



**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

**2024**  
**INTERIM REPORT**

## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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*This report, for which the directors (the “**Directors**”) of Wing Fung Group Asia Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company and its subsidiaries (collectively, the “**Group**”). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

## INTERIM RESULTS

The board of Directors (the “**Board**”) of the Company announces the unaudited condensed consolidated results of the Group for the six months ended 30 June 2024 (the “**Relevant Period**”), together with the comparative unaudited figures for the corresponding period in 2023, as follows:

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
<b>Revenue</b>	3	<b>78,296</b>	70,069
Cost of sales	4	<b>(65,298)</b>	(62,040)
<b>Gross profit</b>		<b>12,998</b>	8,029
Other income, net		<b>164</b>	106
(Provision) Reversal of impairment losses on trade receivables and contract assets, net	4	<b>(381)</b>	3
Administrative expenses	4	<b>(8,423)</b>	(8,338)
<b>Operating profit (loss)</b>		<b>4,358</b>	(200)
Finance costs		<b>(777)</b>	(990)
<b>Profit (Loss) before income tax</b>		<b>3,581</b>	(1,190)
Income tax expense	5	<b>(1,266)</b>	(121)
<b>Profit (Loss) for the period</b>		<b>2,315</b>	(1,311)
Other comprehensive expenses for the period, net of tax			
<i>Item that may be reclassified to profit or loss:</i>			
– Exchange differences on translation of a foreign operation		<b>(2)</b>	(56)
<b>Total comprehensive income (expenses) for the period</b>		<b>2,313</b>	(1,367)
<b>Basic and diluted earnings (loss) per share for profit (loss) attributable to the ordinary equity holders of the Company</b>			
<i>(HK cents per share)</i>	7	<b>1.43</b>	(0.81)

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

Notes	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
	166	217
Plant and equipment		
	605	1,023
Right-of-use assets		
	9,629	10,697
Deferred income tax assets		
	<b>10,400</b>	11,937
<b>Current assets</b>		
	70,416	68,813
Contract assets		
	32,958	34,428
Trade and other receivables, deposits and prepayments	8	
	–	199
Current income tax assets		
	7,352	9,408
Pledged and restricted bank deposits	9	
	2,780	6,014
Cash and cash equivalents	9	
	<b>113,506</b>	118,862
<b>Total assets</b>	<b>123,906</b>	130,799
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
	–	220
Lease liabilities		
	–	220
<b>Current liabilities</b>		
	30,698	31,028
Trade and retention payables	10	
	2,754	5,727
Other payables and accrued expenses		
	627	826
Lease liabilities		
	21,851	27,335
Bank borrowings	11	
	<b>55,930</b>	64,916
<b>Total liabilities</b>	<b>55,930</b>	65,136
<b>Net assets</b>	<b>67,976</b>	65,663
<b>EQUITY</b>		
	6,490	6,490
Share capital	12	
	61,486	59,173
Reserves		
<b>Total equity</b>	<b>67,976</b>	65,663

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2024

	<i>Notes</i>	Six months ended 30 June	
		2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Net cash from (used in) operating activities		676	(2,561)
Net cash from (used in) investing activities		1,992	(85)
Net cash used in financing activities		(3,869)	(1,588)
Net decrease in cash and cash equivalents		(1,201)	(4,234)
Cash and cash equivalents at the beginning of the reporting period		(3,961)	2,492
Effects of exchange rate changes on cash and cash equivalents		(1)	(3)
Cash and cash equivalents at the end of the reporting period (net of overdrafts)	9	(5,163)	(1,745)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2024

	Share capital	Share premium	Exchange translation reserve	Capital reserve	Other reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Six months ended 30 June 2024</b>							
Balance at 1 January 2024 (Audited)	6,490	50,549	(875)	11,676	(12,941)	10,764	65,663
Profit for the period	-	-	-	-	-	2,315	2,315
Other comprehensive expenses							
- Item that may be reclassified to profit or loss							
Exchange differences arising on translation of a foreign operation	-	-	(2)	-	-	-	(2)
Total comprehensive (expenses) income for the period	-	-	(2)	-	-	2,315	2,313
<b>Balance at 30 June 2024 (Unaudited)</b>	<b>6,490</b>	<b>50,549</b>	<b>(877)</b>	<b>11,676</b>	<b>(12,941)</b>	<b>13,079</b>	<b>67,976</b>
<b>Six months ended 30 June 2023</b>							
Balance at 1 January 2023 (Audited)	6,490	50,549	(817)	11,676	(12,941)	46,669	101,626
Loss for the period	-	-	-	-	-	(1,311)	(1,311)
Other comprehensive expenses							
- Item that may be reclassified to profit or loss							
Exchange differences arising on translation of a foreign operation	-	-	(56)	-	-	-	(56)
Total comprehensive expenses for the period	-	-	(56)	-	-	(1,311)	(1,367)
<b>Balance at 30 June 2023 (Unaudited)</b>	<b>6,490</b>	<b>50,549</b>	<b>(873)</b>	<b>11,676</b>	<b>(12,941)</b>	<b>45,358</b>	<b>100,259</b>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*Six months ended 30 June 2024*

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 29 September 2016 as an exempted company with limited liability under Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office of PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands was valid until 24 January 2024 and the new registered office is 71 Fort Street, PO Box 500, George Town, Grand Cayman KY1-1106, Cayman Islands, with effect from 25 January 2024. The principal place of business is Unit D, 21st Floor, Tower B, Billion Centre, 1 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.

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

The unaudited condensed consolidated financial statements for the Relevant Period (the "**Interim Financial Statements**") are presented in Hong Kong dollars ("**HK\$**"), which is the functional currency of the Company.

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

The Interim Financial Statements have not been audited but have been reviewed by the audit committee of the Company.

## 2. BASIS OF PREPARATION

The Interim Financial Statements of the Company have been prepared in accordance with Hong Kong Accounting Standard 34 (HKAS 34), *Interim Financial Reporting* issued by Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure requirements of the GEM Listing Rules. The Interim Financial Statements have been prepared under the historical cost convention.

The preparation of the Interim Financial Statements requires the Company's management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the Interim Financial Statements are the same as those presented in the Group's annual financial statements for the year ended 31 December 2023.

The application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in the Interim Financial Statements.

The Group has not early applied the new and revised HKFRSs that have been issued but are not yet effective.

### 3. REVENUE AND SEGMENT INFORMATION

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

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Revenue from construction contracts	<b>78,296</b>	70,069

The Group's revenue is recognised over time for the six months ended 30 June 2024 and 2023.



## Geographical information

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

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Hong Kong	77,020	56,985
Macau	1,276	13,084
	<b>78,296</b>	70,069

## Information about major customers

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

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Customer A	61,543	Note
Customer B	14,221	54,445
Customer C	Note	8,976

Note: Revenue from the customer is less than 10% of the total revenue of the Group for the respective periods.

#### 4. EXPENSES BY NATURE

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Costs of materials	<b>26,518</b>	24,649
Subcontractor costs	<b>33,102</b>	29,664
Employee benefit expenses		
– Directors' remuneration	<b>3,185</b>	3,185
– Direct labour	<b>4,187</b>	5,621
– Administrative staff	<b>1,574</b>	1,536
Provision (Reversal) of impairment losses on trade receivables, net	<b>+ 118</b>	(12)
Provision of impairment losses on contract assets, net	<b>263</b>	9
Auditor's remuneration		
– Audit services	<b>355</b>	340
– Non-audit services	<b>11</b>	11

## 5. INCOME TAX EXPENSE

The amount of income tax expense charged to the unaudited condensed consolidated statement of comprehensive income represents:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Current income tax:		
– Hong Kong profits tax	–	–
– Macau complementary tax	–	220
– Underprovision in prior years	<b>198</b>	–
	<b>198</b>	220
Deferred income tax	<b>1,068</b>	(99)
Income tax expense	<b>1,266</b>	121

### (i) Hong Kong profits tax

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25% (six months ended 30 June 2023: 8.25%), and profits above HK\$2 million will be taxed at 16.5% (six months ended 30 June 2023: 16.5%). The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% (six months ended 30 June 2023: 16.5%).

### (ii) Macau Complementary Tax

Pursuant to a tax incentive approved under Section 20 of Decree Law No. 11/2016, Macau Complementary Tax is levied at a fixed rate of 12% (six months ended 30 June 2023: 12%) on the taxable income above Macau Pataca (“**MOP**”) 600,000 (approximately HK\$582,000) of the Group’s operations in Macau.

## 6. DIVIDENDS

The Board does not recommend the payment of any dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

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

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

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Unaudited)
Profit (Loss) attributable to owners of the Company (in HK\$'000)	<b>2,315</b>	(1,311)
Weighted average number of ordinary shares in issue	<b>162,250,000</b>	162,250,000
Basic earnings (loss) per share (HK cents per share)	<b>1.43</b>	(0.81)

Diluted earnings (loss) per share is equal to the basic earnings (loss) per share since the Company has no dilutive potential shares during the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

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

	<b>As at 30 June 2024 (Unaudited) HK\$'000</b>	As at 31 December 2023 (Audited) HK\$'000
Trade receivables ( <i>Note i</i> )	<b>32,777</b>	34,420
Less: Provision for impairment loss allowance	<b>(2,446)</b>	(2,328)
	<b>30,331</b>	32,092
Other receivables and deposits	<b>1,034</b>	998
Prepayments	<b>1,593</b>	1,338
	<b>32,958</b>	34,428

### (i) Trade receivables

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

	<b>As at 30 June 2024 (Unaudited) HK\$'000</b>	As at 31 December 2023 (Audited) HK\$'000
0 to 30 days	<b>21,145</b>	10,491
31 to 60 days	<b>2,385</b>	6,386
61 to 90 days	<b>1,247</b>	1,294
91 to 180 days	<b>2,004</b>	4,055
181 to 365 days	<b>–</b>	6,272
Over 1 year	<b>3,550</b>	3,594
	<b>30,331</b>	32,092

The fair value of trade receivables approximate their carrying values.

## 9. PLEDGED AND RESTRICTED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	<b>As at 30 June 2024 (Unaudited) HK\$'000</b>	As at 31 December 2023 (Audited) HK\$'000
Pledged bank deposits	<b>7,352</b>	7,102
Restricted bank deposits	–	2,306
	<b>7,352</b>	9,408
Cash and cash equivalents	<b>2,780</b>	6,014
Bank overdrafts ( <i>Note 11</i> )	<b>(7,943)</b>	(9,975)
	<b>(5,163)</b>	(3,961)

The pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group (including overdraft and trade facilities) with maturity within one year from the end of the reporting period and is therefore classified as a current asset. The pledged bank deposits carried interest at a fixed rate at 3.8% per annum at 30 June 2024 (31 December 2023: 3.50% per annum).

The restricted bank deposits represent cash held at banks as security for due performance under several service contracts of MVAC system for buildings with prevailing market interest rate ranging from 4.01% to 4.35% per annum at 31 December 2023 (*Note 13*).

## 10. TRADE AND RETENTION PAYABLES

	<b>As at 30 June 2024 (Unaudited) HK\$'000</b>	As at 31 December 2023 (Audited) HK\$'000
Trade payables	<b>24,022</b>	24,616
Retention payables	<b>6,676</b>	6,412
	<b>30,698</b>	31,028

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

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

	<b>As at 30 June 2024 (Unaudited) HK\$'000</b>	As at 31 December 2023 (Audited) HK\$'000
0 to 30 days	<b>11,272</b>	9,909
31 to 60 days	<b>2,607</b>	3,916
61 to 90 days	<b>2,334</b>	2,729
91 to 180 days	<b>4,517</b>	4,650
181 days to 1 year	<b>1,069</b>	1,226
Over 1 year	<b>2,223</b>	2,186
	<b>24,022</b>	24,616

## 11. BANK BORROWINGS

	<b>As at 30 June 2024 (Unaudited) HK\$'000</b>	As at 31 December 2023 (Audited) HK\$'000
<b>Secured:</b>		
– Bank borrowings	<b>13,908</b>	17,360
– Bank overdrafts	<b>7,943</b>	9,975
	<b>21,851</b>	27,335

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

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

	<b>As at 30 June 2024 (Unaudited) HK\$'000</b>	As at 31 December 2023 (Audited) HK\$'000
On demand or within one year	<b>21,851</b>	27,335

The bank borrowings at 30 June 2024 carried interest either at 2.5% (31 December 2023: 2.5%) below Hong Kong Prime Rate or at Hong Kong Prime Rate plus interest rate at 0.5% (31 December 2023: 0.5%). The effective interest rate on the bank borrowings (which is also equal to contracted interest rate) is ranging from 3.625% to 6.625% per annum (31 December 2023: 3.5% to 6.625% per annum). The bank overdrafts at 30 June 2024 carried interest at Hong Kong Prime Rate and the effective interest rate is 6.125% per annum (31 December 2023: 5.875% to 6.125% per annum). The Group's bank borrowings are denominated in HK\$.



At 30 June 2024, a bank borrowing is secured by a corporate guarantee of HK\$47,971,000 (31 December 2023: HK\$47,971,000) given by the Company, by personal guarantee of a director, Mr. Chung Chi Keung (“**Mr. Chung**”) of HK\$30,000,000 (31 December 2023: HK\$30,000,000) and the property held by a director, Mr. Chung. Another bank borrowing is secured by personal guarantee of a director, Mr. Chung of HK\$9,000,000 (31 December 2023: HK\$9,000,000).

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

	<b>As at 30 June 2024 (Unaudited) HK\$'000</b>	As at 31 December 2023 (Audited) HK\$'000
Within one year	<b>13,785</b>	18,833
1 to 2 years	<b>896</b>	880
2 to 5 years	<b>2,890</b>	2,838
Over 5 years	<b>4,280</b>	4,784
	<b>21,851</b>	27,335

## 12. SHARE CAPITAL

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

	Nominal value per share	Number of shares	Total HK\$'000
<b>Authorised:</b>			
At 1 January 2023, 31 December 2023 and 30 June 2024	HK\$0.04	25,000,000,000	1,000,000
<b>Issued and fully paid:</b>			
At 1 January 2023, 31 December 2023 and 30 June 2024	HK\$0.04	162,250,000	6,490

### 13. CONTINGENCIES

	<b>As at 30 June 2024 (Unaudited) HK\$'000</b>	<b>As at 31 December 2023 (Audited) HK\$'000</b>
Performance bonds ( <i>Note a</i> )	–	2,737
Corporate guarantee ( <i>Note b</i> )	<b>13,853</b>	13,491

*Notes:*

- (a) Certain customers require the Group to procure performance bonds to be provided by a bank in favour of them as security for due performance and observance of the obligations under the contracts. In procuring such performance bonds, the Groups is usually required to place a required amount of deposit with such bank. If the Group fails to provide satisfactory services to the customers, the customers are entitled to seek compensation from the bank for the amount of financial losses incurred not exceeding the amount of the performance bonds. The Group will then become liable to compensate the bank accordingly. During the six months ended 30 June 2024 and the year ended 31 December 2023, no call was made on any performance bonds of the Group. Typically, the estimated consideration is not constrained for revenue recognition.
- (b) At 30 June 2024, the Group provided corporate guarantee which amounted to approximately HK\$13,853,000 (31 December 2023: HK\$13,491,000) to one customer (31 December 2023: one) as an indemnity for four construction contracts (31 December 2023: three). During the six months ended 30 June 2024 and the year ended 31 December 2023, no corporate guarantee was being enforced. Typically, the estimated consideration is not constrained for revenue recognition.

## 14. RELATED PARTY DISCLOSURES

Key management personnel are deemed to be the members of the board of directors and senior management of the Company who have the responsibility for the planning and controlling the activities of the Group. The remuneration of directors and one member (for the six months ended 30 June 2023: one member) during the period is as follows:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Salaries and other benefits	<b>3,380</b>	3,371
Contribution to retirement benefits scheme	<b>27</b>	27
	<b>3,407</b>	3,398

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review and Outlook

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

During the Relevant Period, while the local and global economies recorded sluggish growth, the overall market sentiment had remained weak and competition in the construction industry was still fierce. Faced with heightened geopolitical conflicts and tensions, high interest rate, inflationary pressure and shortage of skilled labour, local market remained under pressure. In response, the Group has adopted a pragmatic and positive attitude towards risks, sought solutions and strengthened the quality of project management, and enhanced the ability to control costs within budgets.

During the Relevant Period, the Group recorded a profit of approximately HK\$2.3 million as compared to a loss of approximately HK\$1.3 million in the corresponding period in 2023. The turnaround from loss to profit during the Relevant Period was mainly due to (i) an increase in revenue and (ii) better cost control during the Relevant Period. The combined effect results in higher gross profit and gross profit margin. During the first half of 2024, amongst other projects, a new project was awarded to the Group with an initial contract sum exceeding HK\$383 million. This marks a new business milestone in the development of the Group as this represents the largest contract in terms of contract sum the Group has ever been awarded in Hong Kong. The Group will continue to regularly and closely monitor the progress of its on-going projects and will continue to identify suitable tender opportunities and submit tenders for potential projects to maximise the Group's profits and return to its shareholders.

Looking ahead, the Group maintains a cautious outlook for the year 2024 and will continue to explore cooperation with new customers and derive new revenue streams, and optimise resource utilisation and efficiencies in order to maximise return to our shareholders. In addition to the above, the Group may also seek to diversify and explore other investment opportunities in the future. Nonetheless, the Group will stay vigilant by constantly reviewing its business and tendering strategies and enhancing its operational efficiency and financial performance.

## Financial Review

### Revenue

Our revenue increased by approximately HK\$8.2 million, from approximately HK\$70.1 million for the six months ended 30 June 2023 to approximately HK\$78.3 million for the Relevant Period, representing an increase of approximately 11.7%. In particular, while the Group recorded (i) an increase in revenue of approximately HK\$0.1 million from new projects (in particular a new project located at Kwai Chung); and (ii) an increase in revenue of approximately HK\$62.6 million due to the increase in the amount of work under our existing projects as compared with the six months ended 30 June 2023 (in particular, a project located at Chek Lap Kok and a project located at Kai Tak), the aforesaid increments were offset by (i) a decrease in revenue of approximately HK\$6.8 million resulting from the completion of certain projects during the Relevant Period; and (ii) a decrease in revenue of approximately HK\$47.7 million due to the decrease in the amount of work under our existing projects as compared with the six months ended 30 June 2023 (in particular, another project located at Kai Tak and a project located at Taipa in Macau together accounted for a decrease in revenue of approximately HK\$35.9 million).

### Cost of Sales

Our cost of sales increased from approximately HK\$62.0 million for the six months ended 30 June 2023 to approximately HK\$65.3 million for the Relevant Period, representing an increase of approximately 5.3% which was in line with the increase in revenue for the Relevant Period.

### Gross Profit and Gross Profit Margin

Our gross profit increased by approximately HK\$5.0 million from approximately HK\$8.0 million for the six months ended 30 June 2023 to approximately HK\$13.0 million for the Relevant Period. The gross profit margin increased from approximately 11.5% for the six months ended 30 June 2023 to approximately 16.6% for the Relevant Period. The increase in gross profit and gross profit margin was primarily attributable to (i) better cost control and (ii) increase in the contribution of revenue derived from an existing project in Kai Tak (which recorded a relatively higher gross profit margin for the Relevant Period) to our total revenue from approximately 1.6% for the six months ended 30 June 2023 to approximately 78.6% for the Relevant Period.

## **Administrative Expenses**

Our administrative expenses remained relatively stable at approximately HK\$8.4 million during the Relevant Period (for the six months ended 30 June 2023: approximately HK\$8.3 million).

## **Income Tax Expense**

Our income tax expense increased by approximately HK\$1.2 million from approximately HK\$0.1 million for the six months ended 30 June 2023 to approximately HK\$1.3 million for the Relevant Period, mainly attributable to increase in deferred income tax due to utilisation of tax loss brought forward from prior years.

## **Profit/Loss for the Period**

As a result of the foregoing, our Group recognised a profit of approximately HK\$2.3 million for the Relevant Period as compared with a loss of approximately HK\$1.3 million for the corresponding period in 2023.

## **Liquidity and Financial Resources**

As at 30 June 2024, the Group had total assets of approximately HK\$123.9 million (31 December 2023: approximately HK\$130.8 million), which is financed by total liabilities and shareholders' equity (comprising share capital and reserves) of approximately HK\$55.9 million (31 December 2023: approximately HK\$65.1 million) and approximately HK\$68.0 million (31 December 2023: approximately HK\$65.7 million), respectively.

The total interest-bearing borrowings (including bank borrowings and bank overdrafts) of the Group decreased from approximately HK\$27.3 million as at 31 December 2023 to approximately HK\$21.9 million as at 30 June 2024. Current ratio increased from 1.8 times as at 31 December 2023 to approximately 2.0 times as at 30 June 2024.

The Group's borrowing and bank balances are mainly denominated in HK\$ and there was no significant exposure to foreign exchange rate fluctuations during the Relevant Period.

The Group's gearing ratio, which is calculated by dividing the total interest-bearing borrowings and lease liabilities by total equity at the respective reporting date, decreased from approximately 43.2% as at 31 December 2023 to approximately 33.1% as at 30 June 2024, primarily due to the combined effect of (i) the decrease in the total interest-bearing borrowings; and (ii) the increase in total equity resulting from the increase in retained earnings attributable to recording a net profit for the Relevant Period.

## Capital Structure

The shares of the Company (the “**Shares**”) were successfully listed on GEM of the Stock Exchange on 27 February 2018. Immediately upon Listing, the total issued share capital of the Company was HK\$5,740,000 divided into 574,000,000 Shares of par value of HK\$0.01 each.

On 19 November 2021, 75,000,000 shares of par value HK\$0.01 each of the Company were issued at a price of HK\$0.144 by way of placing under general mandate (the “**Placing**”). For further information in relation to the Placing, please refer to the announcements of the Company dated 22 October 2021, 12 November 2021 and 19 November 2021.

On 21 January 2022, every four (4) issued and unissued existing shares of the Company of par value HK\$0.01 each in the share capital of the Company were consolidated into one (1) consolidated share of par value HK\$0.04 each in the share capital of the Company.

As at 30 June 2024, the Company’s issued share capital was HK\$6,490,000 (31 December 2023: HK\$6,490,000) divided into 162,250,000 (31 December 2023: 162,250,000) ordinary Shares of par value of HK\$0.04 (31 December 2023: HK\$0.04) each.

## Capital Commitments

As at 30 June 2024 and 31 December 2023, the Group did not have any capital commitments contracted but not provided for.

## Future Plans for Material Investments and Capital Assets

Save as disclosed in this report, the Group did not have any plans for material investments or capital assets as at 30 June 2024.

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

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



## Litigation

As disclosed in the 2022 annual report (for more details, please refer to the management discussion and analysis section headed “**Litigation**”), a wholly-owned subsidiary of the Company was involved in a legal proceeding. Court hearings were held on 4 September 2023, 15 September 2023, 13 October 2023, 26 January 2024, 30 May 2024 and 8 July 2024. No judgment has been handed down as at the date of this report. The Company will keep its shareholders and investors informed of any material development in the Litigation.

## Contingent Liabilities

Save as disclosed in note 13 of the notes to the unaudited condensed consolidated financial statements, as at 30 June 2024 and 31 December 2023, the Group did not have other material contingent liabilities.

## Foreign Exchange Exposure

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

## Pledge of Assets

Save for the pledged bank deposits as disclosed in note 9 of the notes to the unaudited condensed consolidated financial statements, as at 30 June 2024 and 31 December 2023, the Group did not have other pledge of assets.

## Employees and Remuneration Policies

As at 30 June 2024, the Group employed a total of 190 employees, of whom 152 were labour workers nominated by subcontractors. The relevant cost of employing the labour workers nominated by subcontractors was classified as subcontracting charges and the staff costs, including Directors’ emoluments, of the Group were approximately HK\$8.9 million for the Relevant Period (six months ended 30 June 2023: approximately HK\$10.3 million).

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

## DIVIDENDS

The Board did not recommend the payment of any dividend in respect of the Relevant Period (for the six months ended 30 June 2023: Nil).

## EVENTS AFTER THE REPORTING PERIOD

No significant events have taken place subsequent to 30 June 2024 and up to the date of this report.

## DISCLOSURE OF INTERESTS

### (I) Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares or Debentures

As at 30 June 2024, the interests and short positions of the Directors and chief executive of the Company in the Shares, the underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests or short positions which any such director or chief executive was taken or deemed to have under such provision of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to standard of dealings by Directors referred in Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Capacity/Nature of Interest	Number of the Shares held/ interested in	Long/short position	Percentage of Shareholding
Mr. Chung	Interest in controlled corporation (Note)	83,062,500	Long position	51.19%

*Note:* The 83,062,500 Shares are held by Wing Fung Capital Limited, which is an associated corporation of the Company and wholly-owned by Mr. Chung. Therefore, Mr. Chung is deemed to be interested in all the Shares held by Wing Fung Capital Limited for the purposes of the SFO. Mr. Chung is our executive Director, Chairman and Chief Executive Officer and the controlling shareholder of the Company.

Save as disclosed above, as at 30 June 2024, none of the Directors or chief executive of the Company had registered any interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

## **(II) Substantial Shareholders' and Other Persons' Interests and Short Positions in the Shares, Underlying Shares or Debentures**

So far as the Directors are aware, as at 30 June 2024, the following person/entity (other than the Directors and chief executive of the Company) had or was deemed to have taken an interest or short position in the Shares or underlying Shares which was recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules.

<b>Name of Shareholder</b>	<b>Capacity/Nature of Interest</b>	<b>Number of the Shares held/ interested in</b>	<b>Long/short position</b>	<b>Percentage of Shareholding</b>
Wing Fung Capital Limited	Beneficial owner	83,062,500	Long position	51.19%

Save as disclosed above, as at 30 June 2024, no person, other than the Directors and chief executive of the Company whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares or Debentures" above, had notified the Company of an interest or short position in the Shares, underlying Shares or debenture of the Company that was required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES

At no time during the Relevant Period was the Company or any of its associated corporation a party to any arrangement to enable the Directors to acquire benefits by means of acquisition of the Shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or their spouses or children under the age of 18, had any right to subscribe for the Shares in, or debentures of, the Company, or had exercised any such rights.

## PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

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

## CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

## CORPORATE GOVERNANCE CODE

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

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 of the GEM Listing Rules. Throughout the Relevant Period, the Company has adopted and complied with, where applicable, the CG Code to ensure that the Group's business activities and decision making processes are regulated in a proper and prudent manner, except for Code Provision C.2.1 of the CG Code.

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

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

## COMPETING INTEREST

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

## AUDIT COMMITTEE

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

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

The terms of reference of the Audit Committee are posted on the websites of the Stock Exchange and the Company. The unaudited condensed consolidated results of the Group for the Relevant Period had been reviewed by the Audit Committee, which was of the opinion that the unaudited condensed consolidated results have been prepared in compliance with the applicable accounting standards and the GEM Listing Rules, and that adequate disclosures have been made.

## PRINCIPAL RISKS AND UNCERTAINTIES

The Group’s financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group’s businesses. The management of the Company considers that the following are the principal risks and uncertainties faced by the Group:

- (i) the outbreak of any pandemic could adversely affect the Group’s business operations and financial performance by potentially causing suspension of works, delay in delivery of construction materials, increase in material and logistics costs and other interruption to the operation of the Group;
- (ii) the business of the Group relies on successful tenders and any failure of the Group to secure tender contracts would affect sustainability of our revenue streams and adversely affect the operations and financial results of the Group;
- (iii) erroneous or inaccurate estimation of project duration and the costs involved for the determination of tender price may adversely affect the profitability and financial performance of the Group;
- (iv) cost overrun, any delay in project schedule or defects of the works of the suppliers and subcontractors of the Group could adversely affect its operations and financial results;
- (v) reliance on major customers for a significant portion of the Group’s revenue may expose the Group to credit and liquidity risks of such major customers and may have impact on the Group’s cash flow and financial conditions; and

- (vi) reliance on key management for the Group's operation may subject the Group to material adverse effect on business operation and profitability in case of departure of members of the key management team without timely and appropriate replacement.

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

Hong Kong, 15 August 2024

*As at the date of this report, 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 report will remain on the "Latest Listed Company Information" page of the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) for at least seven days from the date of its publication. This report will also be published and remained on the Company's website at [www.wingfunggroup.com](http://www.wingfunggroup.com).*