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WAI HUNG GROUP HOLDINGS LIMITED

偉鴻集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 3321)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024 AND RESUMPTION OF TRADING

HIGHLIGHTS

- For the year ended 31 December 2024, the revenue of the Group amounted to approximately MOP8.8 million, representing a decrease of approximately 91.7% as compared to the revenue of last year (2023: MOP105.8 million), and the loss for the year ended 31 December 2024 was approximately MOP48.9 million, while loss for the year ended 31 December 2023 was approximately MOP27.8 million, representing an increase in loss of approximately 76.1%.
- The Company's basic loss per share for the year ended 31 December 2024 was approximately MOP8.1 cents (2023: MOP5.5 cents). Such decrease was in line with the increase of the loss for the year when compared to the year ended 31 December 2023.
- The Board does not recommend the payment of final dividend for the year ended 31 December 2024.

The board (the “**Board**”) of directors (the “**Directors**”) of Wai Hung Group Holdings Limited (the “**Company**”) is pleased to announce the consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024 together with the comparative figures for the year ended 31 December 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

(Expressed in Macau Pataca)

		2024	2023
	<i>Notes</i>	<i>MOP'000</i>	<i>MOP'000</i>
Revenue	4	8,830	105,848
Direct costs		(13,610)	(111,118)
Gross loss		(4,780)	(5,270)
Other income and other losses	5	79	353
(Impairment loss) /reversal of impairment loss recognised in respect of trade receivables, net		(54,064)	1,545
Reversal of impairment loss recognised in respect of other receivables, deposits and prepayments, net		7,638	170
Reversal of impairment loss recognised in respect of contract assets, net		28,986	22,371
Administrative expenses		(19,114)	(42,363)
Finance costs	6	(7,668)	(3,634)
Loss before taxation	7	(48,923)	(26,828)
Income tax expense	8	–	(958)
Loss for the year		(48,923)	(27,786)
Other comprehensive expense			
Item that may be subsequently reclassified to profit and loss:			
Exchange differences arising on translation of foreign operation		(1,740)	(651)
Loss and total comprehensive expense for the year		(50,663)	(28,437)
Loss per share			
Basic (<i>MOP cents</i>)	10	(8.1)	(5.5)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

(Expressed in Macau Pataca)

	Notes	2024 <i>MOP'000</i>	2023 <i>MOP'000</i>
Non-current assets			
Property and equipment		1,159	1,407
Right-of-use assets		–	95
Deposits	12	23	23
		<u>1,182</u>	<u>1,525</u>
Current assets			
Trade receivables	11	78,850	95,098
Other receivables, deposits and prepayments	12	39,365	31,740
Contract assets	13	2,247	20,409
Amount due from a related party		23	23
Pledged bank deposits		15,340	15,263
Bank balances and cash		833	4,523
		<u>136,658</u>	<u>167,056</u>
Current liabilities			
Trade and other payables and accruals	14	93,456	83,073
Contract liabilities	13	26,758	14,182
Tax payable		24,437	24,437
Bank borrowings		51,707	56,466
Bank overdrafts		5,939	6,209
Lease liabilities		–	97
		<u>202,297</u>	<u>184,464</u>
Net current liabilities		<u>(65,639)</u>	<u>(17,408)</u>
Total assets less current liabilities		<u>(64,457)</u>	<u>(15,883)</u>
NET LIABILITIES		<u>(64,457)</u>	<u>(15,883)</u>
CAPITAL AND RESERVES			
Share capital		6,237	5,198
Reserves		(70,694)	(21,081)
TOTAL DEFICIT		<u>(64,457)</u>	<u>(15,883)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

Wai Hung Group Holdings Limited (the “**Company**”) is a public limited company incorporated in the Cayman Islands as an exempted company and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Company’s immediate and ultimate holding company is Copious Astute Limited (“**Copious Astute**”), a limited company incorporated in the British Virgin Islands (“**BVI**”) with limited liability, and wholly-owned by Mr. Li Kam Hung (“**Mr. Li**”). The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal places of business of the Company in Hong Kong and Macau are Unit 13, 24th Floor, Honour Industrial Centre, 6 Sun Yip Street, Chai Wan, Hong Kong and Alameda Dr. Carlos d’Assumpcao, No. 258 Praca Kin Heng Long, 16 Andar G–H, Macau, respectively.

The principal activity of the Company is investment holding. The Group’s principal activities are providing fitting-out services and repair and maintenance services in Macau.

The consolidated financial statements are presented in Macau Pataca (“**MOP**”), which is also the functional currency of the Company and its subsidiaries (collectively referred to as the “**Group**”).

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the new and amendments to HKFRSs in the current year has 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 consolidated financial statements.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ³
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ¹
Amendments to HKFRS Accounting Standards	<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i> ³
Amendments to HKAS 21	<i>Lack of Exchangeability</i> ²
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referring Nature – dependent Electricity</i> ³
HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ⁴

¹ Effective for annual periods beginning on or after a date to be determined

² Effective for annual periods beginning on or after 1 January 2025

³ Effective for annual periods beginning on or after 1 January 2026

⁴ Effective for annual periods beginning on or after 1 January 2027

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of the other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Shares* are also made.

HKFRS 18, and amendments to other standards, will effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in future financial statements. The Group is in process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Going concern basis

As at 31 December 2024, the Group had accumulated losses of approximately MOP259,372,000 (2023: MOP210,449,000), the Group's total borrowings amounted to approximately MOP57,646,000 (2023: MOP62,675,000) while its cash and cash equivalents amounted to approximately MOP833,000 (2023: MOP4,523,000) and pledged bank deposits amounted to approximately MOP15,340,000 (2023: MOP15,263,000). The above conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve its financial position which include, but are not limited to, the following:

- (i) The Group is negotiating with several financial institutions and seeking for renewal of the existing bank facilities to finance the Group's working capital and commitments in the foreseeable future;
- (ii) The Group will continue to take active measures to control administrative costs through various channels including human resources optimization and capital expenditure control. This measure may reduce the cash outflows of the Group; and
- (iii) In addition to its existing fitting-out services business, which primarily serves customers in Macau, the Group is working to expand its operations into the PRC and diversify into anti-counterfeit technology, as outlined in the "PROSPECTS" section. The ultimate goal is to generate sufficient operating cash flow to reduce liabilities and support the Group's financial needs.

The directors of the Company have reviewed the Group's cash flow projections prepared by the management. The cash flow projections cover a period of twelve months from the date of this announcement. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group failed to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from the provision of fitting-out and repair and maintenance service by the Group to external customers. The Group's revenue is mainly derived from provision of fitting-out services and repair and maintenance services in Macau.

Revenue

Timing of revenue recognition and category of revenue

	2024 <i>MOP'000</i>	2023 <i>MOP'000</i>
Recognised over time and short-term contracts:		
– provision of fitting-out services	8,595	105,456
Recognised over time and long-term contracts:		
– provision of repair and maintenance services	235	392
	<u>8,830</u>	<u>105,848</u>

Geographical information

	2024 MOP'000	2023 <i>MOP'000</i>
Macau	8,527	105,763
Hong Kong	303	85
	8,830	105,848

The customers of the Group are mainly hotel and casino operators and individual customers in Macau. All of the Group's provision of fitting-out services and repair and maintenance services are made directly with the customers. Contracts with the Group's customers are mainly fixed-price contracts.

The Group provides fitting-out and repair and maintenance services to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these fitting-out and repair and maintenance services based on the stage of completion of the contract using input method.

The Group's fitting-out and repair and maintenance contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits up to 10% of total contract sum, when the Group receives a deposit before fitting-out and repair and maintenance service commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional.

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which is usually about one year from the date of the practical completion of the fitting-out and repair and maintenance service. The relevant amount of contract asset is reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the construction services performed comply with agreed-upon specifications and such assurance cannot be purchased separately.

Transaction price allocated to the remaining performance obligations

The following table shows the aggregate amount of the transaction price allocated to the remaining performance obligations that are unsatisfied (or partially unsatisfied) as at the end of each reporting period.

	2024 MOP'000	2023 <i>MOP'000</i>
Provision of fitting-out services	883	40,302

Based on the information available to the Group at the end of each reporting period, the directors of the Company expect the transaction price allocated to the above unsatisfied (or partially unsatisfied) contracts in respect of provision of fitting-out and repair and maintenance services as of 31 December 2024 will be recognised as revenue during the year ending 31 December 2025 (2023: was recognised as revenue during the year ended 31 December 2024).

Segment information

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the “**CODM**”), being the executive directors of the Company, in order for the CODM to allocate resources and to assess performance. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s reportable and operating segments under HKFRS 8 *Operating Segments* are as follows:

- fitting-out services; and
- repair and maintenance services.

The CODM makes decisions according to the operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Segment revenue and results

Year ended 31 December 2024

	Fitting-out services <i>MOP’000</i>	Repair and maintenance services <i>MOP’000</i>	Total <i>MOP’000</i>
Segment revenue	<u>8,595</u>	<u>235</u>	<u>8,830</u>
Segment results	<u>(22,288)</u>	<u>68</u>	(22,220)
Other income and other losses			79
Administrative expenses			(19,114)
Finance costs			<u>(7,668)</u>
Loss before taxation			<u>(48,923)</u>

Year ended 31 December 2023

	Fitting-out services <i>MOP'000</i>	Repair and maintenance services <i>MOP'000</i>	Total <i>MOP'000</i>
Segment revenue	105,456	392	105,848
Segment results	18,773	43	18,816
Other income and other losses			353
Administrative expenses			(42,363)
Finance costs			(3,634)
Loss before taxation			(26,828)

Segment results mainly represented profit earned by each segment, excluding other income, other losses, administrative expenses and finance costs.

Geographical information

The Group's operations are mainly carried out in Macau.

The Group's revenue from external customers based on the location of projects are set out below:

	2024 <i>MOP'000</i>	2023 <i>MOP'000</i>
Macau	8,527	105,763
Hong Kong	303	85
	8,830	105,848

The Group's non-current assets (other than financial assets) by geographical location of the assets are detailed below:

	2024 <i>MOP'000</i>	2023 <i>MOP'000</i>
Macau	204	385
Hong Kong	955	1,117
	1,159	1,502

Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue during the years is as follows:

	2024 MOP'000	2023 MOP'000
Revenue from fitting-out services		
Customer A	3,113	NA
Customer B	3,388	NA
Customer C	1,453	19,092
Customer D	–	71,120

5. OTHER INCOME AND OTHER LOSSES

	2024 MOP'000	2023 MOP'000
Other income		
Bank interest income	2	274
Interest income from rental deposits	–	2
Others	77	97
	79	373
Other losses		
Exchange losses	–	(20)
	79	353

6. FINANCE COSTS

	2024 MOP'000	2023 MOP'000
Interests on bank borrowings and bank overdrafts	7,667	3,625
Interest on lease liabilities	1	9
	7,668	3,634

7. LOSS BEFORE TAXATION

	2024 <i>MOP'000</i>	2023 <i>MOP'000</i>
Loss before taxation has been arrived at after charging:		
Auditor's remuneration	1,082	1,082
Depreciation on property and equipment	248	369
Depreciation of right-of-use assets	95	389
Staff costs (including directors' emoluments):		
Salaries and other benefits	14,314	27,092
Retirement benefits schemes contributions	177	220
	<u>14,491</u>	<u>27,312</u>
Less: staff costs included in direct costs	<u>(6,612)</u>	<u>(20,998)</u>
	<u><u>7,879</u></u>	<u><u>6,314</u></u>

8. INCOME TAX EXPENSE

	2024 <i>MOP'000</i>	2023 <i>MOP'000</i>
Current Tax:		
Enterprise Income Tax	–	(958)
Other tax	–	–
	<u>–</u>	<u>(958)</u>

No provision for Macau Complementary Tax is provided for both years as the Company and its subsidiaries do not have assessable profits for the year ended. Macau Complementary Tax is calculated at 12% of the estimated assessable profits exceeding MOP600,000.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC group entity is 25% for both years.

Under the PRC law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained earnings of the PRC subsidiary amounting to approximately MOP926,000 (2023: MOP1,221,000) as at 31 December 2024, as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

9. DIVIDENDS

No dividend was proposed for ordinary shareholders of the Company during the year ended 31 December 2024, nor has any dividend been proposed since the end of the reporting period (2023: nil).

10. LOSS PER SHARE

The calculation of basic loss per share is based on the following data:

	2024 <i>MOP'000</i>	2023 <i>MOP'000</i>
Loss:		
Loss for the purpose of calculating basic loss per share (loss for the year attributable to owners of the Company)	<u>(48,923)</u>	<u>(27,786)</u>
	2024 <i>'000</i>	2023 <i>'000</i>
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>605,580</u>	<u>504,650</u>

No diluted loss or earnings per share for both years was presented as there were no potential ordinary shares in issue during both years.

11. TRADE RECEIVABLES

The Group grants credit terms of 30 days to its customers from the date of invoices on progress payments of contract works. An ageing analysis of the trade receivables presented based on the invoice date which is approximately one month after the related revenue being recognised, at the end of each reporting period is as follows:

	2024 <i>MOP'000</i>	2023 <i>MOP'000</i>
0–30 days	176	2,995
31–60 days	3,068	595
61–90 days	–	316
91–365 days	38,478	62,306
Over 365 days	<u>123,356</u>	<u>61,050</u>
	165,078	127,262
Less: Impairment loss allowance	<u>(86,228)</u>	<u>(32,164)</u>
	<u>78,850</u>	<u>95,098</u>

As at 1 January 2023, trade receivables from contract with customers amounted to MOP69,024,000.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributable to customers are reviewed regularly.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 <i>MOP'000</i>	2023 <i>MOP'000</i>
Rental deposits	428	431
Deposits paid for tenders	41,879	41,879
Prepayments to sub-contractors	930	930
Other receivables and prepayments	<u>2,280</u>	<u>2,290</u>
	45,517	45,530
Less: Impairment losses allowance	<u>(6,129)</u>	<u>(13,767)</u>
Total	<u><u>39,388</u></u>	<u><u>31,763</u></u>
Presented as non-current assets	23	23
Presented as current assets	<u>39,365</u>	<u>31,740</u>
Total	<u><u>39,388</u></u>	<u><u>31,763</u></u>

13. CONTRACT ASSETS AND CONTRACT LIABILITIES

	As at 31 December 2024 <i>MOP'000</i>	2023 <i>MOP'000</i>
Contract assets		
Fitting-out services	<u>2,318</u>	<u>49,466</u>
	2,318	49,466
Less: Impairment loss allowance	<u>(71)</u>	<u>(29,057)</u>
	<u><u>2,247</u></u>	<u><u>20,409</u></u>
Contract liabilities		
Fitting-out services	<u>26,758</u>	<u>14,182</u>

As at 1 January 2023, contract assets and contract liabilities amounted to MOP74,749,000 and MOP10,824,000, respectively.

The Group has rights to considerations from customers for the provision of fitting-out services. Contract assets arise when the Group has right to consideration for completion of fitting-out services and not yet billed under the relevant contracts, and their right is conditioned on factors other than passage of time. Any amount previously recognised as a contract asset is reclassified to trade receivables when such right becomes unconditional other than the passage of time. Remaining rights and performance obligations in a particular contract is accounted for and presented on a net basis, as either a contract asset or a contract liability. If the progress payment exceeds the revenue recognised to date under the input method, then the Group recognises a contract liability for the difference.

The Group also requires certain customers to provide upfront deposits up to 10% of total contract sum, when the Group receives a deposit before fitting-out service commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

Included in carrying amounts of contract assets/contract liabilities as stated above comprises retention money of MOP2,700,000 (2023: MOP18,876,000) as at 31 December 2024.

Retention money is unsecured and interest-free and represented the monies withheld by customers of contract works recoverable after the completion of defects liability period of the relevant contracts or in accordance with the terms specified in the relevant contracts, usually being 1 year from the date of completion of respective fitting-out services projects. Accordingly, in respect to the uncompleted project as at the end of each reporting period, the respective retention money is expected to be recovered beyond twelve months from the end of each reporting period.

14. TRADE AND OTHER PAYABLES AND ACCRUALS

	2024 <i>MOP'000</i>	2023 <i>MOP'000</i>
Trade payables	17,418	25,298
Retention payables	22,980	36,209
Accruals and other payables	30,065	18,594
Amount due to a director (<i>Note</i>)	22,993	2,972
	<u>93,456</u>	<u>83,073</u>

Note: Amount represented the amount due to Mr. Li, which was unsecured, interest-free and repayable on demand.

The credit period grants to the Group by subcontractors/suppliers normally being 0–30 days. The following is an ageing analysis of trade payables based on the invoice date at the end of each reporting period:

	2024 <i>MOP'000</i>	2023 <i>MOP'000</i>
0–30 days	–	2,704
31–60 days	–	1,244
61–90 days	–	13
Over 90 days	17,418	21,337
	<u>17,418</u>	<u>25,298</u>

Retention payables to subcontractors are interest-free and payable at the end of the defects liability period of individual contracts (i.e. one year after completion of respective project). All retention payables are expected to be settled within one year based on the expiry date of the defects liability period.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is the extract of the independent auditor’s report from the external auditor of the Company:

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Wai Hung Group Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the “Basis for Disclaimer of Opinion” section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

BASIS FOR DISCLAIMER OF OPINION

Multiple Uncertainties Relating to Going Concern

As described in the consolidated financial statements, the Group had a net loss of approximately MOP48,923,000 for the year ended 31 December 2024 and as at 31 December 2024, the Group’s total borrowings amounted to approximately MOP57,646,000, of which current borrowings amounted to approximately MOP57,646,000, while its cash and cash equivalents amounted to approximately MOP833,000 and pledged bank deposits amounted to approximately MOP15,340,000. As at the date of this report, the Group defaulted on payment of certain bank borrowings, which also triggered cross-default of other bank borrowings, such that they will become due for immediate repayment. These conditions, together with other matters described in the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt about the Group’s ability to continue as a going concern.

The directors of the Company have been undertaking a number of measures to improve the Group’s liquidity pressure and the financial position of the Group which are set out in the consolidated financial statements. The consolidated financial statements had been prepared by the directors of the Company on a going concern basis, the validity of which depends on the outcome of those plans and measures, which are subject to multiple uncertainties, including (i) the successful negotiations with the lenders for the renewal of extension for repayment of outstanding bank borrowings; (ii) the collection of outstanding trade receivables, other receivables, deposits and prepayments and contract assets balances; (iii) successfully expanding the Group’s operations into Mainland China and diversifying into anti-counterfeit technology and generate sufficient cash flows from its operations. We are unable to determine whether the use of the going concern assumption in the preparation of the consolidated financial statements is appropriate.

Should the Group fail to achieve the abovementioned measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effects of these adjustments have not been reflected in these consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Wai Hung Group Holdings Limited primarily engages in the provision of fitting-out services and repair and maintenance services across Macau and Hong Kong. The Group's services have historically centered on commercial properties, particularly within integrated resorts in Macau, extending services to casinos, retail areas, hotels, and other commercial venues.

In 2024, the Group's performance was significantly impacted by incidents involving senior management, as detailed in the announcement of the Company dated 28 August 2024. These events led to challenges in securing new casino projects, a core area of our previous operations. Despite these hurdles, the Group managed to sustain its operations, focusing on completing existing contracts primarily as main contractors for major licensed casino gaming operators in Macau, while experiencing a noticeable decline in new project acquisitions, particularly in casino-related sectors.

For the years ended 31 December 2023 and 2024, total revenue amounted to approximately MOP105.8 million and MOP8.8 million respectively, of which revenue generated from the provision of fitting-out services constituted approximately 99.6% and 97.3% of total revenue, respectively.

The Management's Position, View and Assessment on the Disclaimer of Opinion

In view of the uncertainties relating to going concern, the Directors have undertaken a number of plans and measures to improve the Group's liquidity and financial position, to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future including:

(i) Restructure of bank borrowings

As of 31 December 2024, the Group's bank borrowings repayable on demand or within one year, including those in default and accrued interests, amounted to approximately MOP57,646,000. The Group is actively negotiating with the banks to restructure these loans. The management is confident that the banks will consent to modifying the loan terms, thereby alleviating part of the Group's financial burden.

(ii) Collection of outstanding trade receivables

The Board is considering to adopt a more assertive approach to recover long-outstanding trade receivables. This includes measures such as filing statements of claims or winding-up petitions, subject to professional advice. These actions aim to expedite the recovery process and improve the Group's cash flow.

(iii) Cash inflow from operations

In addition to its existing fitting-out services business, which primarily serves customers in Macau, the Group is working to expand its operations into the PRC and diversify into anti-counterfeit technology, as outlined in the “PROSPECTS” section. The ultimate goal is to generate sufficient operating cash flow to reduce liabilities and support the Group’s financial needs.

The Board believes that, taking into account the above plans and measures, the Group will have sufficient working capital to satisfy its present requirements for the year ending 31 December 2025.

However, should the Group fail to achieve the above mentioned plans and measures, the Group may be unable to operate as a going concern, in which case adjustments might have to be made to the carrying values of the Group’s assets to state them at their realisable values, to provide for any further liabilities which might arise and to reclassify its non-current assets and non-current liabilities to current assets and current liabilities, respectively.

The Company will continue to take proactive measures so to resolve its liquidity issue and will publish an appropriate announcement if there is any material development in accordance with the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

PROSPECTS

For 2025, Wai Hung Group Holdings Limited is focused on rebuilding and expanding its operations. The Group is actively working to regain trust and confidence from casino operators and is diversifying its efforts to include a broader range of construction and commercial fitting-out services both in Macau and Hong Kong.

With reference to the announcement of the Company dated 13 May 2025, in order to address operational risks amid challenges and uncertainties, the Company has signed a memorandum of understanding (MOU) with Nanjing Zhongke Micropoint Group to explore opportunities in anti-counterfeit technology.

The Board believes the MOU enables the Company to participate in interior decoration for data center projects, supporting business diversification while maintaining core services and aligning with the Company’s strategy and shareholder interests.

To reflect this strategic shift, the Company proposes renaming itself “Zhongke Micropoint (Group) Co., Ltd” (中科微點 (集團) 有限公司), subject to shareholder and regulatory approvals, to strengthen its corporate identity and future growth prospects.

The Group is also committed to enhancing governance and operational transparency to rebuild stakeholder trust. With the global easing of travel and business restrictions, we anticipate increased activity in the hospitality and retail sectors, which will drive demand for our diversified services.

FINANCIAL REVIEW

For the year ended 31 December 2024, the Group's revenue was approximately MOP8.8 million (2023: approximately MOP105.8 million). For the year ended 31 December 2024, the Group recorded loss for the year of approximately MOP48.9 million (2023: approximately MOP27.8 million). During the year ended 31 December 2024, the Group completed 42 fitting-out projects and was awarded with 29 fitting-out projects.

Revenue

The revenue decreased by approximately MOP97.0 million or 91.7% from approximately MOP105.8 million for the year ended 31 December 2023 to approximately MOP8.8 million for the year ended 31 December 2024. Such decrease was attributable to the decrease in number of sizable projects for the year ended 31 December 2024 when compared to the year ended 31 December 2023.

Direct costs

The total amount of subcontract costs decreased by approximately MOP97.5 million or 87.8% from approximately MOP111.1 million for the year ended 31 December 2023 to approximately MOP13.6 million for the year ended 31 December 2024, which generally reflected the decrease in costs associated with the decrease in revenue.

Gross loss

The gross loss decreased from approximately MOP5.3 million for the year ended 31 December 2023 to approximately MOP4.8 million for the year ended 31 December 2024 representing a decrease in gross loss of approximately MOP0.5 million. The Group recorded gross loss margin of approximately 5% and 54% for the years ended 31 December 2023 and 2024, respectively. The period-to-period increase in gross loss margin was mainly attributable to the comparatively lower gross profit margin of the sizeable contracts undertaken by the Group during the year ended 31 December 2024 compared to the year ended 31 December 2023.

Other income and other losses

No other losses for the year ended 31 December 2024 (2023: MOP20,000). Other income were approximately MOP79,000 for the year ended 31 December 2024 (2023: MOP0.4 million) was mainly derived from bank interest income.

Impairment losses

The total amount of impairment losses was approximately MOP17.4 million for the year ended 31 December 2024, which generally reflected the increase in impairment loss recognised in respect of trade receivables; and decrease in impairment loss recognised in respect of other receivables, deposits and prepayment and contract assets associated with the decrease in trade receivables, other receivables, deposits and prepayments and contract assets.

Administrative expenses

Administrative expenses amounted to approximately MOP42.4 million and MOP19.1 million for the year ended 31 December 2023 and 2024, respectively, which accounted for approximately 40.0% and 216.5% of the total revenue during the respective periods. The largest item under administrative expenses was employee benefit expenses, being staff costs in nature, which amounted to approximately MOP6.3 million and MOP7.9 million for the years ended 31 December 2023 and 2024, respectively, which accounted for approximately 14.9% and 42.2% of the total administrative expenses during the respective periods.

The remaining balance of administrative expenses mainly consisted of marketing expenses, office expenses, depreciation and general expenses.

Finance costs

For the years ended 31 December 2023 and 2024, finance costs amounted to approximately MOP3.6 million and MOP7.7 million, respectively.

Income tax expense

For the years ended 31 December 2023 and 2024, the Group recorded income tax expenses of approximately MOP1.0 million and MOP nil, representing an effective tax rate of approximately -3.6% and 0%, respectively.

No income tax expenses for the year ended 31 December 2024 (2023: approximately MOP1 million) since the Group incurred tax losses during the year ended 31 December 2024.

Loss for the year

For the year ended 31 December 2024, the loss for the year amounted to approximately MOP48.9 million, representing an increase of loss approximately MOP21.1 million from approximately MOP27.8 million for the year ended 31 December 2023.

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity, Financial and Capital Resources

Cash position

As at 31 December 2024, the Group had an aggregate of pledged bank deposits and bank balances and cash of approximately MOP16.2 million (2023: approximately MOP19.8 million), representing a decrease of approximately 18.3% as compared to that as at 31 December 2023. As at 31 December 2024, pledged bank deposits of approximately MOP15.3 million (2023: MOP15.3 million) are pledged to secure banking facilities.

Borrowings and charges on the Group's assets

As at 31 December 2024, the Group had an aggregate of bank borrowings and bank overdrafts of approximately MOP57.6 million (2023: approximately MOP62.7 million). The bank borrowings and bank overdrafts will be repayable within one year.

Gearing ratio

As at 31 December 2024, the gearing ratio (calculated by dividing total debts which include payables incurred not in the ordinary course of business excluding amounts are due to related parties with total equity as at the end of the respective year) was approximately -90.0% (2023: approximately -394.6%).

Treasury policies

The Group has adopted a prudent treasury management policy to (i) manage the Group's funds ensuring that there is no material shortfall in cash which may cause interruption to the Group's obligations arising from daily business needs; (ii) maintain sufficient level of funds to settle the Group's commitment as and when they fall due; (iii) maintain adequate liquidity to cover the Group's operation cash flow, project expenditures and administrative expenses; and (iv) maintain the relevant financing costs at a reasonable level.

Currency risk

The group entities collect most of the revenue and incur most of the expenditures in their respective functional currencies. The Group is exposed to currency risk primarily through sales proceeds received from customers that are denominated in a currency other than the group entities' functional currency. The currencies giving rise to this risk are primarily HK\$.

The Group currently does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Capital structure

Authorised share capital

As at 31 December 2024, the authorised share capital of the Company was HK\$10,000,000 divided into 1,000,000,000 shares (the "Shares") of HK\$0.01 each.

Capital commitments

As at 31 December 2024, the Group had no capital commitments (2023: Nil).

Contingent liabilities

As at 31 December 2024, the Group had no significant contingent liabilities or outstanding litigation.

Material acquisitions and disposals

During the year ended 31 December 2024, the Group did not conduct any material acquisitions or disposals of subsidiaries and affiliated companies.

Significant investments held

As at 31 December 2024, the Group had no significant investments.

Future plans for material investments

During the year ended 31 December 2024, the Group did not have other plans for material investments and capital assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group had 20 employees (2023: 48 employees). Total staff costs (including Directors emoluments) were approximately MOP14.5 million for the year ended 31 December 2024, as compared with approximately MOP27.3 million for the year ended 31 December 2023. Such decrease was mainly attributable to the decrease in number of employees.

The remuneration packages the Group offered to its employees include salary and discretionary bonuses. In general, the Group determines employees' salaries based on each employee's qualifications, position and seniority. The Group has designed an annual review system to assess the performance of its employees, which forms the basis of determining salary raises, bonuses and promotions. The Group also operates the Share Option Scheme (defined hereafter), pursuant to which options to subscribe for Shares may be granted to the Directors and employees of the Group. The Group also provides various training to its employees and sponsors its employees to attend various training courses, such as those on occupational health and safety in relation to its work. Such training courses include its internal training as well as courses by external parties.

SHARE OPTION SCHEME

The principal terms of the Share Option Scheme were summarised in the Prospectus and this announcement. The purpose of the Share Option Scheme is to provide the Company a flexible means of giving incentive to, rewarding, remunerating, compensating and providing benefits to eligible participants as the Board approves from time to time. Since the adoption of the Share Option Scheme and up to the date of this announcement, no option has been granted, exercised, cancelled or lapsed under the Share Option Scheme.

EVENTS AFTER THE REPORTING PERIOD

The resignation of Ms. Bohra Shilpa Rajesh as an executive Director, the appointment of Ms. Chen Jianyu as an executive Director, the appointment of Ms. Mak Wei Ting Josephine as an independent non-executive Director, all with effect from 12 March 2025, as announced by the Company on 12 March 2025; (ii) the resignation of Mr. Loke Sebastian Mun Foo as an executive Director, with effect from 2 April 2025, as announced by the Company on 2 April 2025; (iii) the resignation of Dr. Chew Chee Wah as an executive Director and the resignation of Mr. Lum Pak Sum as an independent non-executive Director, the appointment of Mr. Kwan Hung Chun Curtus

as an executive Director; the appointment of Ms. Tung Ching and Mr. Brian Ng as an independent non-executive Directors, the resignation of Mr. Li Kam Hung as the chief executive officer of the Company, and the appointment of Mr. Yau Yik Ming Leao as the chief executive officer of the Company, all with effect from 2 April 2025, as announced by the Company on 2 May 2025.

Save as disclosed above, there was no occurrence of events that had a significant impact of the Group's operation, financial and trading prospect from 1 January 2025 to the date of this announcement.

DIVIDEND

The Board did not recommend the payment of a final dividend by the Company for the year ended 31 December 2024.

The Board may propose the payment of dividends, if any, on a per share basis, provided that the Group is profitable and without affecting the normal operations and business of the Group, the Board may consider declaring and paying dividends to the Shareholders by taking into account the following factors, among others, (i) the actual and expected financial performance of the Group; (ii) the general business conditions and strategies of the Group; (iii) the expected working capital requirements, capital expenditure requirements and future expansion plans of the Group; (iv) the retained earnings and distributable reserves of the Company and each of the other members of the Group; (v) the level of the Group's debts to equity ratio and return on equity as well as financial covenants to which the Group is subject; and (vi) any other factors that the Board may deem appropriate. Such declaration and payment of dividends by the Company shall remain to be determined at the sole discretion of the Board and subject to the requirements under all applicable laws, rules and regulations as well as the Articles of Association. Any future declarations and payments of dividends may or may not reflect the historical declarations and payments of dividends and will be at the absolute discretion of the Directors. Currently, the Company does not have any predetermined dividend payout ratio.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

None of the Company or any of its subsidiaries had purchased, sold or redeemed any of its listed securities (including sale of treasury share, if any) during the Reporting Period.

As at 31 December 2024, the Company did not hold any treasury shares.

CORPORATE GOVERNANCE

The Company is committed to maintain high standards of corporate governance to protect the interests of its Shareholders and to enhance corporate value and accountability. The Company has adopted the code provisions and, where applicable, the recommended best practices set out in the Corporate Governance Code ("CG Code") set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The Company complies with the CG Code set out in Appendix C1 to the Listing Rules with the exception for Code Provision C.2.1, which requires the roles of chairman and chief executive be different individuals. 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.

However, the Company does not have a separate chairman and chief executive officer and Mr. Li Chun Ho currently performs these two roles during the Reporting Period. Since 2 May 2025, the Company has rectified the deviation mentioned by the appointment of Mr. Yau Yik Ming Leao as the chief executive officer of the Company (“CEO”). Following the appointment of CEO, the Company complied with the requirements under Code Provision C.2.1 since 2 May 2025.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code throughout the year ended 31 December 2024.

SCOPE OF WORK OF GLOBAL LINK CPA LIMITED

The 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 December 2024 as set out in the preliminary announcement have been agreed by the Group’s auditor, Global Link CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Global Link CPA Limited 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 HKICPA and consequently no assurance has been expressed by Global Link CPA Limited on the preliminary announcement.

AUDIT COMMITTEE

The audit committee of the Company, comprising five independent non-executive Directors, namely Mr. Lai Chi Leung (chairman), Mr. Koh Kwing Chang, Ms. Mak Wei Ting Josephine, Ms. Tung Ching and Mr. Brian Ng, has reviewed with the management the audited annual results for the year ended 31 December 2024, accounting principles and practices adopted by the Group and discussed internal controls, risk management and financial reporting matters including a review of the audited annual financial information.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2024 ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company’s website (www.whh.com.hk). The annual report for the year ended 31 December 2024 containing all the information required by the Listing Rules will be despatched to the shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2025, pending the release of the 2024 Annual Results contained in this announcement.

Upon the publication of this announcement, an application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 28 May 2025.

By order of the Board
Wai Hung Group Holdings Limited
Mr. Li Chun Ho
Chairman

Hong Kong, 27 May 2025

As at the date of this announcement, the Board comprises Mr. Li Kam Hung, Mr. Au Chi Fung, Mr. Yu Ming Ho, Mr. Yau Yik Ming Leao, Ms. Chen Jianyu and Mr. Kwan Hung Chun Curtus as executive Directors; Mr. Li Chun Ho as non-executive Director; and Mr. Koh Kwing Chang, Mr. Lai Chi Leung, Ms. Mak Wei Ting Josephine, Ms. Tung Ching and Mr. Brian Ng as independent non-executive Directors.