



廣駿
集團

Grand Talents Group Holdings Limited

廣駿集團控股有限公司

(Incorporated In The Cayman Islands With Limited Liability)

Stock Code: 8516

INTERIM REPORT 2022



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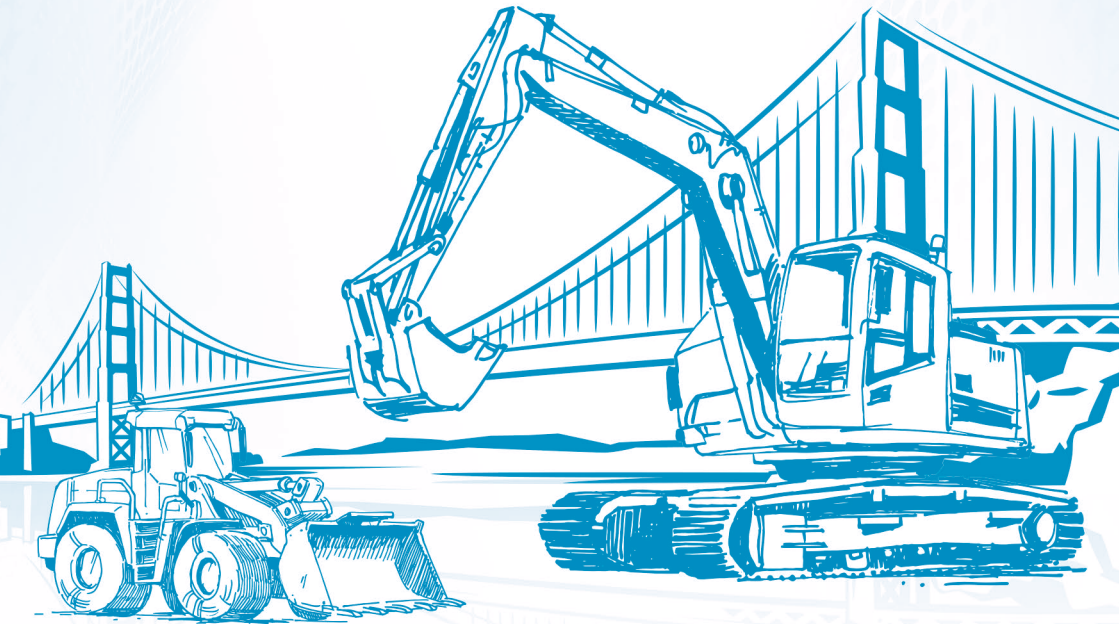
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*This report, for which the directors (the “**Directors**”) of Grand Talents Group Holdings Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars 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. 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.*

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ha Chak Hung (*Chairman*)
Mr. Ip Chu Shing (*Chief Executive Officer*)

Independent Non-executive Directors

Ms. Tang Shui Man
Dr. Fok Wai Sun
Mr. Yuk Kai Yao

AUDIT COMMITTEE

Ms. Tang Shui Man (*Chairman*)
Dr. Fok Wai Sun
Mr. Yuk Kai Yao

REMUNERATION COMMITTEE

Dr. Fok Wai Sun (*Chairman*)
Ms. Tang Shui Man
Mr. Yuk Kai Yao
Mr. Ha Chak Hung

NOMINATION COMMITTEE

Mr. Yuk Kai Yao (*Chairman*)
Ms. Tang Shui Man
Dr. Fok Wai Sun
Mr. Ha Chak Hung

COMPANY SECRETARY

Ms. Wong Chi Ling, *CPA, FCCA, FCA*

AUTHORISED REPRESENTATIVES

Mr. Ha Chak Hung
Ms. Wong Chi Ling

COMPLIANCE OFFICER

Mr. Ha Chak Hung

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands



CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Office 15, 9/F., Mega Cube
No. 8 Wang Kwong Road
Kowloon
Hong Kong

LEGAL ADVISOR

CFN Lawyers in association with Broad & Bright
Units 4101–4104, 41st Floor
Sun Hung Kai Centre
30 Harbour Road
Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
Clifton House, 75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKER

Fubon Bank (Hong Kong) Limited

AUDITOR

BDO Limited
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

COMPANY'S WEBSITE

www.grandtalentsgroup.com.hk

STOCK CODE

8516



HIGHLIGHTS

HIGHLIGHTS

- The revenue remained stable at approximately HK\$18.1 million for the six months ended 30 September 2022 and approximately HK\$17.6 million for the six months ended 30 September 2021.
- The Group recorded a gross profit of approximately HK\$2.4 million for the six months ended 30 September 2022, as compared to a gross profit of approximately HK\$0.7 million for the six months ended 30 September 2021. Such increase was mainly due to the decrease in the cost of sales.
- The Group recorded a net loss of approximately HK\$2.4 million for the six months ended 30 September 2022, as compared to a net loss of approximately HK\$4.9 million recorded for the corresponding period in 2021. Such decrease was mainly due to the decrease in the administrative expenses.
- The board of directors of the Company (the “**Board**”) does not recommend the payment of an interim dividend for the six months ended 30 September 2022 (2021: Nil).



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2022

The Board is pleased to announce the unaudited condensed consolidated financial results of the Group for the six months ended 30 September 2022 (together with the comparative unaudited figures for the corresponding period in 2021) as follows:

	Notes	Six months ended 30 September	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	4	18,076	17,607
Cost of sales		(15,671)	(16,902)
Gross profit		2,405	705
Other income	5	644	778
Administrative expenses		(5,482)	(6,113)
Finance costs	6	(10)	(406)
Loss before taxation		(2,443)	(5,036)
Income tax credit	7	—	152
Loss for the period attributable to owners of the Company	8	(2,443)	(4,884)
Other comprehensive expense, after tax:			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		—	—
Total comprehensive expenses for the period attributable to owners of the Company		(2,443)	(4,884)
		HK cents	HK cents
Loss per share:			
Basic and diluted	10	2.14	0.93



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	Notes	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
ASSETS			
Non-current asset			
Property, plant and equipment	11	5,628	2,735
Right-of-use assets		—	292
Deposits paid		2,934	2,934
		8,562	5,961
Current assets			
Contract assets	12	10,674	10,828
Trade and other receivables	13	43,275	42,090
Amount due from a related company	14	2	2
Tax recoverable		—	—
Bank balances and cash		13,708	14,245
		67,659	67,165
Current liabilities			
Trade and other payables	15	4,710	6,248
Amounts due to directors	14	22,011	15,011
Lease liabilities	16	231	231
		26,952	21,490
Net current assets		40,707	45,675
Total assets less current liabilities		49,269	51,636



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	<i>Notes</i>	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Non-current liabilities			
Lease liabilities	16	142	66
Deferred tax liabilities		186	186
		328	252
Net assets		48,941	51,384
Capital and reserves			
Share capital		11,422	11,422
Reserves		37,519	39,962
Total equity		48,941	51,384



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022

	Attributable to owners of the Company					Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (Note i)	Exchange Reserve HK\$'000 (Note ii)	Retained profits HK\$'000 (Note iii)	
At 31 March 2021 (audited)	4,800	35,187	15,457	(136)	(22,277)	32,531
Loss and total comprehensive expenses for the period	—	—	—	—	(4,884)	(4,884)
Issuance of shares upon placing	912	8,664	—	—	—	9,576
Other comprehensive expenses for the period	—	—	—	—	—	—
Total comprehensive expenses for the period	912	8,664	—	—	(4,884)	4,692
At 30 September 2021 (unaudited)	5,712	43,851	15,457	(136)	(27,661)	37,223
At 31 March 2022 (audited)	11,422	67,684	15,457	—	(43,179)	51,384
Loss for the period	—	—	—	—	(2,443)	(2,443)
Other comprehensive expenses for the period	—	—	—	—	—	—
Total comprehensive expenses for the period	—	—	—	—	(2,443)	(2,443)
At 30 September 2022 (unaudited)	11,422	67,684	15,457	—	(45,622)	48,941

Notes:

- (i) Other reserve represents (a) the deemed distribution to Ms. Wang Shen (**"Ms. Wang"**), mother of Mr. Ha Chak Hung (**"Mr. Ha"**), executive Director and one of the Controlling Shareholders, and Mr. Ha and Mr. Ip Chu Shing (**"Mr. Ip"**), the directors of Talent Mark Development Limited (**"TMD"**), which arises from the differences between the fair values of the lower-than-market advances to each of them and the nominal amounts of the advances at initial recognition; (b) share of deemed contribution of HK\$1,011,000 by the non-controlling interest of Talent Tren Construction Limited (**"Talent Tren"**) in respect of a waiver of the amount due to TMD in the amount of HK\$3,062,000 pursuant to a debt waiver agreement entered into between TMD and Talent Tren on 10 October 2016; and (c) the consideration in acquiring the entire equity interests of Talent Mart Construction Co., Ltd. (**"TMC"**) and TMD by allotment and issuance of 4,000 and 4,200 ordinary shares with par value of US\$1 each of China Talents Group Limited (**"China Talents"**) to Talent Prime Group Limited (**"Talent Prime"**) and the reclassification of share capital of TMD and TMC to other reserve, (d) the reclassification of share capital of China Talents of HK\$78,000 (equivalent of US\$10,000) and share premium of China Talents of HK\$13,994,000 to other reserve upon completion of the reorganisation on 21 September 2018 (please refer to the Annual Report 2020 of the Company for the year ended 31 March 2020 for further details of reorganisation).
- (ii) The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong which were dealt with in accordance with the accounting policy as set out in Note 4(d) in the Annual Report 2020.
- (iii) It represents cumulative net profits recognised in the unaudited condensed consolidated statement of profit or loss and other comprehensive income.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022

	(Unaudited)	
	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
Net cash used in operating activities	(3,808)	(5,859)
Investing activities		
Purchase of property, plant and equipment	(3,939)	(1,785)
Proceeds from disposal of property, plant and equipment	138	—
Interest received	6	7
Net cash used in investing activities	(3,795)	(1,778)
Financing activities		
Repayment of bank borrowings	—	(5,200)
Net proceed from placing	—	9,576
Capital element of lease liabilities paid	76	(183)
Interest element of lease liabilities paid	(10)	(10)
Interest paid for bank borrowings (note 6)	—	(396)
Proceed from inception of lease liabilities	—	250
Advances from directors	7,000	8,400
Net cash from financing activities	7,066	12,437
Net change in cash and cash equivalents	(537)	4,800
Cash and cash equivalents at the beginning of the period	14,245	3,195
Effect of foreign exchange rate changes on cash and cash equivalents	—	—
Cash and cash equivalents at the end of the period	13,708	7,995



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Act of the Cayman Islands as an exempted company with limited liability on 23 October 2017. Its parent and ultimate holding company is Talent Prime, a limited liability company incorporated in the British Virgin Islands (the “**BVI**”) on 5 July 2017 which are wholly owned by Mr. Ha and Mr. Ip.

The Company is an investment holding company. The Group is principally engaged in the provision of civil engineering construction works and repair and maintenance works for structures of roads and highways.

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (HKAS 34) *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”).

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) which is also the functional currency of the Company.

2. BASIS OF PREPARATION AND PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”), all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as the “**HKFRSs**”), issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

The unaudited condensed consolidated interim financial statements have been prepared under historical cost convention.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

2. BASIS OF PREPARATION AND PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

The principal accounting policies used in the unaudited condensed consolidated interim financial statements for the six months ended 30 September 2022 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2021 as stated in the Annual Report 2021, except for the new and revised HKFRSs issued by the HKICPA that are adopted for the first time for the current accounting period of the Group.

3. APPLICATION OF NEW AND REVISED HKFRSs

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA that are first effective for the current period:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The adoption of these new and revised HKFRSs has had no material effect on the amounts reported in these unaudited condensed consolidated interim financial statements and/or disclosures set out in these unaudited condensed consolidated interim financial statements.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

4. REVENUE AND SEGMENT INFORMATION

	Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue		
The Group's revenue is analysed as follows:		
Repair and maintenance works	18,076	17,607
Civil engineering construction works	—	—
	18,076	17,607

Segment reporting

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker (“**CODM**”), Mr. Ha and Mr. Ip, the Controlling Shareholders, for the purposes of resource allocation and assessment of segment performance focuses on types of services delivered or provided. Information reported to CODM is based on business line operated by the Group. 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:

- | | | | |
|------|--------------------------------------|---|---|
| (i) | Civil engineering construction works | — | Provision of civil engineering construction works of road and highway related infrastructures |
| (ii) | Repair and maintenance works | — | Provision of repair and maintenance works for structures of roads and highways |

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

4. REVENUE AND SEGMENT INFORMATION *(continued)*

Segment reporting *(continued)*

Six months ended 30 September 2022 (Unaudited)

	Civil engineering construction works HK\$'000	Repair and maintenance works HK\$'000	Total HK\$'000
Segment revenue			
External sales	—	18,076	18,076
Segment results	—	2,405	2,405
Other income			644
Administrative expenses			(5,482)
Finance costs			(10)
Loss before taxation			(2,443)

Six months ended 30 September 2021 (Unaudited)

	Civil engineering construction works HK\$'000	Repair and maintenance works HK\$'000	Total HK\$'000
Segment revenue			
External sales	—	17,607	17,607
Segment results	—	705	705
Other income			778
Administrative expenses			(6,113)
Finance costs			(406)
Loss before taxation			(5,036)



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

5. OTHER INCOME

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income	6	7
Gain on disposal of plant and equipment	94	—
Government subsidies (<i>note</i>)	420	760
Other income	124	11
	644	778

Note:

The Group has received government subsidies mainly for Employment Support Scheme for the six months ended 30 September 2022. The Group has received government subsidies mainly for Employment Support Scheme and Anti-epidemic Fund for the six months ended 30 September 2021.

6. FINANCE COSTS

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interests on bank borrowings and bank overdraft	—	396
Interest elements on lease liabilities	10	10
	10	406



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

7. INCOME TAX CREDIT

No Hong Kong Profits Tax is provided as the Group had no estimated assessable profits for both periods. Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax regime (for the six months ended 30 September 2021: at the rate of 16.5%) for the six months ended 30 September 2022. During the six months ended 30 September 2022 and 2021, the subsidiary in the People's Republic of China was subject to statutory tax rate of 25%.

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax		
— current period	—	—
— over provision in prior year	—	152
Income tax credit	—	152



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

8. LOSS AND TOTAL COMPREHENSIVE EXPENSES FOR THE PERIOD

	Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Loss and total comprehensive expenses for the period has been arrived at after charging/(crediting):		
Directors' remunerations	900	1,082
Other staff costs:		
Salaries and other allowances	8,862	8,587
Retirement benefit scheme contributions	484	345
Total staff costs	10,246	10,014
Depreciation on property, plant and equipment	1,002	1,471
Depreciation on right-of-use assets	—	40
Bank interest income	(6)	(7)
Government subsidies (<i>note 1</i>)	(420)	(760)
Gain on disposal of property, plant and equipment	(94)	—

Note 1:

The Group has received government subsidies mainly for Employment Support Scheme for the six months ended 30 September 2022. The Group has received government subsidies mainly for Employment Support Scheme and Anti-epidemic Fund for the six months ended 30 September 2021.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

9. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2022 (for the six months ended 30 September 2021: Nil).

10. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company and the weighted average number of ordinary shares in issue during the six months ended 30 September 2022 of 114,220,000 (for the six months ended 30 September 2021: 523,000,000):

	Six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
Loss:		
Loss attributable to owners of the Company for the purpose of basic loss per share (HK\$'000)	(2,443)	(4,884)
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic loss per share	114,220,000	523,000,000 (Note)

Note:

The weighted average number of ordinary shares of 523,000,000 for the six months ended 30 September 2021 is derived from 480,000,000 shares in issue as at 31 March 2021 and after taking into account the effect of the placing of shares under general mandate completed on 5 July 2021. For details in relation to the Placing, please refer to the paragraph headed "Use of Proceeds from Placing under General Mandate" in this report and the announcements of the Company dated 16 June 2021 and 5 July 2021.

Diluted loss per share is the same as the basic loss per share of the Company for both periods as there were no dilutive potential ordinary shares for the six months ended 30 September 2022 and 2021.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2022, the Group acquired approximately HK\$3.9 million (six months ended 30 September 2021: approximately HK\$1.8 million) of property, plant and equipment. The Group disposed certain property, plant and equipment with aggregate carrying amounts of approximately HK\$138,000 (for the six months ended 30 September 2021: HK\$nil) for cash proceeds of nil (for the six months ended 30 September 2021: HK\$nil).

12. CONTRACT ASSETS

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Unclaimed revenue	13,127	13,281
Retention receivables	6,512	6,512
	19,639	19,793
Less: impairment loss	(8,965)	(8,965)
	10,674	10,828

The contract assets of the Group during the period is primarily due to completion of contract work during the period but not yet certified by the customers, which is unbilled revenue at end of the period.

Allowance for impairment

During the six months ended 30 September 2022, 12-month ECL of nil was recognised (six months ended 30 September 2021: HK\$nil).



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

13. TRADE AND OTHER RECEIVABLES

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Non-current		
Deposit paid (note a)	2,934	2,934
Current		
Trade receivables	50,756	51,545
Less: impairment loss	(14,930)	(14,930)
	35,826	36,615
Other receivables, deposits and prepayments	7,449	5,475
	43,275	42,090

Notes:

- a. It represented deposits paid for the acquisition of construction equipment and a motor vehicle.
- b. The Group recognises trade receivables upon obtaining the completion of work certificates/issuance of invoices. The payment certificates will generally be issued by project employer one month to ten months after obtaining the completion of work certificates/issuance of invoices for billing purpose and the credit term granted to customers is generally 30 to 45 days from the date of invoice.

Trade receivables

The following is an ageing analysis of trade receivables, net of impairment loss, presented based on date of completion of work certificate/invoice at the end of each reporting period:

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
0–30 days	9,786	6,451
31–60 days	1,795	767
61–90 days	1,980	1,202
91–180 days	5,103	3,940
181–365 days	11,198	2,754
>365 days	5,964	21,501
	35,826	36,615



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

13. TRADE AND OTHER RECEIVABLES *(continued)*

Allowance for impairment

During the six months ended 30 September 2022, 12-month ECL of approximately HK\$168,000 was reversed (six months ended 30 September 2021: approximately HK\$921,000 was reversed).

14. AMOUNTS DUE FROM A RELATED PARTY/(TO) DIRECTORS

The Group

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Amount due from a related party		
Talent Prime <i>(note a)</i>	2	2
Amounts due to directors <i>(note b)</i>		
Mr. Ha	15,011	12,011
Mr. Ip	7,000	3,000
	22,011	15,011

Notes:

- a. Talent Prime is the ultimate holding company of the Company. The amount is non-trade in nature, unsecured, interest free and repayable on demand.
- b. The amounts are non-trade in nature, unsecured, interest-free and repayable on demand.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

15. TRADE AND OTHER PAYABLES

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Trade payables	1,764	1,191
Retention payables	567	567
Accrued expenses	107	2,430
Accrued payroll expenses	2,272	2,060
	4,710	6,248

Trade payables

The average credit period on trade payables is 30 days. The following is an ageing analysis of trade payables presented based on the date of invoices/payment certificates at the end of each reporting period:

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
0–30 days	—	68
31 to 60 days	—	—
61 to 90 days	250	—
Over 90 days	1,514	1,123
	1,764	1,191



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

15. TRADE AND OTHER PAYABLES (continued)

Retention payables

The retention payables are to be settled within 1 year, based on the expiry of defects liability period, at the end of each reporting period.

The following is an ageing analysis of retention payables presented based on the dates of invoices/payment certificates at the end of each reporting period:

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Within one year	567	567

16. LEASE LIABILITIES/OBLIGATIONS UNDER FINANCE LEASES

The Group leases office premises and certain motor vehicles in Hong Kong, which comprise only fixed payments over the lease terms.

The Group leased its motor vehicles under finance leases with originated terms of five years. The effective interest rate was 5.03% per annum during the year ended 31 March 2022. Interest rates are fixed at respective contract dates.

During the six months ended 30 September 2022, the Group had paid capital and interest elements of lease liabilities amounting to approximately HK\$231,000 (for the six months ended 30 September 2021: approximately HK\$193,000).

Note: The balance which previously disclosed under obligations under finance leases was reclassified to lease liabilities upon initial application of HKFRS 16 on 1 April 2019 without restatement of comparative figures. Explanation of the transitional requirements that were applied as at April 2019 is set out in Note 2(a) in the Annual Report 2020. The accounting policies applied subsequent to the date of initial application of 1 April 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Unless otherwise stated, the capitalized terms used in this report shall have the same meaning as those used in the prospectus of the Company (the “**Prospectus**”) dated 29 September 2018.

BUSINESS REVIEW AND PROSPECT

The Group is an established subcontractor engaged in the provision of civil engineering works with over eleven years of experience. The Group principally repairs and maintains structures of roads and highways in Hong Kong, with focus in Kowloon and Hong Kong Island. Since 2013, the Group has extended its services to civil engineering construction works including construction of drainage systems in Hong Kong.

The Group has undertaken (i) repair and maintenance projects for roads and highways and other infrastructures such as construction of covered walkway at pier; and (ii) civil engineering construction projects. During the period under review, the Company operated under a challenging atmosphere as the outbreak of the COVID-19 in Hong Kong still adversely impacted the Group’s construction activities. On the other hand, the government of Hong Kong (the “**Government**”) expected the annual capital works expenditure will exceed \$100 billion a year in the next few year and the Government will continue to invest in infrastructure and construction industry. Therefore, the Group has continued to focus on developing its business of undertaking repair and maintenance works and civil engineering construction works in Hong Kong.

The outbreak of the COVID-19 throughout the year has created uncertainty to Hong Kong and imposed negative impacts on the construction industry, including supply chain disruptions, workforce shortages due to illness and preventive quarantines, and work stoppages due to measures imposed by the government. Looking forward, 2022-23 will continue to be a year of many challenges as the COVID-19 pandemic remains to be unpredictable. Nonetheless, given the number of planned infrastructure projects announced by the Government, we are of a view that there remains a growth momentum in the construction industry. On the other hand, under the current competitive tendering market, the award tender price for the maintenance projects are really low. Our Group expect this low bid atmosphere will be short-term. Our Group will continue to submit tenders for civil engineering projects as well as the maintenance projects in order to gain more profit for the Group and the shareholders.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue principally represented income derived from the provision of civil engineering works such as management and maintenance of roads and highways in Hong Kong and construction projects.

The revenue remained stable at approximately HK\$18.1 million for the six months ended 30 September 2022 and approximately HK\$17.6 million for the six months ended 30 September 2021.

Cost of sales

The cost of sales primarily consists of staff costs, sub-contracting fees, and construction materials and supplies. The cost of sales decreased by approximately 7.3% from approximately HK\$16.9 million for the six months ended 30 September 2021 to approximately HK\$15.7 million for the six months ended 30 September 2022, which was mainly due to the decrease in material usage.

Gross profit and gross profit margin

The gross profit was approximately HK\$0.7 million and approximately HK\$2.4 million for the six months ended 30 September 2021 and 2022 respectively. The gross profit margin was approximately 4.0% and approximately 13.3% respectively for the same periods. The increase in our gross profit was primarily due to the decrease in the cost of sales.

Other income

The Group recorded other income of approximately HK\$0.6 million during the six months ended 30 September 2022 (six months ended 30 September 2021: approximately HK\$0.8 million). Such decrease was mainly due to receipt of government subsidies.



MANAGEMENT DISCUSSION AND ANALYSIS

Administrative expenses

Administrative expenses consist primarily of auditors' remunerations, depreciation, directors' remuneration, entertainments, legal and professional fee, motor vehicles expenses, and staff costs. The administrative expenses decreased by approximately 10.3% from approximately HK\$6.1 million for the six months ended 30 September 2021 to approximately HK\$5.5 million for the six months ended 30 September 2022. The decrease was mainly due to decreases in the director remuneration and secretarial fee.

Finance costs

The finance costs decreased by approximately 97.5% from approximately HK\$406,000 for the six months ended 30 September 2021 to approximately HK\$10,000 for the six months ended 30 September 2022. The decrease was mainly due to the decrease in bank borrowings.

Income tax

Income tax represents income tax paid or payable by the Group, at the applicable tax rates in accordance with the relevant laws and regulations in each tax jurisdiction the Group operates or domiciles. The Group had no tax payable in jurisdiction other than Hong Kong during the six months ended 30 September 2021 and 2022. The Group's operations in Hong Kong are subject to the two-tiered profits tax regime, which the first HK\$2 million of profits of qualifying entity will be taxed at 8.25% and profits above HK\$2 million will be taxed at 16.5%. No Hong Kong Profit Tax is provided during the six months ended 30 September 2022 and 2021 as the Group has no estimated assessable profit for both periods.

Loss for the period

As a result of the foregoing, the Group recorded a loss of approximately HK\$2.4 million for the six months ended 30 September 2022 as compared to a loss of approximately HK\$4.9 million for the six months ended 30 September 2021, which was mainly due to the decrease in administrative expenses.



MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has been maintaining its capital adequacy ratios during the period under review.

As at 30 September 2022, the Group had net current assets of approximately HK\$40.7 million (as at 31 March 2022: approximately HK\$45.7 million), of which the cash and cash equivalents were approximately HK\$13.7 million (as at 31 March 2022: approximately HK\$14.2 million). The Group's current ratio as at 30 September 2022 is approximately 2.5 times (as at 31 March 2022: approximately 3.1 times). The gearing ratio as at 30 September 2022 was approximately 0.8% (as at 31 March 2022: approximately 0.6%) which is calculated on the basis of the Group's all interest-bearing borrowings, lease liabilities, obligations under finance leases and bank overdraft over the total equity.

Total bank overdraft, bank and other borrowings and lease liabilities for the Group amounted to approximately HK\$0.3 million as at 30 September 2022 (as at 31 March 2022: approximately HK\$0.3 million). As at 30 September 2022, no bank and other borrowings during the period.

The Group adopts centralized financing and treasury policies in order to ensure its funding is utilized efficiently. The Group also regularly monitors its liquidity requirements, its compliance with lending covenants and its relationship with bankers to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

CAPITAL EXPENDITURE

Capital expenditure primarily comprised of purchase of construction equipment, furniture fixtures and equipment, computers and motor vehicles. The capital expenditure was funded by net proceeds from the Listing, internal resources, finance leases and bank borrowings during the six months ended 30 September 2022.

The following sets forth the Group's capital expenditure as at the dates indicated:

	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
Property, plant and equipment	5,524	5,284

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

The Group's shares were successfully listed on GEM of the Stock Exchange on 15 October 2018 ("**Listing Date**"). There has been no change in the capital structure of the Group since the Listing Date and up to the date of this report.

CONTINGENT LIABILITIES

Save as disclosed under the paragraph headed "Contingent Liabilities" in the "Management Discussion and Analysis" section of the Annual Report 2022 of the Company, the Group did not have any significant contingent liability as at 30 September 2022.

PLEDGE OF ASSETS

As at 30 September 2022, other than those disclosed in note 10 to the unaudited condensed consolidated financial statements, the Group did not have any pledged assets.

COMMITMENTS

Upon initial application of HKFRS 16, it is not required to disclose operating lease commitments for the six months ended 30 September 2022 and 2021.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2022, the Group had 58 employees in total (as at 31 March 2022: 54).

The Directors and senior management receive compensation in the form of director fees, salaries, benefits in kind and/or discretionary bonuses with reference to those paid by comparable companies, time commitment and the performance of the Group. The Group also reimburses the Directors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to the Group or executing their functions in relation to the operations of the Group. The Group regularly reviews and determines the remuneration and compensation packages of the Directors and senior management by reference to, among other things, market level of remuneration and compensation paid by comparable companies, the respective responsibilities of the Directors and the performance of the Group.



MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS OR MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not make any significant investments or material acquisition and disposal of subsidiaries, associated companies or joint ventures during the six months ended 30 September 2022.

EVENTS AFTER THE REPORTING PERIOD

The Group does not have material events after the end of the reporting period.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed under the paragraph headed “Use of Proceeds from Placing under General Mandate” in this section, the Company did not have other plans for material investments or capital assets.

USE OF PROCEEDS FROM PLACING UNDER GENERAL MANDATE

The net proceeds (after deducting the placing fee and other related expenses incurred in the Placing) from the Placing was approximately HK\$29.6 million. During the six months ended 30 September 2022, the Company had applied all of the net proceeds according to the disclosure as set out in the announcement dated 8 February 2022 (the “**Announcement**”).



MANAGEMENT DISCUSSION AND ANALYSIS

An analysis of the utilisation of the net proceeds from the Placing as at 30 September 2022 is set out below:

	Planned use of net proceeds as stated in the Announcement (HK\$'000)	Actual use of net proceeds up to 30 September 2022 (HK\$'000)	Net proceeds utilised during the six months ended 30 September 2022 (HK\$'000)	Unutilised net proceeds as at 30 September 2022 (HK\$'000)
Repayment of outstanding indebtedness	17,800	17,800	17,800	—
Expansion of workforce	6,800	903	903	5,897
General working capital	5,000	5,000	5,000	—
Total	29,600	23,703	23,703	5,897

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2022 (for the six months ended 30 September 2021: Nil).

FOREIGN CURRENCY EXPOSURE

Since the Group's business activities are solely operated in Hong Kong and mainly denominated in Hong Kong dollars, the Directors consider that the Group's risk in foreign exchange is insignificant.



OTHER INFORMATION

DISCLOSURE OF INTERESTS

(a) Interests and/or short positions of Directors and chief executive in the Shares, underlying shares and debentures of the Company and its associated corporations

As at 30 September 2022, the Directors and chief executive of the Company had the following interests and/or short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”)) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein, or pursuant to Rule 5.46 of the GEM Listing Rules relating to securities transactions by the Directors, will be required to be notified to the Company and the Stock Exchange:



OTHER INFORMATION

(i) *Interests in the Company*

Name of Director	Capacity	Number of shares held (Note 1)	Percentage of interest in the Company
Mr. Ha (Note 2)	Interest of a controlled corporation	6,466,900 (L)	5.66%
Mr. Ip (Note 2)	Interest of a controlled corporation	6,466,900 (L)	5.66%

Notes:

1. *The letter "L" denotes the person's long positions in the Shares.*
2. *Each of Mr. Ha and Mr. Ip beneficially owns 50% of the issued share capital of Talent Prime Group Limited. Therefore, Mr. Ha and Mr. Ip are deemed to be interested in all the Shares held by Talent Prime Group Limited for the purpose of the SFO. Mr. Ha, Mr. Ip and Talent Prime Group Limited are regarded as a group of Controlling Shareholders acting in concert to exercise their voting rights in the Company and they together will be interested in a total of 5.66% of the issued share capital of the Company upon completion of Share Offer. Mr. Ha and Mr. Ip are directors of Talent Prime Group Limited.*



OTHER INFORMATION

(ii) *Interests in associated corporation of the Company*

Name of Director	Name of associated corporation	Capacity	Number of shares held	Percentage of shareholding interest
Mr. Ha	Talent Prime	Beneficial owner	50	50%
Mr. Ip	Talent Prime	Beneficial owner	50	50%

Save as disclosed above, as at 30 September 2022, none of the Directors or chief executives of the Company had any interests and/or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein or pursuant to Rule 5.46 of the GEM Listing Rules relating to securities transactions by the Directors.



OTHER INFORMATION

(b) Interests and/or short position of substantial shareholders and other persons in the Shares and underlying shares of the Company

So far as is known to the Directors, as at 30 September 2021, the following persons (other than the Directors or chief executive of the Company) had, or were deemed to have, an interest or a short position in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who was, directly or indirectly interested in 5% or more of the issued share capital of the Company.

Name of substantial shareholder	Capacity	Number of Shares (Note 1)	Percentage of interest in our Company
Talent Prime	Beneficial owner	6,466,900 (L)	5.66%
Ms. Chung Ching Yan (Note 2)	Interest of spouse	6,466,900 (L)	5.66%
Ms. Lee Ming Ho (Note 3)	Interest of spouse	6,466,900 (L)	5.66%

Notes:

1. The letter "L" denotes the person's long positions in the Shares.
2. Ms. Chung Ching Yan is the spouse of Mr. Ha. Under the SFO, Ms. Chung is deemed, or taken to be, interested in the same number of Shares in which Mr. Ha is interested.
3. Ms. Lee Ming Ho is the spouse of Mr. Ip. Under the SFO, Ms. Lee is deemed to be interested in the same number of Shares in which Mr. Ip is interested.



OTHER INFORMATION

Save as disclosed above, so far as is known to the Directors, as at 30 September 2022, there are no other person (not being a Director or chief executive of the Company) who had an interest or a short position in the Shares or underlying shares or debentures of the Company or any of its associated corporations which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under Section 336 of the SFO, or who was, directly or indirectly interested in 5% or more of the issued share capital of the Company.

CORPORATE GOVERNANCE PRACTICE

The Board is responsible for performing the corporate governance duties as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 15 of the GEM Listing Rules, which includes developing and reviewing the Company’s policies and practices on corporate governance, training and continuous professional development of Directors, and reviewing the Company’s compliance with the code provision in the CG Code and disclosures in this interim report.

The Board is of the view that the Company has complied with all the principles and applicable code provisions of the CG Code throughout the six months ended 30 September 2022.

The Board acknowledge its responsibility for preparing the unaudited financial statements for the six months ended 30 September 2022.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules in respect of directors’ securities transactions (“**Required Standard of Dealing**”). Specific enquiry has been made with all the Directors and the Directors have confirmed that they have complied with the Required Standard of Dealing throughout the six months ended 30 September 2022.

The Company has adopted a compliance manual for securities transactions by senior management as written guidelines no less exacting than the Required Standard of Dealing for relevant employees (“**Written Guidelines**”) in respect of dealing in the Company’s shares. During the six months ended 30 September 2022, the Company is not aware of any incident of non-compliance of the Required Standard of Dealings and Written Guidelines by the relevant employees.



OTHER INFORMATION

INDEPENDENT NON-EXECUTIVE DIRECTORS

In compliance with Rules 5.05A, 5.05(1) and (2) of the GEM Listing Rules, the Company has appointed three INEDs representing at least one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. As such, there is a strong element in the Board to provide independent judgment.

In accordance with previous code provision A.4.1 of the CG Code (deleted on 1 January 2022), the Company has entered into a letter of appointment with each of the INEDs for initially a fixed term of three years commencing from the Listing Date and will continue thereafter until terminated by either party giving not less than three months' written notice to the other party.

CHANGE IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVES

Save as disclosed above and upon specific enquiry by the Company, there is no change in the information of the Directors required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules since the Company's last published annual report.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 21 September 2018 (the "**Scheme**"), the principal terms of which are summarised in the sub-section headed "Appendix IV — Statutory and General Information — D. Share Option Scheme" in the Prospectus. The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

No share option had been granted or exercised under the Scheme during the six months ended 30 September 2022. No share option was outstanding as at 30 September 2022.

PURCHASE, SALE OR REDEMPTION OF THE SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Shares for the six months ended 30 September 2022.



OTHER INFORMATION

COMPETING BUSINESS

Other than members of the Group, none of the Directors nor the controlling shareholder of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) has interest in any business which competes or is likely to compete, directly or indirectly, with the business of the Group.

AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) on 21 September 2018 with its written terms of reference in compliance with the Rules 5.28 and 5.29 of the GEM Listing Rules. The Audit Committee comprises of three members, namely Ms. Tang Shui Man (Chairman), Mr. Yuk Kai Yao and Dr. Fok Wai Sun, all of them being independent non-executive Directors with written terms of reference in accordance with code provision D.3.3 and D.3.7 of the CG code.

The unaudited financial information for the six months ended 30 September 2022 in this interim report has not been audited by the Company's independent auditors, but have been reviewed by the Audit Committee. The Audit Committee is of the opinion that such unaudited financial results have been prepared in compliance with the applicable accounting standards and the requirements under the GEM Listing Rules, and that adequate disclosures have been made.

APPRECIATION

The Board would like to take this opportunity to express its sincere gratitude to the Group's customers, business partners and shareholders for their continuous support for and trust in the Group. The Board also wishes to express its heartfelt appreciation to all of the staff of the Group for their dedication and hard work throughout the period.

By order of the Board of
Grand Talents Group Holdings Limited
Ha Chak Hung
Chairman and Executive Director

Hong Kong, 10 November 2022

As at the date of this report, the executive Directors are Mr. Ha Chak Hung and Mr. Ip Chu Shing; and the independent non-executive Directors are Ms. Tang Shui Man, Dr. Fok Wai Sun and Mr. Yuk Kai Yao.

