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## 富汇国际集团控股有限公司

Fullwealth International Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1034)

### ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Fullwealth International Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim financial results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2022 (the “**Reporting Period**”), together with the comparative unaudited figures for the six months ended 30 June 2021 as follows:

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

For the six months ended 30 June 2022

	Note	Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Revenue</b>	4	<b>159,060</b>	169,188
Direct costs		<b>(128,840)</b>	(140,159)
<b>Gross profit</b>		<b>30,220</b>	29,029
Other income	5	<b>4,086</b>	1,030
General and administrative expenses		<b>(11,694)</b>	(11,972)
<b>Profit from operations</b>		<b>22,612</b>	18,087
Finance costs	6(a)	<b>(21)</b>	(72)
<b>Profit before taxation</b>	6	<b>22,591</b>	18,015
Income tax	7	<b>(9,493)</b>	(4,962)
<b>Profit for the period</b>		<b>13,098</b>	13,053

		<b>Six months ended 30 June</b>	
		<b>2022</b>	<b>2021</b>
<i>Note</i>		<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Other comprehensive (expense)/income for the period</b>			
Items that may be reclassified subsequently to profit or loss:			
	Exchange differences on translation of foreign operations	<u>(5,389)</u>	<u>12</u>
Total comprehensive income for the period		<u><u>7,709</u></u>	<u><u>13,065</u></u>
<b>Earnings per share (HK Cents)</b>			
	– Basic	<u><u>8(a) 0.82</u></u>	<u><u>0.82</u></u>
	– Diluted	<u><u>8(b) 0.82</u></u>	<u><u>0.82</u></u>

# UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
<b>Non-current assets</b>		
Property, plant and equipment	39,403	42,037
Deposit for acquisition of property, plant and equipment	—	250
	39,403	42,287
<b>Current assets</b>		
Inventories and other contract costs	6,549	1,350
Contract assets	4,172	54,056
Trade and other receivables	95,334	57,767
Tax recoverable	246	2,742
Deposit with bank with original maturity date over three months	—	—
Cash and cash equivalents	215,079	110,493
	321,380	226,408
<b>Current liabilities</b>		
Trade and other payables	133,083	50,921
Contract liabilities	—	1,507
Amounts due to directors	17,730	14,784
Lease liabilities	494	881
Tax payables	9,521	8,268
	160,828	76,361
<b>Net current assets</b>	160,552	150,047
<b>Total assets less current liabilities</b>	199,955	192,334
<b>Non-current liability</b>		
Lease liabilities	543	631
<b>NET ASSETS</b>	199,412	191,703
<b>CAPITAL AND RESERVES</b>		
Share capital	16,000	16,000
Reserves	183,412	175,703
<b>TOTAL EQUITY</b>	199,412	191,703

## NOTES TO THE INTERIM FINANCIAL RESULTS

### 1. GENERAL INFORMATION

Fullwealth International Group Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 19 January 2018 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 registered office of the Company is located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is located at Room 2202, 22/F, West Exchange Tower, 322 Des Voeux Road Central, Sheung Wan, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (the “**Group**”) are principally engaged in (i) the civil engineering, building and other works; and (ii) education and training business related to performing arts and culture.

### 2. BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). It was authorised for issue on 30 August 2022.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report is unaudited, but has been reviewed by the Company’s audit committee (the “**Audit Committee**”).

### 3. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA to this interim financial report for the current accounting period:

- HKFRS 17, Insurance contracts
- Amendments to HKFRS 3, *Reference to the Conceptual Framework*
- Amendments to HKAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*
- Amendments to HKAS 37, *Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to HKFRSs 2018-2020 Cycle

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in the interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 4. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable from construction contracts for civil engineering and building works rendered by the Group to customers and service contracts for provision of education and training courses, which are recognised over time.

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows: (a) Civil engineering and building works segment engages in the provision of civil engineering and building works to contract customers; and (b) Entertainment education business segment engages in the provision of education and training courses related to performing arts services.

The Group’s chief operating decision maker, which has been identified as the executive directors of the Company who review the Group’s internal reporting in order to assess performance and allocate resources. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before taxation. The adjusted profit/(loss) before taxation is measured consistently with the Group’s profit/(loss) before taxation except that interest income, other income as well as head office and corporate expenses are excluded from such measurement. Segment assets exclude other assets and other unallocated head office and corporate assets as these assets are managed on a Group basis. Segment liabilities exclude other unallocated head office and corporate liabilities as these liabilities are managed on a Group basis. Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

**(a) Disaggregation of revenue**

Disaggregation of revenue from contracts with customers by major service lines and geographical location of customers is as follows:

**(i) Disaggregation of revenue by nature**

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major service lines		
– Revenue from construction contracts and other related service contracts	86,734	131,549
– Tuition fees	71,393	37,639
– Unallocated item (in relation to Internet and E-Commerce business)	933	–
	<u>159,060</u>	<u>169,188</u>

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in Note 4(b)(i) and 4(b)(iv) respectively.

**(b) Segment reporting**

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows: (a) Civil engineering, building and other works segment engages in the provision of civil engineering, building and other works to contract customers; and (b) Entertainment education business segment engages in the provision of education and training courses related to performing arts services.

The Group's chief operating decision maker ("CODM"), which has been identified as the executive directors of the Company, reviews the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before taxation. The adjusted profit/(loss) before taxation is measured consistently with the Group's profit/(loss) before taxation except that unallocated other income as well as unallocated head office and corporate expenses are excluded from such measurement. Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis. Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis. Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

(i) *Segment revenue and results*

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the period ended 30 June 2022 and 2021 is set out below.

	<b>Civil Engineering, Building and Other Works HK\$'000</b>	<b>Entertainment Education Business HK\$'000</b>	<b>Total HK\$'000</b>
<b>Six months ended 30 June 2022 (unaudited)</b>			
<b>Disaggregated by timing of revenue recognition, revenue from external customers and reportable segment revenue</b>			
Over time	86,734	71,393	158,127
Unallocated item (in relation to Internet and E-Commerce business)	—	—	933
	<u>—</u>	<u>—</u>	<u>159,060</u>
<b>Reportable segment (loss)/profit</b>	<b><u>(32,983)</u></b>	<b><u>57,328</u></b>	<b><u>24,345</u></b>
Unallocated head office and corporate expenses, net			<u>(1,754)</u>
Profit before taxation			<u><u>22,591</u></u>
	<b>Civil Engineering, Building and Other Works HK\$'000</b>	<b>Entertainment Education Business HK\$'000</b>	<b>Total HK\$'000</b>
<b>Six months ended 30 June 2021 (unaudited)</b>			
<b>Disaggregated by timing of revenue recognition, revenue from external customers and reportable segment revenue</b>			
Over time	131,549	37,639	169,188
<b>Reportable segment (loss)/profit</b>	<b><u>(11,928)</u></b>	<b><u>32,952</u></b>	<b><u>21,024</u></b>
Unallocated head office and corporate expenses, net			<u>(3,009)</u>
Profit before taxation			<u><u>18,015</u></u>

(ii) *Segment assets and liabilities*

*As at 30 June 2022 (Unaudited)*

	<b>Civil Engineering, Building and Other Works <i>HK\$'000</i></b>	<b>Entertainment Education Business <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
<b>ASSETS</b>			
Segment assets	<u>121,146</u>	<u>234,530</u>	355,676
<b>Unallocated items:</b>			
Inventories (in relation to Internet and E-Commerce business)			14
Trade and other receivables			914
Cash and cash equivalents			<u>4,179</u>
Total assets			<u>360,783</u>
<b>LIABILITIES</b>			
Segment liabilities	<u>49,357</u>	<u>102,088</u>	151,445
<b>Unallocated items:</b>			
Trade and other payables			1,496
Amounts due to director			<u>8,430</u>
Total liabilities			<u>161,371</u>



*As at 31 December 2021*

	Civil Engineering, Building and Other Works <i>HK\$'000</i>	Entertainment Education Business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>ASSETS</b>			
Segment assets	<u>164,339</u>	<u>100,274</u>	264,613
Unallocated items:			
Inventories (in relation to Internet and E-Commerce business)			15
Trade and other receivables			410
Cash and cash equivalents			<u>3,657</u>
Total assets			<u>268,695</u>
<b>LIABILITIES</b>			
Segment liabilities	<u>57,718</u>	<u>9,680</u>	67,398
Unallocated items:			
Trade and other payables			1,110
Amounts due to directors			<u>8,484</u>
Total liabilities			<u>76,992</u>

**(iii) Other segment information**

Amounts include in measure of segment profit or loss or segment assets or regularly provided to the CODM:

***As at 30 June 2022 (Unaudited)***

	Civil Engineering, Building and Other Works <i>HK\$'000</i>	Entertainment Education Business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Additions to non-current segment assets during the Reporting Period	400	13	–	413
Depreciation of property, plant and equipment	2,984	44	–	3,028
Interest expense	(21)	–	–	(21)
Bank interest income	–	173	1	174
Income tax credit/(expense)	–	(9,493)	–	(9,493)

***As at 31 December 2021***

	Civil Engineering, Building and Other Works <i>HK\$'000</i>	Entertainment Education Business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Additions to non-current segment assets during the Reporting Period	2,164	467	–	2,631
Depreciation of property, plant and equipment	(6,615)	–	–	(6,615)
Interest expense	(121)	–	–	(121)
Bank interest income	3	166	1	170
Income tax credit/(expense)	6,821	(15,750)	–	(8,929)

(iv) *Geographic information*

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment and deposits for acquisition of property, plant and equipment (“**specified non-current assets**”). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment.

	Six months ended 30 June		Specified non-current assets	
	Revenue from external customers		As at 30 June	As at 31 December
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Hong Kong (place of domicile)	<b>86,734</b>	131,549	<b>38,979</b>	41,813
Mainland China	<b>72,326</b>	37,639	<b>424</b>	474
	<b>159,060</b>	169,188	<b>39,403</b>	42,287

## 5. OTHER INCOME

	Six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Bank interest income	174	29
Compensation received	–	70
Sales of scrap material	2,961	–
Government subsidies ( <i>Note</i> )	880	–
Profit from leasing of plant and equipment	47	–
Sundry income	24	931
	<u>4,086</u>	<u>1,030</u>

*Note:* Government grants mainly included subsidy under the Employment Support Scheme. During the Reporting Period, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Government of Hong Kong Special Administrative Region. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

## 6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

### (a) Finance costs

	Six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Interest on bank loans	–	61
Interest on lease liabilities	21	11
	<u>21</u>	<u>72</u>

(b) Staff costs

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Directors' emoluments	1,185	1,748
Other staff costs:		
Contributions to defined contribution retirement plans	721	627
Salaries, wages and other benefits	22,828	17,176
	<u>24,734</u>	<u>19,551</u>

The Group operates a Mandatory Provident Fund Scheme (the “MPF scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by defined benefit retirement plan. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the MPF scheme at rates specified in the rules. Contributions to the plan vest immediately.

Employees of the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of retirement benefits associated with the scheme beyond the annual contributions described above.

(c) Other items

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Depreciation charge		
– Owned property, plant and equipment	3,028	3,460
– Right-of-use assets	–	–
Loss on disposal of property, plant and equipment	–	1
Auditor's remuneration	62	50
Cost of inventories	26,678	20,187

## 7. INCOME TAX

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax – Mainland China Corporate Income Tax	<u>9,493</u>	<u>4,962</u>

### Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.
- (ii) Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the subsidiaries which operate in the PRC are subject to Enterprise Income Tax at the tax of 25% for the year ended 31 December 2021, except for one subsidiary operating in the PRC which is a qualifying corporation under the Hainan province in the PRC. Pursuant to the Notice on the Policies of Income Tax Preferences for Enterprises in Hainan Free Trade Port (Cai Shui [2020] No. 31) jointly issued by the Department of Finance of Hainan Province and the Hainan Province Tax Service of State Taxation Administration, this subsidiary is subject to Enterprise Income Tax at the preferential rate of 15% from 1 January 2021 to 31 December 2024.
- (iii) The provision for Hong Kong Profits Tax is calculated at 16.5% (2021: 16.5%) of the estimated assessable profits for the six months ended 30 June 2022, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The directors of the Company were in the view that the impact of the two-tiered profits tax rates regime on the Group’s current and deferred tax position was not material.

No Hong Kong Profits Tax has been provided for in the unaudited consolidated financial statements for the six months ended 30 June 2022 as the subsidiary in Hong Kong had no estimated assessable profits for the six months ended 30 June 2022.

## 8. EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share is based on (i) the profit attributable to ordinary equity shareholders of the Company for the six months ended 30 June 2022 of approximately HK\$13,098,000 (six months ended 30 June 2021: approximately HK\$13,053,000); and (ii) weighted average of 1,600,000,000 ordinary shares (six months ended 30 June 2021: 1,600,000,000 ordinary shares) of the Company in issue during the six months ended 30 June 2022.

**(b) Diluted earnings per share**

These were no potential dilutive ordinary shares in existence during the six months ended 30 June 2022 and 2021, therefore, diluted earnings per share are the same as the basic earnings per share for both periods.

**9. DIVIDENDS**

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

**10. CONTRACT ASSETS**

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
<b>Contract assets</b>		
Arising from performance under construction contracts	4,172	54,056
<b>Receivables from contracts with customers within the scope of HKFRS 15, which are included in “Trade and other receivables” (Note 12)</b>	<b>23,900</b>	<b>19,825</b>

As at 30 June 2022, the amount of contract assets that is expected to be recovered after more than one year is approximately HK\$Nil (31 December 2021: approximately HK\$1,692,000), all of which relates to retention receivables.

**11. TRADE AND OTHER RECEIVABLES**

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
Trade receivables	23,900	19,825
Deposits for surety bonds	2,418	6,119
Consideration receivables in respect of disposal of property, plan and equipment	–	7,800
Other receivables	5,925	4,913
Advance to subcontractors	9,960	4,688
Deposit for investment in movies	11,478	1,960
Other deposits and prepayments	40,857	10,556
Amounts due from companies controlled by a director of a subsidiary	796	1,906
	<b>95,334</b>	<b>57,767</b>

## Ageing analysis

As of the end of the Reporting Period, the ageing analysis of trade receivables, based on the revenue recognition date, is as follows:

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
Within 1 month	15,069	12,382
1 to 2 months	936	3,204
2 to 3 months	850	183
Over 3 months	7,045	4,056
	<u>23,900</u>	<u>19,825</u>

Trade receivables are generally due within 30 days from the date of progress certificate or the date of billing.

## 12. TRADE AND OTHER PAYABLES

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
Trade payables	13,555	24,362
Accrued construction costs	–	1,430
Other payables	495	2,875
Other accrued expenses	5,535	3,980
Other tax payable	80	570
Receipts in advance	94,688	–
Retention payables	18,730	17,704
	<u>133,083</u>	<u>50,921</u>

As at 30 June 2022, the amounts of retention payables expected to be settled after more than one year is approximately HK\$5,477,000 (31 December 2021: approximately HK\$4,513,000). All of the other trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.



## Ageing analysis

As of the end of the Reporting Period, the ageing analysis of trade payables, based on invoice date, is as follows:

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
Within 1 month	11,793	19,214
1 to 2 months	607	3,103
2 to 3 months	607	610
Over 3 months	548	1,435
	<u>13,555</u>	<u>24,362</u>

## 13. SHARE CAPITAL

	<b>30 June 2022</b>		31 December 2021	
	<i>Number of shares</i>	<i>HK\$'000</i>	<i>Number of shares</i>	<i>HK\$'000</i>
<b>Authorised:</b>				
Ordinary shares of HK\$0.01 each	<u>3,000,000,000</u>	<u>30,000</u>	<u>3,000,000,000</u>	<u>30,000</u>
<b>Issued and fully paid:</b>				
Ordinary shares of HK\$0.01 each	<u>1,600,000,000</u>	<u>16,000</u>	<u>1,600,000,000</u>	<u>16,000</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

#### In Hong Kong

The Group has a long history of undertaking civil engineering works in Hong Kong with operation history since 1997. The Group's civil engineering works can be broadly categorized as (i) site formation; (ii) excavation and lateral support works and pile cap construction; and (iii) roads and drainage and waterworks. The Group is able to undertake civil engineering works as either a main contractor or a subcontractor. The Group is also qualified to carry out private sector building works as well as alteration and additions works as a main contractor.

During the Reporting Period, no new construction project was awarded. As at 30 June 2022, the Group had 2 projects on hand (at 30 June 2021: 3 projects on hand) and the total initial contract sum of which amounted to approximately HK\$172.0 million (at 30 June 2021: HK\$111.9 million).

The construction industry was still full of challenges during the Reporting Period. The global outbreak of the novel coronavirus COVID-19 (“**COVID-19**”) and its variants have been causing continuous unprecedented disruptions in business operations and the Hong Kong economy as a whole seriously since January 2020. Also, the COVID-19 measures imposed across borders between Mainland China and Hong Kong coupled with the rapid increasing of global inflation in the costs of labor and construction materials during the Reporting Period has big hit to Group's performance.

The Board has been actively monitoring market conditions and taking appropriate measures to mitigate any negative impact on the business and performance of the Group. The Group will continue to strengthen its cost control measures and resources management policies, and actively participate in tendering and bidding to maintain its market competitiveness. Despite the difficulties encountered, the Board is conservatively optimistic that the Group's construction business would gradually recover as a result of the long-term housing development and land policy in Hong Kong.

#### In Mainland China

The Board from time to time reviews its existing businesses and explores other business opportunities with a view to diversify the business of the Group. In last year, Hainan Fullwealth International Art Education Co., Ltd. (海南富匯國際藝術教育有限公司) (“**Fullwealth International Art Education**”), a new indirect wholly-owned subsidiary of the Company in Mainland China, was established to engage in the education and training business related to performing arts and culture in the Mainland China (collectively referred to as “**New Business Activities**”). The New Business Activities has been contributing great success to the Group in last year since its commencement and during the Reporting Period. The New Business Activities are now providing not only in Hainan Province but also extended to Xiamen City of Fujian Province during the Reporting Period as a new trial location. The Board believes that the New Business Activities will be continuing an important step in the diversification and expansion of the Group's business, which is expected to benefit the Company and its shareholders as a whole in the long run.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue decreased from approximately HK\$169.2 million for the six months ended 30 June 2021 to approximately HK\$159.1 million for the Reporting Period, representing a decrease of 6.0%. Such decrease in revenue was mainly due to the Group, in the civil engineering, building and other works in Hong Kong, had already chased back of progress in lots of the resulted delays caused by the outbreak of COVID-19 in the year 2020 regarding the work schedule of construction projects of the Group on hand and under construction during the year 2021. Also, there is no new project awarded during the Reporting Period and the 2 projects on hand as of 30 June 2021 had been finished during the year 2021. Having said that, the education and training business related to performing arts and culture in the Mainland China started in May 2021 have full six months' revenue contribution during the Reporting Period which can offset the revenue drop in the civil engineering, building and other works in Hong Kong.

### **Gross profit and gross profit margin**

An increase from gross profit of approximately HK\$29.0 million for the six months ended 30 June 2021 to gross profit of approximately HK\$30.2 million for the Reporting Period. An increase from gross profit margin of 17.2% for the six months ended 30 June 2021 to gross profit margin of 19.0% for the Reporting Period. The increase in gross profit and gross profit margin was mainly due to the education and training business related to performing arts and culture in the Mainland China started in last year is still in high gross profit and high gross profit margin during the Reporting Period which is sufficient to offset the gross loss incurred in the civil engineering, building and other works.

### **Other income**

Other income increased by 296.7% from approximately HK\$1.0 million for the six months ended 30 June 2021 to approximately HK\$4.1 million for the Reporting Period. The increase in other income was mainly due to the profit from sales of scrap material during the Reporting Period.

### **General and administrative expenses**

General and administrative expenses slightly decreased from approximately HK\$12.0 million for the six months ended 30 June 2021 to approximately HK\$11.7 million for the six months ended 30 June 2022. It was mainly due to the decrease of rentals.

## **Finance costs**

Finance costs of the Group decreased from HK\$0.07 million for the six months ended 30 June 2021 to approximately HK\$0.02 million for the six months ended 30 June 2022. The decrease was attributable to the significant decrease in the average borrowings during the Reporting Period.

## **Profit and total comprehensive income for the period**

As a result of the aforesaid and in particular the increase in gross profit, the Group recorded an earnings attributable to the equity shareholders of the Company of approximately HK\$13.1 million for the Reporting Period (six months ended 30 June 2021: profit of approximately HK\$13.1 million).

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

The Group finances its working capital requirements through a combination of funds generated from operations, borrowings and capital contribution from shareholders.

As at 30 June 2022, the Group had cash and cash equivalents of approximately HK\$215.1 million (31 December 2021: HK\$110.5 million). The borrowings (including lease liabilities, amounts due to directors and bank loans) of the Group as at 30 June 2022 amounted to approximately HK\$18.8 million (31 December 2021: HK\$16.3 million). The Group's cash and cash equivalents and borrowings (including lease liabilities) are denominated in Hong Kong dollars and Renminbi. The Board closely monitors its liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements at all times.

There has been no change in the capital structure of the Group during the Reporting Period. The capital of the Group comprises ordinary shares and other reserves.

## **GEARING RATIO**

As at 30 June 2022, the gearing ratio of the Group, calculated as the total debt (sum of lease liabilities, amounts due to directors and bank loans) divided by the total equity and multiplied by 100%, was approximately 9.4% (31 December 2021: 8.5%).

## **TREASURY POLICY**

The Group's financing and treasury activities are centrally managed and controlled at the corporate level. It is the Group's policy not to enter into derivative transactions for speculative purposes.

## **CHARGES ON ASSETS**

The Group's plant and equipment with an aggregate carrying values of approximately HK\$Nil (31 December 2021: HK\$Nil) as at 30 June 2022 were pledged under the Group's bank borrowings.

As at 30 June 2022, deposits with the value of approximately HK\$2.4 million (31 December 2021: HK\$3.7 million) were placed with an insurance company as collateral to secure the main contractor's surety bonds issued by an insurance company in relation to the Group's construction projects and the deposit with the value of approximately HK\$2.4 million (31 December 2021: HK\$2.4 million) was placed with an insurance company for issuance of the Group's surety bond in favour of the Group's customer.

## **FOREIGN EXCHANGE EXPOSURE**

During the Reporting Period, the Group undertook certain transactions in foreign currencies, which exposed the Group to foreign currency risk, primarily relating to the Renminbi against Hong Kong dollars. The Group did not use any derivative contracts to hedge against its exposure to currency risk. The management manages the currency risk by closely monitoring the movement of the foreign currency rates and will consider hedging against significant foreign exchange exposure when the need arises.

## **EMPLOYEES AND EMOLUMENT POLICY**

As at 30 June 2022, the Group employed a total of 154 (31 December 2021: 106) employees (including executive Directors and independent non-executive Directors). Total staff costs including directors' remuneration for the Reporting Period was approximately HK\$24.7 million (six months ended 30 June 2021: HK\$19.6 million). The remuneration offered to employees generally includes salaries and bonus and are determined with reference to market norms and individual employees' performance, qualification and experience. The Company has adopted a share option scheme under which options may be granted to Directors and eligible employees as an incentive.

The remuneration of the Directors is decided by the Board upon recommendation from the Remuneration Committee of the Company, taking into account the Group's operating results, responsibilities and individual performance of the Directors.

## **SIGNIFICANT INVESTMENTS HELD**

The Group did not hold any significant investments during the Reporting Period.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

The Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures during the Reporting Period.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Save as disclosed under the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 15 October 2018 (the “**Prospectus**”), the Group did not have any other plans for material investments or capital assets as at 30 June 2022.

## **CONTINGENT LIABILITIES**

### **Litigation**

In the ordinary course of the Group’s contract works business, the Group has been subject to a number of claims due to personal injuries suffered by third parties, employees of the Group or the Group’s subcontractors in accidents arising out of and in the course of their employment. The Directors are of the opinion that such claims are well covered by insurance and will not result in any material adverse impact on the financial position or results and operations of the Group. No provision has been made in respect of these claims in the consolidated financial statements.

## **CAPITAL COMMITMENTS**

As at 30 June 2022, the Group did not have any capital commitments (31 December 2021: Nil).

## **EVENTS AFTER THE REPORTING PERIOD**

There is no material subsequent event undertaken by the Company or the Group after 30 June 2022 and up to the date of this interim report.

## USE OF PROCEEDS

The net proceeds of the share offer received by the Company in relation to the Listing were approximately HK\$94.2 million, after deducting listing and related expenses. These proceeds are intended to be applied in accordance with the proposed application set out in the section headed “Future plans and use of proceeds” in the Prospectus. The below table sets out the proposed application and usage of the net proceeds as at 30 June 2022:

	Planned use of net proceeds as at 30 June 2022 <i>HK\$'million</i>	Utilised amount of the net proceeds as at 30 June 2022 <i>HK\$'million</i>	Unutilised amount of the net proceeds as at 30 June 2022 <i>HK\$'million</i>	Revised allocation of unutilised amount of the net proceeds <i>HK\$'million</i>	Updated expected timeline of full utilisation of the balance
Acquisition of machinery and equipment	42.7	29.4	13.3	–	–
Financing construction projects	29.5	29.5	–	–	–
Strengthening of project management team	11.1	11.1	–	–	–
Repayment of finance lease obligations	5.3	5.3	–	–	–
General working capital	5.6	5.6	–	13.3	End of 2022
	<u>94.2</u>	<u>80.9</u>	<u>13.3</u>	<u>13.3</u>	–

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group’s business and the industry.

As at 30 June 2022, approximately HK\$80.9 million out of the net proceeds from the Listing had been used. The remaining unutilised net proceeds of approximately HK\$13.3 million were deposited in licensed banks in Hong Kong. The Directors believe that the reallocation of the unutilised net proceeds will enable a better utilisation of the net proceeds as this will provide higher level of flexibility for the Group to manage its asset and liability against the current unstable business environment and is favourable to the Group’s long term business development. As at the date of this interim report, there has not been any material change to the plan as to the use of the net proceeds except that in light of the material change in market and economic condition, the Group will utilise the balance of fund in a conservative manner. The Directors will continuously monitor the outbreak of COVID-19 and its impact to the global economy to evaluate the Group’s business objectives and may change or modify the Group’s plans against the changing market condition to attain sustainable business growth of the Group. The unutilised net proceeds are expected to be fully utilised on or before 31 December 2022, depending on the market and economic condition.

## **DIVIDEND**

The Board does not recommend the payment of a dividend for the Reporting Period (six months ended 30 June 2021: Nil).

## **CORPORATE GOVERNANCE AND OTHER INFORMATION**

The Board is committed to achieving and maintaining high standards of corporate governance as the Board believes that an effective corporate governance framework is fundamental to promoting and safeguarding interests of shareholders and other stakeholders and enhancing shareholders' value.

### **CORPORATE GOVERNANCE PRACTICES**

The Company has adopted the code provisions set out in the Corporate Governance Code (the “**CG Code**”) under Appendix 14 to the Listing Rules as its own code of corporate governance. The Company has complied with the provisions set out in the CG Code during the Reporting Period and up to the date of this interim report.

### **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the guidelines for the Directors' dealing in the securities of the Company. Having made specific enquiries of all Directors, the Company confirmed that all Directors have fully complied with the required standard set out in the Model Code during the Reporting Period and up to the date of this interim report.

### **SHARE OPTION SCHEME**

A share option scheme (the “**Scheme**”) was conditionally adopted by the written resolution of the Company's then sole shareholder on 8 October 2018. No share option has been granted, exercised, cancelled or lapsed under the Scheme since its adoption on 8 October 2018 and there is no outstanding share option as at 30 June 2022.

### **COMPETING BUSINESS**

None of the controlling shareholders or the Directors of the Company and their respective associates is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business during the Reporting Period.



## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2022, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)), which were (a) 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 (b) recorded in the register required to be kept under section 352 of the SFO; or (c) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

### (a) Long position in ordinary shares of the Company

Name of director/ chief executive	Nature of interest	Number of shares held/ interested	Percentage of shareholding in the Company
Ms. Liu Xinyi ( <i>Note 1</i> )	Interest of a controlled corporation	<u>1,200,000,000</u>	<u>75%</u>

*Notes:*

- Ms. Liu beneficially owns the entire issued share capital of Victory Way Global Company Limited (“**Victory Way**”). Therefore, Ms. Liu is deemed, or taken to be, interested in the shares held by Victory Way for the purpose of SFO.

### (b) Long position in shares of the associated corporation of the Company

Name of director/ chief executive	Name of the associated corporation	Nature of interest	Number of shares held/ interested	Percentage of shareholding in the associated corporation of the Company
Ms. Liu Xinyi ( <i>Note 1</i> )	Victory Way	Beneficial owner	<u>100</u>	<u>100%</u>

*Notes:*

- The issued share capital of Victory Way is fully owned by Ms. Liu.

Save as disclosed above, as at 30 June 2022, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## **SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

As at 30 June 2022, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interest or short position in shares and underlying shares of the Company which fell 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 as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

<b>Name of shareholder</b>	<b>Nature of interest</b>	<b>Number of shares held/ interested</b>	<b>Percentage of shareholding in the Company</b>
Victory Way Global Company Limited	Beneficial owner	<u>1,200,000,000</u>	<u>75%</u>

Save as disclosed above, as at 30 June 2022, none of the substantial or significant shareholders or other persons, other than the Directors and chief executive of the Company whose interests are set out in the paragraph headed “Directors’ and chief executive’s interests and short positions in shares, underlying shares and debentures” above, had any interests or short positions in the shares or underlying shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

During the Reporting Period, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company’s listed securities.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules during the Reporting Period and up to the date of this interim report.

## **AUDIT COMMITTEE**

The audit committee of the Board (the “**Audit Committee**”) was established on 8 October 2018 with written terms of reference in compliance with the CG code. The Audit Committee consists of three members who are all independent non-executive Directors, namely Mr. Li Siu Bun (Chairman), Mr. Chen Wen and Mr. Peng Peng. The Audit Committee is delegated with the authority from the Board primarily to oversee the Group’s financial reporting and internal control systems, and the adequacy of the external and internal audits.

## **REVIEW OF INTERIM FINANCIAL STATEMENTS**

The condensed consolidated interim financial statements of the Group for the Reporting Period have not been audited, but have been reviewed by the Audit Committee.

## **PUBLICATION OF INFORMATION ON THE WEBSITES OF HONG KONG EXCHANGES AND CLEARING LIMITED AND THE COMPANY**

The interim results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company’s website at [www.fullwealthgroup.com](http://www.fullwealthgroup.com). The interim report for the Reporting Period of the Company containing all information required by the Listing Rules will be dispatched to shareholders and published on above websites in due course.

By order of the Board of  
**Fullwealth International Group Holdings Limited**  
**Liu Xinyi**  
*Chief Executive Officer and Executive Director*

Hong Kong, 30 August 2022

*As at the date of this announcement, the Board comprises Ms. Liu Xinyi and Mr. Wong Chun Man as executive Directors; Ms. Ma Xiaoqiu as non-executive Director; and Mr. Chen Wen, Mr. Li Siu Bun and Mr. Peng Peng as independent non-executive Directors.*