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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

The board (“**Board**”) of directors (the “**Directors**”) of Wah Wo Holdings Group Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2022 (the “**Review Period**”) together with the comparative figures for the corresponding period ended 30 September 2021.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2022

		Six months ended 30 September	
	<i>Note</i>	2022	2021
		HK\$’000	HK\$’000
		(Unaudited)	(Unaudited)
REVENUE	4	101,739	142,679
Cost of sales		<u>(90,001)</u>	<u>(126,435)</u>
Gross profit		11,738	16,244
Fair value gain on investment properties		–	222
Other income	4	1,558	215
Administrative expenses		(8,193)	(8,026)
Reversal of impairment loss/(impairment loss) of contract assets, net		6	(35)
(Impairment loss)/reversal of impairment loss of trade receivables, net		(249)	1,142
Finance costs	5	(22)	(45)
PROFIT BEFORE TAX	6	4,838	9,717
Income tax expense	7	(586)	(1,463)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>4,252</u>	<u>8,254</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	9	<u>HK0.43 cent</u>	<u>HK0.83 cent</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2022

	<i>Note</i>	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Investment properties	<i>10</i>	96,197	81,700
Property, plant and equipment	<i>11</i>	6,323	5,606
Right-of-use assets		1,001	1,602
Deposits		632	852
Deferred tax asset		475	272
Total non-current assets		104,628	90,032
CURRENT ASSETS			
Contract assets	<i>12</i>	53,086	48,007
Trade receivables	<i>13</i>	34,679	23,502
Prepayments, deposits and other receivables		13,197	9,388
Tax recoverable		15,364	11,216
Pledged deposits		7,053	22,825
Cash and cash equivalents		53,028	62,781
Total current assets		176,407	177,719
CURRENT LIABILITIES			
Contract liability	<i>12</i>	4,257	4,310
Trade payables	<i>14</i>	15,519	8,342
Other payable and accruals		4,174	3,212
Rental deposit received		88	–
Lease liabilities		1,087	1,288
Provisions for rectification works		7,365	7,269
Provision for onerous contract		1,400	–
Total current liabilities		33,890	24,421
NET CURRENT ASSETS		142,517	153,298
TOTAL ASSETS LESS CURRENT LIABILITIES		247,145	243,330
NON-CURRENT LIABILITIES			
Lease liabilities		–	437
Total non-current liabilities		–	437
Net assets		247,145	242,893
EQUITY			
Equity attributable to owners of the Company			
Issued capital	<i>15</i>	10,000	10,000
Reserves		237,145	232,893
Total equity		247,145	242,893

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. CORPORATE AND GROUP 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.

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

The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited 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.

2.1 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institution of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”).

These unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 March 2022.

They have been prepared under the historical cost convention. These unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand (“**HK\$’000**”) except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2022, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period's financial statements.

Amendments to HKFRS 3	<i>Business Combination — Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment — Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
Amendments to HKFRSs	<i>Annual Improvements to HKFRSs 2018–2020</i>

The adoption of these revised HKFRSs has had no significant impact on the Group's unaudited condensed consolidated interim financial statements.

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of aluminium works related services and 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.

4. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	101,739	142,679

Disaggregated revenue information

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Types of goods and services		
Construction services of residential buildings	90,866	73,324
Construction services of non-residential buildings	10,873	69,163
Trading of tools and equipment	–	192
Total revenue from contracts with customers	101,739	142,679
Timing of revenue recognition		
Services transferred over time	101,739	142,487
Goods transferred at a point in time	–	192
Total revenue from contracts with customers	101,739	142,679

An analysis of other income is as follows:

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Other income		
Recovery of bad debts	269	–
Bank interest income	14	176
Government grants*	1,063	–
Gain on disposal of property, plant and equipment	–	25
Rental income	212	14
	<u>1,558</u>	<u>215</u>

* Government grants were granted from the Employment Support Scheme under the Anti-epidemic Fund of the Hong Kong government. As a condition of receiving the grant from the 2022 Employment Support Scheme, the Group undertakes not to make redundancies.

5. FINANCE COSTS

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on lease liabilities	<u>22</u>	<u>45</u>

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Contract costs	90,001	126,435
Depreciation of property, plant and equipment	1,144	1,164
Depreciation of right-of-use assets	600	835
(Reversal of impairment loss)/impairment loss of contract assets, net	(6)	35
Impairment loss/(reversal of impairment loss) of trade receivables, net	249	(1,142)
Direct operating expenses of investment properties that generate rental income	151	3
Net provision for rectification works*	11,497	12,953
Provision for onerous contract**	1,400	–

* For the six months ended 30 September 2022, net provision for rectification works of approximately HK\$11,497,000 (six months ended 30 September 2021: approximately HK\$12,953,000) is included in contract costs disclosed above.

** As at 30 September 2022, the Group recognised a provision of approximately HK\$1,400,000 (30 September 2021: Nil) for onerous contract in relation to a construction project.

7. INCOME TAX EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2018/2019. The first HK\$2,000,000 of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax		
Provision for the period	789	1,429
Deferred tax	(203)	34
	586	1,463

8. DIVIDENDS

The board of directors has resolved not to declare an interim dividend by the Company for the six months ended 30 September 2022 (six months ended 30 September 2021: Nil).

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company of approximately HK\$4,252,000 (six months ended 30 September 2021: approximately HK\$8,254,000), and the weighted average number of ordinary shares of 1,000,000,000 (six months ended 30 September 2021: 1,000,000,000) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 September 2022 and 2021.

10. INVESTMENT PROPERTIES

During the six months ended 30 September 2022, as a result of change in use of the property, the investment property was transferred to property, plant and equipment at fair value of approximately HK\$1,750,000 (six months ended 30 September 2021: Nil).

During the current period, the Group acquired additional investment property of approximately HK\$16,247,000 (six months ended 30 September 2021: Nil).

The revaluation gave insignificant changed on the fair value of the investment properties for the six months ended 30 September 2022 (six months ended 30 September 2021: rise to a gain arising from changes in fair value of approximately HK\$222,000 which has been included in the condensed consolidated statement of profit or loss and other comprehensive income).

There has been no change from the valuation technique used in prior year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2022, the Group acquired additional property, plant and equipment of approximately HK\$111,000 (six months ended 30 September 2021: approximately HK\$236,000).

12. CONTRACT ASSETS/(LIABILITY)

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Contract assets		
— Unbilled revenue	19,123	11,770
— Retention receivables	34,626	36,906
	53,749	48,676
Impairment	(663)	(669)
	53,086	48,007
Contract liability	4,257	4,310

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/decrease in contract assets as at 30 September 2022 and 31 March 2022 was the result of the increase/decrease in the provision of construction services near the end of the period/year.

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

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

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Within one year	41,218	28,102
After one year	11,868	19,905
	53,086	48,007

13. TRADE RECEIVABLES

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Trade receivables	35,308	23,882
Impairment	(629)	(380)
	<u>34,679</u>	<u>23,502</u>

Trade receivables 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 each of the reporting period, based on the progress payment certificate date and net of loss allowance, is as follows:

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Within 30 days	20,322	17,313
31 to 90 days	14,273	6,081
91 to 120 days	–	108
Over 120 days	84	–
	<u>34,679</u>	<u>23,502</u>

14. TRADE PAYABLES

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Trade payables	15,519	8,342

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

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Within 30 days	10,739	3,860
31 to 90 days	2,065	1,536
Over 90 days	2,715	2,946
	<u>15,519</u>	<u>8,342</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.

15. SHARE CAPITAL

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Authorised:		
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 ordinary shares of HK\$0.01 each	<u>10,000</u>	<u>10,000</u>

16. CONTINGENT LIABILITIES

- (a) As at 30 September 2022 and 31 March 2022, contingent liabilities not provided for in the consolidated financial statements were as follows:

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Guarantees given to banks for surety bonds	<u>7,155</u>	<u>33,039</u>

As at 30 September 2022, the surety bonds were secured by the pledge of time deposits of the Group amounting to approximately HK\$7,053,000 (31 March 2022: approximately HK\$22,825,000) and corporate guarantee executed by the Company amounting to HK\$50,000,000 (31 March 2022: HK\$50,000,000) respectively.

- (b) 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.

17. CAPITAL COMMITMENTS

Capital commitments contracted for at the end of the reporting period but not yet incurred are as follows:

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Property, plant and equipment	<u>2,528</u>	<u>3,076</u>

18. OPERATING LEASE ARRANGEMENTS UNDER THE GROUP AS LESSOR

Operating leases relate to investment properties owned by the Group with lease terms of 2 years. The lessee does not have an option to purchase the property at the expiry of the lease period.

Minimum lease payments receivable on leases are as follows:

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Within one year	350	156
In the second year	<u>–</u>	<u>23</u>
	<u>350</u>	<u>179</u>

The following table presents the amounts reported in profit or loss:

	Six months ended 30 September 2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Lease income on operating lease	<u>212</u>	<u>14</u>

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. These different types of buildings can be broadly classified as (i) residential buildings; and (ii) non-residential buildings.

On 17 January 2020 (the “**Listing Date**”), the shares of the Company (the “**Shares**”) were successfully listed on the Main Board of the Stock Exchange (the “**Listing**”), making an important milestone of the Company’s business.

As at 30 September 2022, the Group has a total of 17 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 30 September 2022) of these ongoing projects as at 30 September 2022 amounted to approximately HK\$694.5 million and HK\$314.1 million respectively.

The Group recorded gross profit of approximately HK\$11.7 million for the Review Period, as compared with the gross profit of approximately HK\$16.2 million for the six months ended 30 September 2021. The Group’s gross profit margin for the Review Period was approximately 11.5% as compared with approximately 11.4% for the six months ended 30 September 2021.

During the period, the novel coronavirus (the “**COVID-19**”) situation and its new variants continued to threaten Hong Kong’s economy and construction industry in terms of cash flow, operational efficiencies, and completion progress of certain projects. The Group considers that the COVID-19 situation would continue to adversely affect our business and will closely monitor the Group’s exposure to relevant risks and uncertainties.

Furthermore, global economic outlook is also deteriorating rapidly, such as: geopolitical tensions between various countries; high inflation threatening the global and triggering a widespread wave of interest rate hikes and monetary tightening; and rumours of global recession in future years.

Apart from these global economic factors, the Group also faces intense competition from fellow competitors and the increase of raw material price, which lead to a challenging situation to the Group. The Group will remain vigilant and closely monitor the development of business operations. The Group will continue to adopt a more competitive tender pricing policy and stringent control over the production costs in order to achieve reasonable project’s gross margin.

Regardless of the near-term challenges and uncertainty in the industry and economy, we will remain focused on our long-term goals. The Group may consider exploring other business opportunities of the Group in order to enhance our future development and to strengthen the revenue bases of the Group. The Group have acquired further investment properties during the period, and considered they constituted a good investment opportunity that will offer a reasonable and attractive rate of return for the Group. The Group intends to lease out these investment properties for rental income after renovation. The Group will also be ready to dive into any other opportunities as they arise or come to our attention. We expect that diversification of our business will provide a better return to the shareholders of the Company.

FINANCIAL REVIEW

Revenue

The Group’s revenue decreased by approximately HK\$41.0 million or approximately 28.7% from approximately HK\$142.7 million for the six months ended 30 September 2021 to approximately HK\$101.7 million for the six months ended 30 September 2022. The decrease in revenue was mainly due to substantial completion of the projects on hand during the Review Period.

Gross Profit and Gross Profit Margin

The gross profit of the Group for the Review Period amounted to approximately HK\$11.7 million, representing a decrease of approximately 27.7% as compared with approximately HK\$16.2 million for the six months ended 30 September 2021. The Group's gross profit margin for the Review Period was approximately 11.5%, as compared with approximately 11.4% for the six months ended 30 September 2021. The gross profit margin remain stable while the decrease in gross profit was mainly driven by the decrease of works completed for the Review Period.

Other Income

Other income of the Group for the Review Period amounted to approximately HK\$1.6 million, representing an increase of approximately HK\$1.3 million as compared with approximately HK\$215,000 for the six months ended 30 September 2021. The increase was primarily due to the one-off government grants received from the Hong Kong government and bad debt recovered for the Review Period.

Administrative Expenses

The administrative expenses of the Group for the Review Period amounted to approximately HK\$8.2 million, representing an increase of approximately 2.5% as compared with approximately HK\$8.0 million for six months ended 30 September 2021. The administrative expenses remained similar level for the Review Period when compared to six months ended 30 September 2021.

Finance Costs

Finance costs of the Group for the Review Period were approximately HK\$22,000, representing a decrease of approximately 51.1% as compared with approximately HK\$45,000 for the six months ended 30 September 2021. The decrease was mainly attributable to the decrease in lease liabilities.

Profit for the period

As a result of the foregoing, profit attributable to owners of the Company for the Review Period decreased by approximately HK\$4.0 million or approximately 48.2% from approximately HK\$8.3 million for the six months ended 30 September 2021 to approximately HK\$4.3 million for the Review Period.

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 30 September 2022 and 31 March 2022, 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 30 September 2022, the Group had total cash and bank balances of approximately HK\$53.0 million (31 March 2022: approximately HK\$62.8 million). There were no bank borrowings of the Group as at 30 September 2022 (31 March 2022: Nil). 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 30 September 2022, the Group had approximately HK\$7.1 million (31 March 2022: approximately HK\$22.8 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 Review Period (six months ended 30 September 2021: Nil).

GEARING RATIO

As at 30 September 2022, the gearing ratio (calculated as total debts (including bank borrowings and lease liabilities) divided by the total equity) was approximately 0.4% (31 March 2022: approximately 0.7%).

CAPITAL EXPENDITURE

During the Review Period, the Group invested approximately HK\$111,000 (six months ended 30 September 2021: approximately HK\$236,000) and approximately HK\$16.2 million (six months ended 30 September 2021: approximately HK\$33.3 million) on the acquisition of property, plant and equipment and investment properties respectively. Capital expenditure was principally funded by internal resources.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 September 2022, the Group had capital commitments contracted for property, plant and equipment amounting to approximately HK\$2.5 million (31 March 2022: approximately HK\$3.1 million).

As at 30 September 2022, contingent liabilities not provided for in the financial statements are guarantees given to banks for surety bonds of approximately HK\$7.2 million (31 March 2022: approximately HK\$33.0 million).

As at 30 September 2022, the surety bonds were secured by the pledge of time deposits of the Group amounting to approximately HK\$7,053,000 (31 March 2022: approximately HK\$22,825,000) and corporate guarantee executed by the Company amounting to HK\$50,000,000 (31 March 2022: 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 Review Period, 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

During the Review Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

SIGNIFICANT INVESTMENT HELD

During the Review Period, 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 of the Company dated 31 December 2019, the Group does not have any other plans for material investments or capital assets.

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 of the Company dated 31 December 2019. An analysis of the utilisation of the net proceeds up to 30 September 2022 is set out below:

	Estimated net proceeds as per Allotment Results <i>HK\$ million</i>	Adjusted net proceeds from the Listing <i>HK\$ million</i>	Actual utilised amount from the Listing date to 30 September 2022 <i>HK\$ million</i>	Unutilised balance as at 30 September 2022 <i>HK\$ million</i>	Expected timeframe of full utilisation of unutilised amount from the share offer as at 30 September 2022
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	11.5	-	
General working capital	5.0	4.8	4.8	-	
	<u>82.5</u>	<u>78.9</u>	<u>78.9</u>	<u>-</u>	

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 30 September 2022, the Group employed a total of 63 employees (including executive Directors and independent non-executive Directors), as compared to a total of 60 employees as at 30 September 2021. Total staff costs which include Directors' emoluments for the Review Period were approximately HK\$13.7 million (six months ended 30 September 2021: approximately HK\$14.5 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 Review Period, 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.

INTERIM DIVIDEND

The Board has resolved not to recommend the declaration and payment of an interim dividend to shareholders of the Company for the Review Period (six months ended 30 September 2021: Nil).

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"). During the Review Period, 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 Review Period, 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 Review Period.

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.

REVIEW OF INTERIM FINANCIAL RESULTS

The interim financial results of the Group for the Review Period are unaudited but have been reviewed and approved by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

By order of the Board
WAH WO HOLDINGS GROUP LIMITED
Chen Yuet Wa
Chairman and Executive Director

Hong Kong, 30 November 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 the Mr. CHOW Chi Fai, Mr. CHAN Hon Ki and Mr. YU Chi Wing are the independent non-executive directors of the Company.