to the decrease in bank interest income generated from bank deposits, and the government subsidies from the Employment Support Scheme under the Anti-epidemic Fund of the HKSAR Government net off by the fair value gain of investment properties for the Year.

Administrative Expenses

The administrative expenses of the Group for the Year amounted to approximately HK\$17.6 million, representing an increase of approximately 12.1% as compared with approximately HK\$15.7 million for year ended 31 March 2021. The increase was mainly attributable to (i) increase in depreciation of property, plant and equipment; (ii) increase in depreciation of right-of-use assets and (iii) increase in marketing expense to develop more business opportunities with new customers.

Finance Costs

Finance costs of the Group for the Year were approximately HK\$77,000, representing a decrease of approximately 28.0% as compared with approximately HK\$107,000 for the year ended 31 March 2021. The decrease was mainly attributable to the payments to the lease liabilities during the Year.

Profit for the year

Profit attributable to owners of the Company for the Year decreased by approximately HK\$4.6 million or approximately 76.7% from approximately HK\$6.0 million for the year ended 31 March 2021 to approximately HK\$1.4 million for the Year. The decrease in the Group's net profit for the Year was mainly due to the reasons as mentioned under the section "Business Review and Outlook".

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Shares were successfully listed on the Main Board of the Stock Exchange on the Listing Date and there has been no change in capital structure of the Group since then.

As at 31 March 2022 and 2021, the Company's issued capital was HK\$10,000,000 and the number of its issued ordinary shares was 1,000,000,000 of HK\$0.01 each.

As at 31 March 2022, the Group had total cash and bank balances of approximately HK\$62.8 million (2021: approximately HK\$84.8 million). There were no bank borrowings of the Group as at 31 March 2022 and 2021. Interests were charged at floating rates. The Group did not carry out any interest rate hedging policy.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

PLEDGE OF ASSETS

As at 31 March 2022, the Group had approximately HK\$22.8 million (2021: approximately HK\$29.2 million) of time deposits pledged for banking facilities.

FOREIGN EXCHANGE RISK

The Group mainly operates in Hong Kong. Most of the operating transactions and revenue were settled in Hong Kong dollars and the Group's assets and liabilities are primarily denominated in Hong Kong dollars. With the insignificant portion of monetary transactions and assets denominated in foreign currencies, the Group did not engage in any derivatives agreement and did not commit to any financial instrument to hedge its foreign exchange exposure during the Year (2021: Nil).

GEARING RATIO

As at 31 March 2022, the gearing ratio (calculated as total debts (including lease liabilities) divided by the total equity) was approximately 0.7% (2021: approximately 1.3%).

CAPITAL EXPENDITURE

During the Year, the Group invested approximately HK\$421,000 (2021: approximately HK\$6.6 million) and HK\$82.0 million (2021: Nil) on the acquisition of property, plant and equipment and investment properties respectively. Capital expenditure was principally funded by internal resources.

LEASES

During the year ended 31 March 2021, the Group entered into a new lease arrangement with Ms. Wong Chun Siu, the spouse of the Controlling Shareholder, for the use of a warehouse and office premises. Upon initial recognition, the Group recognised a right-of-use asset and a lease liability of approximately HK\$7,206,000. Pursuant to the supplemental agreement signed in December 2020, the lease period was changed to fixed lease period of three years and upon its expiration, it shall be renewable for an additional three years subject to agreement of terms by both parties. The right-of-use asset and the lease liability were reduced by approximately HK\$3,603,000 and HK\$3,447,000 respectively. Details of the lease arrangement were disclosed in the announcements of connected transaction of the Company dated 10 December 2020 and supplemental announcement dated 11 January 2021. During the Year, there is no change in the lease arrangement.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2022, the Group had capital commitments contracted for property, plant and equipment amounting to approximately HK\$3.1 million (2021: Nil).

As at 31 March 2022, contingent liabilities not provided for in the financial statements are guarantees given to a bank for surety bonds of approximately HK\$33.0 million (2021: approximately HK\$39.5 million).

As at 31 March 2022, the surety bonds were secured by the pledge of time deposits of the Group amounting to HK\$22,825,000 (2021: HK\$29,231,000) and corporate guarantee executed by the Company amounting to HK\$50,000,000 (2021: HK\$50,000,000) respectively.

In the ordinary course of the Group's construction business, the Group has been subject to a number of claims due to personal injuries suffered by employees of the Group or the Group's subcontractors in accidents arising out of and in the course of their employment. The Directors of the Company are of the opinion that such claims are well covered by insurance and would not result in any material adverse impact on the financial position or results and operations of the Group.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Year, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies.

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

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

SIGNIFICANT INVESTMENT HELD

During the Year, the Group did not hold any significant investments.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed under the section headed "Future plans and use of proceeds" in the prospectus (the "**Prospectus**") of the Company dated 31 December 2019, the Group did not have any other plans for material investments or capital assets as at 31 March 2022.

Subsequent to 31 March 2022, the Group entered into a provisional agreement for sales and purchase of a premise and a car parking space which is located at Factory B on 4/F and Car Parking Space No. 4 on G/F of Kwai Shing Industrial Building (Phase I), 36–40 Tai Lin Pai Road, Kwai Chung, N.T., Hong Kong ("**the Premises and the Car Parking Space**") with an independent third party at a consideration of approximately HK\$15.7 million on 8 April 2022. The acquisition of the Premises and the Car Parking Space have been completed on 1 June 2022. As one or more of the applicable percentage ratios set out in Rule 14.07 of the Rules Governing the Listing of Securities ("**Listing Rules**") on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in respect of the acquisition of the Premises and the Car Parking Space exceeded 5% but all were less than 25%, the acquisition of Workshop 25A constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules. For further information in relation to this acquisition, please refer to the announcement of the Company dated 8 April 2022.

USE OF PROCEEDS FROM THE LISTING

The net proceeds from the Listing amounted to approximately HK\$78.9 million (after deducting the underwriting fees and commissions and all related expenses), which is slightly lower than the estimated net proceeds of approximately HK\$82.5 million as disclosed in the announcement of allotment results of the Company dated 16 January 2020 (the “**Allotment Results**”). The net proceeds has been adjusted in the same manner and same proportion to the use of proceeds as disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus. An analysis of the utilisation of the net proceeds up to 31 March 2022 is set out below:

	Estimated use of proceeds as per Allotment Results <i>HK\$ million</i>	Adjusted use of proceeds from the Listing <i>HK\$ million</i>	Actual utilised amount from the Listing date to 31 March 2022 <i>HK\$ million</i>	Unutilised amount as at 31 March 2022 <i>HK\$ million</i>	Expected timeframe of full utilisation of unutilised amount from the share offer
Satisfying surety bond requirement	32.7	31.2	31.2	–	
Upfront costs of our awarded projects	32.8	31.4	31.4	–	
Expansion of project management team, design team, supporting staff and rent a new office	12.0	11.5	10.5	1.0	Third quarter of 2022
General working capital	5.0	4.8	4.8	–	
	<u>82.5</u>	<u>78.9</u>	<u>77.9</u>	<u>1.0</u>	

The unutilised net proceeds as at 31 March 2022 are placed as interest-bearing deposits with authorised financial institutions or licensed banks in Hong Kong.

The Directors regularly evaluate the Group’s business objectives and may change or modify plans against the changing market condition to ascertain the business growth of the Group. As at the date of this announcement, the Directors do not anticipate any change to the plan as to the use of proceeds and the unutilised net proceeds will be applied in the manner consistent with the proposed allocations.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2022, the Group employed a total of 58 employees (including executive Directors and independent non-executive Directors), as compared to a total of 73 employees as at 31 March 2021. Total staff costs which include Directors' emoluments for the Year were approximately HK\$30.3 million (2021: approximately HK\$33.7 million). The salary and benefit level of the employees of the Group are competitive and individual performance is rewarded through the Group's salary and bonus system. The Group conducts annual review on the salary increase, discretionary bonuses and promotions based on the performance of each employee.

The emoluments of the Directors are decided by the Board after recommendation from the remuneration committee of the Company, having considered factors such as the Group's financial performance and the individual performance of the Directors, etc.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees.

During the Year, the Group has not experienced any significant problems with its employees due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff.

FINAL DIVIDEND

The Board has resolved not to recommend the declaration and payment of a final dividend to shareholders of the Company for the Year.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the corporate governance code as set out in Appendix 14 to the Listing Rules (the "**CG Code**"). The Company has complied with the code provisions under the CG Code, except for the deviation from code provision A.2.1 of the CG Code as explained below. The Company will continue to enhance its corporate governance practices appropriate to the operation and growth of the business of the Group.

According to code provision A.2.1 of the CG Code, the role of the chairman and the chief executive officer of the Company should be separate and should not be performed by the same individual. During the Year, the role of the chairman and the chief executive officer of the Company are both performed by Mr. Chen Yuet Wa. In view of Mr. Chen Yuet Wa's role in the day-to-day management and operations of the Group, being the controlling shareholder of the Group and as one of the Directors if not the sole director of other members of the Group, as at the date of this announcement, the Board believes that it is more effective and efficient overall business planning and implementation of business decisions and strategies of the Group that it shall be in the best interests of the

Group for Mr. Chen Yuet Wa to take up the dual roles of chairman and chief executive officer of the Company. Therefore, the Board considers that the deviation from code provision A.2.1 of the CG Code is appropriate in such circumstance and that there are sufficient checks and balances in place by the operations of the Board, which comprises experienced and high calibre individuals and adequate independent element in the composition of the Board.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding the transactions of securities of the Company by the Directors and the relevant employees (who likely possess inside information of the Company) (the “**Securities Dealing Code**”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules. All Directors have confirmed, following specific enquiries by the Company, that they fully complied with the Model Code and the Securities Dealing Code throughout the Year.

COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors, the Controlling Shareholder of the Company or any of their respective close associates (as defined in the Listing Rules) that compete or may compete, directly or indirectly, with the business of the Group and any other conflicts of interest which any such person has or may have with the Group and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules during the Year.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient amount of public float for the Shares as required under the Listing Rules during the Year.

AUDIT COMMITTEE

The Company established the audit committee (the “**Audit Committee**”) on 12 December 2019 with written terms of reference in compliance with Rule 3.22 of the Listing Rules and paragraph C.3.3 of the CG Code. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Chow Chi Fai, Mr. Chan Hon Ki and Mr. Yu Chi Wing, to review on matters regarding internal controls, risk management and financial reporting of the Group. The Audit Committee had reviewed the Group’s annual results for the financial year ended 31 March 2022 and confirmed that they were prepared in accordance with applicable accounting standards, Listing Rules and that adequate disclosures have been made.

SCOPE OF WORK OF THE COMPANY'S AUDITOR IN RESPECT OF THE PRELIMINARY ANNOUNCEMENT

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2022 as set out in the preliminary announcement have been agreed by the Company's auditor, RSM Hong Kong, to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by RSM Hong Kong 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 RSM Hong Kong on the preliminary announcement.

PUBLICATIONS OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Company (www.wahwoalum.com) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 March 2022 will be despatched to shareholders of the Company and available on the above websites in due course.

By order of the Board
Wah Wo Holdings Group Limited
Chen Yuet Wa
Chairman and Executive Director

Hong Kong, 30 June 2022

As at the date of this announcement, the Board comprises five members, of which Mr. CHEN Yuet Wa and Mr. CHAN Fai are the executive directors of the Company; and Mr. CHOW Chi Fai, Mr. CHAN Hon Ki and Mr. YU Chi Wing are the independent non-executive directors of the Company.