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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)

INSIDE INFORMATION CHANGE OF AUDITOR

This announcement is made by Wai Hung Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to (i) Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); and (ii) Rule 13.51(4) of the Listing Rules.

RESIGNATION OF AUDITOR

The board (the “**Board**”) of directors of the Company (the “**Directors**”) announces that Deloitte Touche Tohmatsu (“**Deloitte**”) has resigned as the auditor of the Company with effect from 7 May 2022.

In its resignation letter dated 7 May 2022 (the “**Resignation Letter**”), Deloitte refers to its letters to the Audit Committee of the Company (the “**Audit Committee**”) dated 16 April 2022 and 6 May 2022 with respect to its recommendation for the Audit Committee to engage an independent and competent forensic accounting firm to investigate the commercial substance, fund flows and recoverability of certain deposits totaling approximately MOP113,110,000 (the “**Deposits**”) paid to five sub-contractors based in Mainland China (the “**Subcontractors**”) during 2021 in respect of the smart garage projects (the “**Matters**”). The Board has informed Deloitte that the Company is addressing the Matters without a forensic investigation which the Board views as unnecessary and/or premature. Deloitte remained of the view that, given the seriousness and nature of the Matters, a forensic investigation is necessary in order for the Audit Committee to have a robust basis for concluding on the Matters. As a result, Deloitte has decided to tender its resignation as auditor of the Company.

Deloitte also stated in the Resignation Letter that, with reference to the Matters and the fact that it has not completed the audit of the consolidated financial statements of the Group for the year ended 31 December 2021, it is not in the position to confirm whether there are any other matters that need to be brought to the attention of shareholders or creditors of the Company.

THE MATTERS

Further information on the Matters as set out in Deloitte's letters to the Audit Committee dated 16 April 2022 and 6 May 2022 is as follows:

- 1, The Group was entering into a new business for the development of smart garages in the People's Republic of China (the "**PRC**") and potentially elsewhere in the world. The management of the Group indicated that the Group made the Deposits to the Subcontractors in respect of the smart garage projects. Deloitte were unable to determine the commercial substance and business rationale for the Company to pay to the Subcontractors based on the information provided by the Company and the communication with the Company and the management of the Group.
2. It was noted that part of the Deposits paid to the Subcontractors were indirectly made to the PRC bank accounts of the relevant Subcontractors by the payers on behalf of the Group. Deloitte considered that there may have violated the relevant laws and regulations in respect of foreign exchange control policies in the PRC. Assuming the Deposits were made as purported, Deloitte recommended the Audit Committee to assess their collectability.

TASK FORCE

Upon receipt of the recommendation of Deloitte with respect to the Matter, the Company in conjunction with the Audit Committee has formed a task force (the "**Task Force**") to carry out a review of the Matters (the "**Review**"). The Task Force is chaired by Ms. Rita Botelho dos Santos, an independent non-executive Director and chairperson of the Audit Committee, with members comprising a Hong Kong solicitor, a Hong Kong barrister and a lawyer of the PRC who have experience in advising on construction contracts and/or handling related matters. The Task Force shall review all documents pertaining to the Matters and report in writing findings of the Review together with appropriate legal opinions in support to the Audit Committee. The Audit Committee will, based on the report of the Task Force, form its recommendations to the Board as to whether or not further actions with respect to the Matters shall be taken. It is expected that the Review will be completed by early June 2022.

The preliminary view of the Task Force, which is agreed by the Company and the Audit Committee, is that a forensic investigation is unnecessary and/or pre-mature since the Matter should be considered by looking at the contractual and practical aspects in the practice of the construction industry. Further announcement will be made by the Company to inform the shareholders and potential investors of the Company of any material development in connection with the Review as and when appropriate.

Taking into account, among other things, the differences in the approach in dealing with the Matters among Deloitte on the one hand and the Company and the Audit Committee on the other hand, the current progress of audit and the uncertainties in audit timetable, the Board considers that the change of auditor of the Company, with a view to completing the audit as soon as practicable and on a mutual agreed timetable, is in the best interest of the Company and its shareholders as a whole.

Save for the matters as disclosed above, the Board and the Audit Committee confirm that there are no other matters relating to the resignation of Deloitte that need to be brought to the attention of the shareholders of the Company.

APPOINTMENT OF AUDITOR

The Board further announces that, with the recommendation from the Audit Committee, the Board has resolved to appoint McMillan Woods (Hong Kong) CPA Limited (“**McMillan Woods**”) as the new auditor of the Company with effect from 12 May 2022 to fill the casual vacancy following the resignation of Deloitte and to hold office until the conclusion of the next annual general meeting of the Company.

McMillan Woods has recommended the Company to engage legal advisers in Hong Kong, Macau and the PRC to review the Matters, assist in the determination of its audit working scope and provide legal opinions on the Matters. These legal advisers are not members, and are independent of, the Task Force and will directly report to McMillan Woods.

FURTHER DELAY IN PUBLICATION OF 2021 AUDITED ANNUAL RESULTS

Reference is made to (i) the announcements of the Company dated 30 March 2022 in relation to the delay in publication of the audited annual results of the Company for the year ended 31 December 2021 (the “**2021 Audited Annual Results**”); (ii) the announcement of the Company dated 31 March 2022 in relation to the unaudited annual results of the Company for the year ended 31 December 2021; and (iii) the announcement of the Company dated 22 April 2022 in relation to further delay in publication of the 2021 Audited Results.

In light of the change of auditor of the Company, it is expected that the publication of the 2021 Audited Annual Results will be further delayed. Based on recent communications with McMillan Woods, the Company expects that the 2021 Audited Annual Results will be published by the end of June 2022, subject mainly to the development of COVID-19 pandemic in the PRC, Macao and Hong Kong. Further announcement will be made by the Company as and when appropriate and in accordance with the Listing Rules.

CONTINUED SUSPENSION IN TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been halted with effect from 9:00 a.m. on Wednesday, 11 May 2022 pending the publication of this announcement. Trading in the shares of the Company will be, and will remain, suspended pending the publication of the 2021 Audited Annual Results.

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

Hong Kong, 17 May 2022

As at the date of this announcement, the Board comprises Mr. Li Kam Hung, Mr. Yu Ming Ho and Mr. Yau Yan Ming Raymond as executive Directors; Mr. Li Chun Ho as non-executive Director; and Ms. Rita Botelho dos Santos, Mr. Wu Chou Kit and Mr. Lam Chi Wing as independent non-executive Directors.