ALLUREFEM HOLDING LIMITED
浉人壹方控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8305)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the "**Directors**") of Allurefem Holding Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement 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 announcement misleading.*

This announcement will remain on the "Latest Listed Company Information" page of the website of the Stock Exchange at www.hkexnews.hk for at least 7 days from the date of its publication and be posted on the website of the Company at www.tongkee.com.hk.

ANNUAL RESULTS

The board of Directors (the "**Board**") of the Company is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2023, together with the comparative figures for the corresponding period in 2022, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	**2023**	2022
		HK$'000	*HK$'000*
Revenue	4	**143,405**	185,008
Direct costs		**(135,545)**	(162,517)
Gross profit		**7,860**	22,491
Other income and gain, net	5	**950**	3,687
Administrative expenses		**(33,138)**	(39,802)
(Loss)/gain arising from change in fair value of financial assets at fair value through profit or loss		**(270)**	159
Gain on deconsolidation of a subsidiary	18	**9,963**	–
Write off of/provision for impairment of goodwill	17	**(14,000)**	(10,000)
Finance costs	6	**(2,121)**	(1,913)
Loss before income tax	7	**(30,756)**	(25,378)
Income tax credit	8	**435**	741
Loss and total comprehensive expense for the year		**(30,321)**	(24,637)
Loss per share attributable to equity holders of the Company			
Basic and diluted *(HK cents)*	9	**(2.89)**	(2.35)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment		**5,674**	9,806
Goodwill	17	**–**	14,000
Financial assets at fair value through profit or loss		**135**	8,112
Deferred tax assets		**1,552**	1,117
Deposits	11	**–**	484
		7,361	33,519
Current assets			
Contract assets	12	**86,496**	90,560
Trade and other receivables	11	**38,517**	53,066
Tax recoverable		**–**	62
Bank balances and cash		**362**	10,869
		125,375	154,557
Current liabilities			
Contract liabilities	12	**10,636**	5,325
Trade and other payables	13	**59,320**	65,639
Amount due to the Controlling Shareholder		**11,944**	11,254
Lease liabilities	14	**1,161**	1,899
Bank and other borrowings	15	**7,922**	30,171
		90,983	114,288
Net current assets		**34,392**	40,269
Total assets less current liabilities		**41,753**	73,788
Non-current liabilities			
Lease liabilities	14	**282**	1,996
		282	1,996
Net assets		**41,471**	71,792

	Notes	**2023** ***HK$'000***	2022 *HK$'000*
Capital and reserves			
Share capital	16	**10,500**	10,500
Reserves		**30,971**	61,292
Total equity		**41,471**	71,792

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. GENERAL INFORMATION

Allurefem Holding Limited (formerly known as Tong Kee (Holding) Limited) (the "**Company**") was incorporated in the Cayman Islands on 10 April 2017 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is PO Box 1350, Windward 3, Regatta Office Park, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is Room 2502, 25/F., 148 Electric Road, North Point, Hong Kong.

The Company is an investment holding company, and its subsidiaries (collectively referred as the "**Group**") are multi-disciplinary contractors which are principally engaged in performing repair, maintenance, alteration and addition ("**RMAA**") works, new construction works and corrosion protection works in Hong Kong.

The directors consider the Company's immediate and ultimate holding company to be Advanced Pacific Enterprises Limited ("**Advanced Pacific**"), a company incorporated in the British Virgin Islands ("**BVI**"). Advanced Pacific is controlled by Mr. Heung Chung Sum ("**Mr. Heung**" or the "**Controlling Shareholder**").

The Company's shares are listed on the GEM of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 4 July 2018.

The consolidated financial statements for the year ended 31 December 2023 were approved for issue by the board of directors on 28 March 2024.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The annual consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable disclosures requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The material accounting policies that have been used in the preparation of these consolidated financial statements have been consistently applied to all the years presented, unless otherwise stated. The adoption of amended HKFRSs and the impacts on the Group's consolidated financial statements, if any, are disclosed in note 3.

The consolidated financial statements have been prepared under the historical cost basis except for certain financial assets which are stated at fair values. The measurement bases are fully described in the accounting policies below.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**" or "**HKD**"), which is also the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousand (HK$'000), except where otherwise indicated.

2.2 Going concern assumption

During the year ended 31 December 2023, the Group incurred a loss of HK$30,321,000 (2022: HK$24,637,000) and as at 31 December 2023, the Group has bank balances and cash of HK$362,000 (2022: HK$10,869,000) which is insufficient to settle all the current liabilities, which includes trade and retention payables of HK$51,351,000 (2022: HK$55,806,000), accrued expenses and other payables of HK6,495,000 (2022: HK$8,260,000), amount due to the Controlling Shareholder of HK$11,944,000 (2022: HK$11,254,000), lease liabilities of HK$1,161,000 (2022: HK$1,899,000) and bank borrowings of HK$7,922,000 (2022: HK$30,171,000).

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group, and the 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 the Group's financial position which include, but are not limited to, the followings:

(a) Implementing operation plans to enhance profitability and control costs and to generate adequate cash flows from operations; and

(b) The Group will continue to seek for alternative financing solutions and/or group re-organisation to turnround the difficulties encountered by the Group and the Company.

The directors of the Company, based on a cash flow forecast of the Group covering a period of not less than twelve months from the date of report, which has taken into account the abovementioned plans and measures, consider that the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the date of the consolidated financial statements. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2023 on a going concern basis of accounting.

Notwithstanding the above, since the execution of the above plans and measures are in progress, material uncertainties exist as to whether management of the Group will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to meet its future working capital and financing requirements.

Should the going concern assumption become inappropriate, adjustments might have to be made to reflect the situation that assets may need to be realised at the amounts other than which they are currently recorded in the consolidated statement of financial position at 31 December 2023, 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.

3. ADOPTION OF NEW AND AMENDED HKFRSs

3.1 New and amended HKFRSs that are effective for annual periods beginning on or after 1 January 2023

In the current year, the Group has applied for the first time the new and amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2023:

HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The nature and impact of the new and amended HKFRSs that are applicable to the Group are described below:

Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies

Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

Amendments to HKAS 8 – Definition of Accounting Estimates

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

Amendments to HKAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to HKAS 12 narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

These amendments had no impact on the Group's financial statements as there were no transactions fallen within the scope of these amendments on or after the beginning of the earliest period presented.

Amendments to HKAS 12 – International Tax Reform – Pillar Two Model Rules

Amendments to HKAS 12 introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund – Long Service Payment offsetting mechanism in Hong Kong

In June 2022, the Government of the Hong Kong Special Administrative Region gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 ("**Amendment Ordinance**"), which will come into effect from 1 May 2025 ("**Transition Date**"). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its MPF scheme to reduce the LSP in respect of an employee's service from the Transition Date (the abolition of the "**offsetting mechanism**"). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published the captioned accounting guidance relating to the abolition of the offsetting mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

To better reflect the substance of the abolition of the offsetting mechanism, the Group has applied the above HKICPA guidance and changed its accounting policy in connection with its LSP liability.

The change in accounting policy in the current year had no material impact on the consolidated financial statements.

3.2 Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, certain amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")[2,4]
Amendments to HKAS 1	Non-current Liabilities with Covenants (the "**2022 Amendments**")[2,4]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

[1] No mandatory date yet determined but available for adoption
[2] Effective for annual periods beginning on or after 1 January 2024
[3] Effective for annual periods beginning on of after 1 January 2025
[4] As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on demand Clause was revised to align the corresponding working with no change in conclusion

The Group is in process of making assessment of the impact of these revised HKFRSs. Upon initial application, but is not yet in a position to state whether these revised HKFRSs would have any significant impact to the Group's financial statements.

4. REVENUE AND SEGMENT REPORTING

4.1 Revenue

The Group's principal activities are disclosed in note 1 to the consolidated financial statements. Revenue represents the consideration received and receivable from these activities.

The Group's revenue recognised during the year is as follows:

	2023	2022
	HK$'000	*HK$'000*
Types of service		
RMAA works projects	**134,507**	163,452
New construction works projects	**2,789**	16,049
Corrosion protection works projects	**6,109**	5,507
	143,405	185,008

Remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date:

	2023	2022
	HK$'000	*HK$'000*
Remaining performance obligations expected to be satisfied:		
Within one year	**99,410**	59,664
Over one year	**72,035**	145,201
	171,445	204,865

4.2 Segment information

The Group has determined the operating segments based on the information reported to the chief operating decision maker. During the year, the chief operating decision maker regards the Group's business of performing RMAA works, new construction works and corrosion protection works in Hong Kong as a single operating segment and assesses the operating performance and allocates the resources of the Group as a whole. Accordingly, no segment information is presented.

Geographical information

No separate analysis of segment information by geographical segment is presented as the Group's revenue and non-current assets are principally attributable to a single geographical region, which is Hong Kong.

Information about major customers

Revenue from each of the major customers, which amounted to 10% or more of the Group's total revenue, is set out below:

	2023	2022
	HK$'000	*HK$'000*
Customer A	**54,293**	56,330
Customer B	**43,092**	37,813

5. OTHER INCOME AND GAIN, NET

	2023	2022
	HK$'000	*HK$'000*
Government grants *(Note (a))*	**330**	2,276
Interest income on refundable deposits	**–**	18
Rental concession	**–**	72
Gain/(loss) on early termination of leases	**19**	(554)
Sundry income *(Note (b))*	**356**	1,019
Gain on disposal of property, plant and equipment	**245**	856
	950	3,687

Notes:

(a) During the year ended 31 December 2023, the Group recognised subsidies of HK$330,000 (2022: HK$2,276,000) in relation to Technology Voucher Programme (2022: Employment Support Scheme under Anti-epidemic Fund provided by the Hong Kong government as part of the relief measures on COVID-19 pandemic). There were no unfulfilled condition or contingencies relating to these grants.

(b) During the year ended 31 December 2023, the Group received compensation from insurance company of HK$nil (2022: HK$936,000) for the additional cost for the construction work arising from the typhoon.

6. FINANCE COSTS

	2023	2022
	HK$'000	*HK$'000*
Interest charges on bank and other borrowings	**1,919**	1,770
Finance charges on lease liabilities	**202**	143
	2,121	1,913

7. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

	2023	2022
	HK$'000	*HK$'000*
(a) Staff cost (including directors' remuneration)		
Salaries, wages and other benefits	**34,311**	45,195
Contributions to defined contribution plans	**1,198**	1,470
	35,509	46,665
(b) Other items		
Auditor's remuneration – audit services	**800**	800
Depreciation of property, plant and equipment	**3,300**	4,841
– Right-of-use assets	**1,658**	2,618
– Owned assets	**1,642**	2,223
Lease charges in respect of:		
– Short term leases and leases with lease term shorter than 12 months	**823**	163
Provision for/(reversal of) ECL allowance on:	**1,459**	2,929
– Contract assets	**93**	(1,878)
– Trade receivables	**(292)**	2,829
– Retention receivables	**1,658**	1,978
Impairment on trade and other receivables	**1,617**	–
Impairment on contract assets	**5,612**	–
Loss on deregistration of a joint venture *(Note)*	**–**	543
Write off of deposits	**–**	750

Note: During the year ended 31 December 2022, a joint venture became an inactive and no share of result was recognised in the consolidated statement of profit or loss and other comprehensive income. During the year ended 31 December 2022, the Group has applied the deregistration of the joint venture and subsequent to year ended 31 December 2022, the joint venture was deregistered successfully, accordingly, the Group has recognised the loss on deregistration of joint venture of HK$543,000 in the consolidated financial statements.

8. INCOME TAX CREDIT

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and is accordingly not subject to income tax in the Cayman Islands.

The provision for Hong Kong Profits Tax for 2023 is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifyivng corporation under the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying entities are taxed at 8.25%, and the profits above HK$2 million are taxed at 16.5%. The provision for Hong Kong Profits tax for this subsidiary was calculated at the same basis in 2022.

	2023	2022
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax		
– Current year	**–**	–
	–	–
Deferred tax	**(435)**	(741)
Income tax credit	**(435)**	(741)

9. LOSS PER SHARE

The calculation of loss per share attributable to equity holders of the Company is based on the following:

	2023	2022
	HK$'000	*HK$'000*
Losses		
Loss for the year attributable to equity holders of the Company *(HK$'000)*	**(30,321)**	(24,637)
Shares		
Weighted average number of ordinary shares *(in thousands)*	**1,050,000**	1,050,000
Loss per share *(HK cents)*	**(2.89)**	(2.35)

The calculation of basic loss per share for the year is based on the loss of HK$30,321,000 (2022: HK$24,637,000) for the year attributable to equity holders of the Company, and the weighted average number of 1,050,000,000 (2022: 1,050,000,000) ordinary shares in issue during the year.

Diluted earnings per share for the years ended 31 December 2023 and 2022 was the same as basic earnings per share as there were no dilutive potential ordinary shares in issue during the years.

10. DIVIDENDS

The Board did not recommend the payment of dividend for the year ended 31 December 2023 (2022: nil).

11. TRADE AND OTHER RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade and retention receivables		
Trade receivables	**21,596**	34,836
Retention receivables	**16,679**	14,194
Less: ECL allowance	**(8,422)**	(7,195)
	29,853	41,835
Deposits, prepayments and other receivables		
Prepayments	**6,614**	7,260
Deposits paid to suppliers and subcontractors	**155**	318
Security for issuance of performance bonds	**684**	1,921
Other deposits	**1,211**	1,583
Other receivables	**–**	633
	8,664	11,715
	38,517	53,550
Less: Non-current portion	**–**	(484)
Current portion	**38,517**	53,066

All the trade and other receivables are denominated in HK$ and the directors of the Company considered that the fair values of trade and other receivables are not materially different from their carrying amounts.

As at 31 December 2023, retention receivables of HK$5,218,000 (2022: HK$3,438,000) included under current assets in the consolidated statements of financial position are expected to be recovered after one year.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. The majority of the Group's trade receivables that are past due but not impaired have good credit quality with reference to respective settlement history.

The Group usually grants credit period ranging from 30 to 60 days to customers other than retention receivables. The terms and conditions in relation to the release of retention vary from contract to contract, which will be subject to the expiration of the defect liability period. In general, the retention money will be released upon the expiration of the defect liability period, which is typically one year after completion of construction works.

The ageing analysis of the trade receivables based on the invoice dates is as follows:

	2023	2022
	HK$'000	*HK$'000*
Within 30 days	**12,406**	19,281
31 days to 60 days	**1,409**	1,969
61 days to 90 days	**1,701**	7,194
91 days to 365 days	**2,855**	2,587
Over 365 days	**3,225**	3,805
	21,596	34,836

The ageing analysis of the trade receivables based on due dates is as follows:

	2023	2022
	HK$'000	*HK$'000*
Not yet due	**13,682**	27,118
Less than 30 days past due	**1,734**	1,657
31 days to 60 days past due	**779**	210
61 days to 90 days past due	**923**	140
91 days to 365 days past due	**1,495**	2,451
over 365 days past due	**2,983**	3,260
	21,596	34,836

The movements in the ECL allowance of trade and retention receivables are as follows:

	2023	2022
	HK$'000	*HK$'000*
At the beginning of the year	**7,195**	2,388
Bad debt written-off	**(139)**	–
Provision for ECL allowance during the year	**1,366**	4,807
At the end of the year	**8,422**	7,195

12. CONTRACT ASSETS/CONTRACT LIABILITIES

	2023	2022
	HK$'000	*HK$'000*
Contract assets	**87,676**	91,647
Less: ECL allowance	**(1,180)**	(1,087)
	86,496	90,560
Contract liabilities	**(10,636)**	(5,325)
	75,860	85,235

The contract assets are transferred to receivables when the rights become unconditional. The contract liabilities primarily relate to the advanced consideration received from customers, for which revenue is recognised based on the progress of the provision of related services.

The amount of revenue recognised during the year ended 31 December 2023 from performance obligations satisfied in previous periods, mainly due to the changes in estimate of the stage of completion and modification of contracts, is HK$166,000 (2022: HK$491,000).

Movements in the contract assets and the contract liabilities balances during the years ended 31 December 2023 and 2022 are as follows:

	2023	2022
	HK$'000	*HK$'000*
Revenue recognised that was included in the contact liabilities balance at the beginning of the year	**3,663**	3,145
Transfers from contract assets recognised at the beginning of the year to receivables	**16,301**	56,193

The balance of contract assets and contract liabilities are expected to be recovered/settled within one year.

The movements in the ECL allowance of contract assets are as follows:

	2023	2022
	HK$'000	*HK$'000*
At the beginning of the year	**1,087**	2,965
Provision for ECL allowance during the year	**93**	(1,878)
At the end of the year	**1,180**	1,087

13. TRADE AND OTHER PAYABLES

	2023	2022
	HK$'000	*HK$'000*
Trade and retention payables		
Trade payables	**41,228**	46,287
Retention payables	**10,123**	9,519
	51,351	55,806
Other payables		
Accrued expenses and other payables	**6,495**	8,260
Provision for annual leave and long service payment	**1,474**	1,573
	7,969	9,833
	59,320	65,639

The Group is granted by its suppliers and subcontractors a credit period ranging from 30 to 60 days. Based on the invoice dates, the ageing analysis of the trade payables is as follows:

	2023	2022
	HK$'000	*HK$'000*
Within 30 days	**17,393**	22,051
31 days to 60 days	**4,779**	4,933
61 days to 90 days	**2,690**	2,249
91 days to 365 days	**8,216**	15,774
Over 365 days	**8,150**	1,280
	41,228	46,287

As at 31 December 2023, retention payables of HK$2,812,000 (2022: HK$3,579,000) included under current liabilities in the consolidated statement of financial position are expected to be payable after one year.

All trade and other payables are denominated in HK$. The carrying values of trade and other payables are considered to be reasonable approximation of their fair values.

14. LEASE LIABILITIES

	2023	2022
	HK$'000	*HK$'000*
Total minimum lease payments		
– Within one year	**1,220**	2,123
– After one year but within two years	**165**	1,790
– After two years but within five years	**127**	293
	1,512	4,206
Future finance charges on lease liabilities	**(69)**	(311)
Present value of lease liabilities	**1,443**	3,895
Present value of minimum lease payments		
– Within one year	**1,161**	1,899
– After one year but within two years	**157**	1,714
– After two years but within five years	**125**	282
	1,443	3,895
Less: Portion due within one year included under current liabilities	**(1,161)**	(1,899)
Portion due after one year included under non-current liabilities	**282**	1,996

15. BANK AND OTHER BORROWINGS

	2023	2022
	HK$'000	*HK$'000*
Loans, secured:		
– repayable within one year	**3,081**	23,758
– not repayable within one year from the end of the reporting period but contain a repayment on demand clause	**4,841**	6,413
Amounts shown under current liabilities	**7,922**	30,171

As at 31 December 2023 and 2022, all bank and other borrowings were denominated in HK$.

The bank and other borrowings were secured by:

(a) land and buildings with a net book amount of HK$3,911,000 (2022: HK$4,102,000) as at 31 December 2023;

(b) legal charges on life insurance policies with a carrying amount of HK$nil (2022: HK$8,112,000) as at 31 December 2023;

(c) corporate guarantee by the Company as at 31 December 2023 and 2022;

(d) guarantee as provided by the HKMC Insurance Limited under the Small and Medium Enterprise Guarantee Scheme as at 31 December 2023 and 2022; and

(e) personal guarantee as provided by the Controlling Shareholder as at 31 December 2023 and 2022.

16. SHARE CAPITAL

	No. of shares	*HK$'000*
Authorised:		
Ordinary shares of HK$0.01 each		
As at 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	10,000,000,000	100,000
Issued and fully paid:		
As at 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	1,050,000,000	10,500

17. GOODWILL

	2023
	HK$'000
Cost	
As at 1 January 2022, 31 December 2022 and 1 January 2023	55,802
Write off during the year	(55,802)
As at 31 December 2023	–
Accumulated impairment losses	
As at 1 January 2022	31,802
Provision for the year	10,000
As at 31 December 2022 and 1 January 2023	41,802
Write off during the year	(41,802)
As at 31 December 2023	–
Net carrying amount	
As at 31 December 2023	–
As at 31 December 2022	14,000

For the purposes of impairment testing on goodwill, management allocated goodwill to the Group's cash-generating unit (CGU) identified. The Group's goodwill arising on acquisition of subsidiaries during the year was allocated to the provision of repair, maintenance, alteration and addition works and new construction works of which the same revenue segment of the Group.

As detailed in Note 18, on 15 November 2023, a winding-up order was made by the High Court against an indirect wholly-owned subsidiary, Projexasia Limited, and a provisional liquidator has been appointed. As a result, the Group lost on control over Projexasia Limited and it ceased to be the subsidiary of the Company. Therefore, the directors of the Company considered the goodwill arising from the acquisition of Projexasia Limited being irrecoverable and written off of goodwill of HK$14,000,000 has been recognised during the year ended 31 December 2023.

As at 31 December 2022, the recoverable amount of this unit has been determined based on a value-in-use calculation with reference to a professional valuation performed by Royson Valuation Advisory Limited, an independent firm of professionally qualified valuer. The calculation uses cash flow projections based on financial budgets approved by the management covering a five-year period with the estimated gross profit margin ratio ranged from 8% to 9%. Cash flows beyond the projection period are extrapolated using an estimated growth rate of 2%. The pre-tax rate used to discount the forecast cash flows is 15%.

Management has calculated that the value in use of the CGU is less than the total carrying amount of the CGU and the respective allocated goodwill, accordingly, the Group has provided the impairment loss on goodwill of approximately HK$10,000,000 and recognised in the consolidated statement of profit or loss and other comprehensive income during the year ended 31 December 2022.

18. GAIN ON DECONSOLIDATION OF A SUBSIDIARY

On 15 November 2023, a winding-up order was made by the High Court against an indirect wholly-owned subsidiary of the Company, Projexasia Limited, at the hearing of the Petition pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) and a provisional liquidator has been appointed.

During the period up to the date of appointment of liquidator, the directors of the Company considered the recoverability of trade and other receivables and contract assets were remote, accordingly, impairment loss on trade and other receivables and contract assets of HK$1,617,000 and HK$5,612,000 were recognised in consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023.

As a result of the liquidation and appointment of liquidator, the Group lost on control over Projexasia Limited and it ceased to be subsidiary of the Company with effect from 15 November 2023. A gain on deconsolidation of the subsidiary of approximately HK$9,963,000 was recognised in the consolidated profit or loss for the year ended 31 December 2023.

The net liabilities of Projexasia Limited at the date of loss of control were as follows:

	HK$'000
Net liabilities disposed of:	
Bank balances and cash	632
Contract liabilities	(742)
Trade and other payables	(9,853)
Amounts due to the Company and its subsidiaries	(18,978)
Net liabilities being disposed	(28,941)
Amounts due to the Company and its subsidiaries	18,978
Gain on deconsolidation of a subsidiary	(9,963)
Net cash outflow arising on deconsolidation	
Bank balances and cash	(632)

19. EVENTS AFTER THE REPORTING PERIOD

On 26 January 2024, the Company and China Innovation Investment Limited ("**China Innovation**"), a Hong Kong listed company (stock code: 1217.HK), entered into a subscription agreement (the "**Subscription Agreement**"), pursuant to which the Company agreed to issue, and China Innovation agreed to subscribe for three-year secured bonds with an aggregate principal amount of HK$40,000,000 with a coupon rate of 5% (the "**Bonds**").

On the same day, Advanced Pacific, the controlling shareholder of the Company, executed a share charge over 535,500,000 shares of the Company in favour of the China Innovation, pursuant to which Advanced Pacific agreed to charge 535,500,000 shares of the Company ("**Charged Shares**") held by it, accounting for 51% of issued shares of the Company, to China Innovation to secure the punctual payment and performance of the Company under the Bonds. As long as the Bonds remain unredeemed, China Innovation can enjoy 50% of the dividends on the Charged Shares. Please refer to the Company's announcement dated 28 January 2024 for the details of the subscription.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is an established multi-disciplinary contractor for the provision of RMAA, new construction works, and corrosion protection works (previously known as cathodic protection works) in Hong Kong. The Group is responsible for the overall management, implementation and supervision of projects. The Group focuses on the management of projects, development of work programmes, procurement of works materials, operation of site works, co-ordination with the customers or their consultants and quality control of the works carried by the employees and the subcontractors.

For RMAA works, the Group provides repair, alteration and addition, maintenance, modification, rehabilitation, steel, civil and demolition works in various venues such as residential building, commercial building, carpark, road, footbridge and theme park in Hong Kong. For new construction works, the Group provides a variety of constructions and related alteration and additions works and facilities such as noise mitigation work, architectural metalwork, bus shelter, dangerous goods store building, innovative and creative structure such as air balloon. For corrosion protection works, the Group provides various of corrosion protection solution including but not limited to installation of cathodic protection systems including sacrificial anodes protection and impressed current systems.

For the year ended 31 December 2023, there were 182 projects (2022: 156 projects) with revenue contribution undertaken by the Group. The demands for the Group's RMAA and corrosion protection works services remained at a steady level. During the year ended 31 December 2023 and up to the date of this announcement, the Group was awarded 68 new projects, with total original contract sum of approximately HK$135 million.

Looking forward, the Directors consider that the future opportunities and challenges facing the Group will continue to be affected by the development of the property market in Hong Kong as well as factors affecting the labour costs and material costs. The Directors are of the view that the number of properties to be built and maintained in Hong Kong remains to be the key driver for the growth of the Hong Kong RMAA and fitting-out industry.

FINANCIAL REVIEW

Revenue

The revenue decreased from approximately HK$185.0 million for the year ended 31 December 2022 to approximately HK$143.4 million for the year ended 31 December 2023, representing an decrease of approximately 22.5%. Such decrease was mainly due to the decrease in contract sum of RMAA and new works projects undertaken by the Group as a result of the overall development in the construction industry in Hong Kong.

Cost of sales

The cost of sales decreased from approximately HK$162.5 million for the year ended 31 December 2022 to approximately HK$135.5 million for the year ended 31 December 2023, representing an decrease of approximately 16.6%. Such decrease was mainly attributable to the decrease in the subcontracting charges and construction material incurred in line with the revenue decrease during the year.

Gross profit

Gross profit of the Group decreased by approximately HK$14.6 million from approximately HK$22.5 million for the year ended 31 December 2022 to approximately HK$7.9 million for the year ended 31 December 2023. The overall gross profit margin decreased from approximately 12.2% for the year ended 31 December 2022 to approximately 5.5% for the year ended 31 December 2023 as the projects undertaken by the Group during the year ended 31 December 2023 generally had higher gross profit margin, also the extent of increase in subcontracting charges, staff salary and construction material costs was outweighed by the increase in revenue for the year ended 31 December 2023.

Administrative expenses

Administrative expenses of the Group decreased by approximately HK$6.7 million or 16.8% from approximately HK$39.8 million for the year ended 31 December 2022 to approximately HK$33.1 million for the year ended 31 December 2023.

Administrative expenses primarily consist of staff costs, depreciation, transportation and motor vehicle expense, professional service and other cost incurred for daily operation. The decrease was mainly attributable to the cost control plan implemented in 2023.

Other income

Other income decreased by HK$2.7 million from HK$3.6 million for the year ended 31 December 2022 to HK$0.9 million for the year ended 31 December 2023. The amount in prior year mainly represent the Anti-epidemic Fund provided by the Hong Kong Special Administrative Region Government to subsidise the challenges brought by the COVID-19 epidemic and there was no such subsidy in 2023.

Provision for impairment of goodwill

On 19 October 2021, the Group entered into the sale and purchase agreement with an independent third party (the "**Vendor**"), pursuant to which the Group has agreed to purchase and the Vendor has conditionally agreed to sell the sale share, representing 100% of the issued share capital of Treasure Mark Global Limited. Pursuant to the sale and purchase agreement, the consideration shall be HK$24.0 million satisfied (i) as to HK$18.5 million by allotting and issuing to the Vendor an aggregate of 185,000,000 ordinary shares of the Company ("**Issued shares**"), credited as fully paid, at the issue price of HK$0.10 per share; and (ii) the remaining balance of HK$5.5 million by way of cash by the placing arrangement.

The transaction was completed on 30 December 2021. As at completion date, the fair value of the consideration was increased to HK$56.4 million due the fair value of the issued shares prices was increased. And the goodwill arising on acquisition of the subsidiary was HK$50.9 million.

Management has calculated that the value in use of the cash-generating unit (CGUs) is less than the total carrying amount of the CGUs and the respective allocated goodwill, accordingly, the Group has provided the impairment loss on goodwill of approximately HK$14.0 million and recognised in the consolidated statement of profit or loss and other comprehensive income during the year ended 31 December 2023 (2022: HK$10 million).

Finance costs

Finance costs for the Group increase slightly from HK$1.9 million for the year ended 31 December 2022 to HK$2.1 million for the year ended 31 December 2023. The increase was mainly contribute from the increase in general interest rate.

Income tax expense

No current income tax expense for the Group for the year ended 31 December 2022 and the year ended 31 December 2023. The tax credit for the year was mainly derived from deferred tax.

Loss and total comprehensive expense for the year attributable to the owners of the Company

As a result of foregoing, the Group recognised a loss for the year of approximately HK$30.3 million for the year ended 31 December 2023 as compared to loss and total comprehensive expense for the year attributable to the owners of the Company of approximately HK$24.6 million for the year ended 31 December 2022.

Such increase was primarily attributable to the effect of (i) the decrease in revenue for the year ended 31 December 2023; (ii) the decrease in gross profit for the year ended 31 December 2023; (iii) increased provision for impairment of goodwill incurred by the Group for the year ended 31 December 2023; and (iv) the decrease in other income for the year ended 31 December 2023.

LIQUIDITY AND FINANCIAL RESOURCES

The current ratio decrease mildly from approximately 1.4 times as at 31 December 2022 to 1.3 times as at 31 December 2023.

As at 31 December 2023, the Group had bank borrowings of approximately HK$7.9 million (2022: HK$30.1 million). The gearing ratio, calculated based on the total borrowings divided by total equity at the end of the year and multiplied by 100%, decreased from approximately 42% as at 31 December 2022 to approximately 19.1% as at 31 December 2023 due to the repayment of borrowing of the Group. The Group's financial position is sound and strong. With available bank balances and cash and bank credit facilities, the Group has sufficient liquidity to maintain its business operation.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Relevant Period. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

CAPITAL STRUCTURE

The shares of the Company were successfully listed on GEM of the Stock Exchange on 4 July 2018. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares.

As at 31 December 2022 and 2023, the Company's issued share capital was HK$10,500,000 and the number of its issued ordinary shares was 1,050,000,000 of HK$0.01 each.

COMMITMENTS

The Group has no operating lease commitments as at 31 December 2022 and 2023.

SEGMENTAL INFORMATION

Segmental information is presented for the Group as disclosed on note 4 to this result announcement. There is no material changes in the industrial segment.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2023, the Group did not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Saved as disclosed in note 18 to this result announcement, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies during the year ended 31 December 2023.

CONTINGENT LIABILITIES

As at 31 December 2023, no contingent liabilities of the Group is noted.

EXPOSURE TO EXCHANGE RATE FLUCTUATION

The Group's revenue generating operations are mainly transacted in HK$. The Directors consider the impact of foreign exchange exposure to the Group is minimal.

CHARGE OF GROUP'S ASSETS

As at 31 December 2023, the Group pledged certain amount of land and buildings to secure short-term bank borrowings and other general banking facilities granted to the Group. For details, please refer to note 15 to this result announcement.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, the Group employed a total of 86 employees (2022: 102 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK$35.5 million for the year ended 31 December 2023 (2022: approximately HK$46.6 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, year-end discretionary bonuses were offered to those staff with outstanding performance to attract and retain eligible employees to contribute to the Group. Apart from basic remuneration, share options may be granted to eligible employees by reference to the Group's performance as well as individual contribution.

USE OF PROCEEDS

The net proceeds from the Listing on 4 July 2018, after deducting listing related expenses, were approximately HK$25.2 million. After the Listing, these proceeds were used for the purposes in accordance with the future plans and use of proceeds as set out in the Prospectus. All of the net proceeds from the Listing was fully utilized during the year ended 31 December 2022.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

Since the Listing, the Board has recognised that the transparency and accountability is important to a listed company. Therefore, the Company is committed in establishing and maintaining good corporate governance practices and procedures. The Directors believe that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture in return to the benefits of the Company's stakeholders as a whole.

The Board has adopted and complied with the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules. The Directors will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements from time to time, and to meet the rising expectation of shareholders and other stakeholders of the Company.

Under the code provision A.2.1 of the CG Code, the role of chairman and chief executive should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established.

Mr. Heung Chung Sum currently assumes the role of both chairman of the Company and chief executive of the Company. The Board considers that this structure could enhance efficiency in formulation and implementation of the Company's strategies. The Board will review the need of appointing suitable candidate to assume the role of chief executive when necessary.

Save as disclosed above, the Board is pleased to report compliance with all applicable code provisions of the CG Code during the year ended 31 December 2023.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors during the year ended 31 December 2023.

NON-COMPETITION UNDERTAKINGS BY CONTROLLING SHAREHOLDERS

Each of the Controlling Shareholders (namely Mr. Heung Chung Sum and Advanced Pacific Enterprises Limited ("**Advanced Pacific**")) has made an annual declaration to the Company that for the year ended 31 December 2023, it has complied with the terms of non- competition undertakings ("**Non-Competition Undertakings**") given in favour of the Company which are contained in the Deed of Non-Competition Undertaking. Details of the Non-Competition Undertakings are set out in the section headed "Relationship with the Controlling Shareholders" of the Prospectus. The INEDs have also reviewed the status of compliance by each of the Controlling Shareholders with the undertakings in the Non-Competition Undertakings and as far as the INEDs can ascertain, there is no breach of any of the undertakings in the Non-Competition Undertakings.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company during the year ended 31 December 2023.

DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 December 2023.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting is scheduled on Tuesday, 14 May 2023. In order to determine entitlements to attend and vote at the annual general meeting, the register of members of the Company will be closed from Wednesday, 8 May 2023 to Monday, 13 May 2023, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to be eligible to attend and vote at the forthcoming annual general meeting of the Company, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 7 May 2023.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with the GEM Listing Rules, in accordance with provisions set out in the CG Code which are available on the websites of the Stock Exchange and the Company.

The Audit Committee currently consists of three independent non-executive Directors namely Mr. Chan Chi Hang, Dr. Ip Wai Hung and Mr. Ko, Wilson Wai Shun. The chairman of the Audit Committee is Mr. Chan Chi Hang, who has appropriate professional qualifications and experience in accounting matters.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company has reviewed the annual results for the year ended 31 December 2023 before the results were submitted to the Board for approval.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2023 have been agreed by the Company's auditor, D & Partners CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by D & Partners 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the D & Partners CPA Limited on the preliminary announcement.

APPRECIATION

On behalf of the Board, I wish to take this opportunity to express my gratitude to our shareholders, clients, business partners, and suppliers who trust and remain faithful to the Group. I would also like to express our sincere thanks to the management and staffs for their commitment and contribution throughout the years.

By order of the Board
Allurefem Holding Limited
Heung Chung Sum
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 28 March 2024

As at the date of this announcement, the executive Directors are Mr. Heung Chung Sum and Mr. Chan Wai Hon Alan; the non-executive Directors are Ms. Heung Joe Yee and Ms. Heung Joe Tung; and the independent non-executive Directors are Dr. Ip Wai Hung, Mr. Ko, Wilson Wai Shun and Mr. Chan Chi Hang.