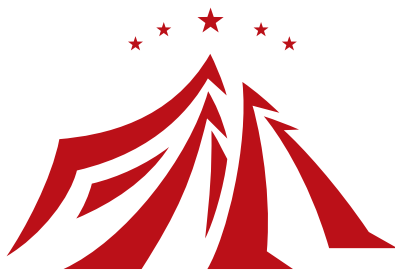


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## 富汇国际集团控股有限公司

Fullwealth International Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1034)

### ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Fullwealth International Group Holdings Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2022, together with the comparative figures for the year ended 31 December 2021.

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

For the year ended 31 December 2022

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Revenue</b>	3	<b>340,828</b>	351,550
Direct costs		<u>(246,288)</u>	<u>(243,540)</u>
<b>Gross profit</b>		<b>94,540</b>	108,010
Other income	4	<b>27,174</b>	5,325
General and administrative expenses		<b>(30,396)</b>	(25,110)
Finance costs	5	<u><b>(48)</b></u>	<u>(121)</u>
<b>Profit before taxation</b>		<b>91,270</b>	88,104
Income tax expense	6	<u><b>(19,421)</b></u>	<u>(8,929)</u>

	<i>Note</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Profit for the year</b>		<b>71,849</b>	79,175
<b>Other comprehensive (expense)/income for the year</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong		<u>(9,640)</u>	<u>1,342</u>
<b>Total comprehensive income for the year</b>		<b><u>62,209</u></b>	<b><u>80,517</u></b>
		<i>HK Cents</i>	<i>HK Cents</i>
<b>Earnings per share</b>			
– Basic	7	<b><u>4.49</u></b>	<b><u>4.95</u></b>
– Diluted		<b><u>4.49</u></b>	<b><u>4.95</u></b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 HK\$'000	2021 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		39,021	42,037
Deposit for acquisition of property, plant and equipment		—	250
		<u>39,021</u>	<u>42,287</u>
<b>Current assets</b>			
Inventories and other contract costs		1,289	1,350
Contract assets		30,625	54,056
Trade and other receivables	9	71,571	57,767
Tax recoverable		1,062	2,742
Cash and cash equivalents		166,230	110,493
		<u>270,777</u>	<u>226,408</u>
<b>Current liabilities</b>			
Trade and other payables	10	30,367	50,921
Amounts due to directors		20,213	14,784
Contract liabilities		3,693	1,507
Lease liabilities		1,075	881
Tax payables		189	8,268
		<u>55,537</u>	<u>76,361</u>
<b>Net current assets</b>		<u>215,240</u>	<u>150,047</u>
<b>Total assets less current liabilities</b>		<u>254,261</u>	<u>192,334</u>
<b>Non-current liabilities</b>			
Lease liabilities		349	631
Deferred tax liabilities		—	—
		<u>349</u>	<u>631</u>
<b>NET ASSETS</b>		<u>253,912</u>	<u>191,703</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		16,000	16,000
Reserves		237,912	175,703
<b>TOTAL EQUITY</b>		<u>253,912</u>	<u>191,703</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 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 Act (as revised) of the Cayman Islands. Its immediate parent is Victory Way Global Company Limited (incorporated in the British Virgin Islands). Its ultimate controlling party is Ms. LIU Xinyi, who is also the Chief Executive Officer and an executive director of the Company. 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.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

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

In the current year, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) which are effective for the Group’s financial year beginning on 1 January 2022:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

Except as described below, the application of the amendments to HKFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

## **Impact on application of Amendments to HKAS 16 Property, Plant and Equipment – Proceeds before Intended Use**

The amendments specify that the costs of any item that were produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards. The cost of the items are measured in accordance with HKAS 2 Inventories.

The amendments did not have significant impact on the financial position and performance of the Group.

## **Impact on application of Amendments to HKAS 37 Onerous Contracts – Cost of Fulfilling a Contract**

The amendments specify that, when an entity assesses whether a contract is onerous in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, the unavoidable costs under the contract should reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. Costs of fulfilling the contract include incremental costs and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

In accordance with the transitional provisions, the Group applies the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application, 1 January 2022).

The application of the amendments in the current year has had no impact on the Group's financial positions and performance.

## **Impacts on application of Amendments to HKFRSs Annual Improvements to HKFRSs 2018–2020**

The Group has applied the annual improvements which make amendments to the following standards:

### ***HKFRS 9 Financial Instruments***

The amendment clarifies that for the purpose of assessing whether modification of terms of original financial liability constitutes substantial modification under the “10 per cent” test, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf.

### ***HKFRS 16 Leases***

The amendment to Illustrative Example 13 accompanying HKFRS 16 removes from the example the illustration of reimbursement relating to leasehold improvements by the lessor in order to remove any potential confusion.

## ***HKAS 41 Agriculture***

The amendment ensures consistency with the requirements in HKFRS 13 Fair Value Measurement by removing the requirement in paragraph 22 of HKAS 41 to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The application of the amendments in the current year had no impact on the Group's consolidated financial statements.

### **New and amendments to HKFRSs issued but not yet effective**

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

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>3</sup> Effective for annual periods beginning on or 1 January 2024.

The directors of the Company anticipate that the application of the new and amendments to HKFRSs will have no material impact on consolidated financial statements in the foreseeable future.

### 3. REVENUE AND SEGMENT INFORMATION

#### (a) Revenue

The Group is principally engaged in civil engineering, building and other works and education and training business related to performing arts and culture (“**Entertainment Education Business**”).

#### *Disaggregation of revenue from contracts with customers by major service and product lines*

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major service and product lines		
– Revenue from construction contracts and other related service contracts	184,642	222,333
– Tuition fees	154,769	129,217
– Sales of consumer products	1,417	–
	<u>340,828</u>	<u>351,550</u>

#### *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 chief operating decision maker (“**CODM**”) for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2022 and 2021 is set out below.

**For the year ended 31 December 2022**

	Civil Engineering, Building and Other Works <i>HK\$'000</i>	Entertainment Education Business <i>HK\$'000</i>	Total reportable segments <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Disaggregated by timing of revenue recognition, revenue from external customers and reportable segment revenue</b>					
Over time	184,642	154,769	339,411	–	339,411
A point in time	–	–	–	1,417	1,417
	<u>184,642</u>	<u>154,769</u>	<u>339,411</u>	<u>1,417</u>	<u>340,828</u>
Segment (loss)/profit	<u>(32,863)</u>	<u>114,524</u>	<u>81,661</u>	<u>(578)</u>	<u>81,083</u>
Other income					15,020
Unallocated head office and corporate expenses					<u>(4,833)</u>
Profit before taxation					<u>91,270</u>

**For the year ended 31 December 2021**

	Civil Engineering, Building and Other Works <i>HK\$'000</i>	Entertainment Education Business <i>HK\$'000</i>	Total reportable segments <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Disaggregated by timing of revenue recognition, revenue from external customers and reportable segment revenue</b>					
Over time	222,333	129,217	351,550	–	351,550
	<u>222,333</u>	<u>129,217</u>	<u>351,550</u>	<u>–</u>	<u>351,550</u>
Segment (loss)/profit	<u>(10,688)</u>	<u>104,999</u>	<u>94,311</u>	<u>–</u>	<u>94,311</u>
Other income					1
Unallocated head office and corporate expenses					<u>(6,208)</u>
Profit before taxation					<u>88,104</u>



**(b) Segment assets and liabilities**

The following is an analysis of the Group's assets and liabilities by reportable segments:

*As at 31 December 2022*

	Civil Engineering, Building and Other Works <i>HK\$'000</i>	Entertainment Education Business <i>HK\$'000</i>	Total reportable segments <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>ASSETS</b>					
Segment assets	<u>114,182</u>	<u>176,977</u>	<u>291,159</u>	<u>522</u>	291,681
<b>Unallocated items:</b>					
Trade and other receivables					15,634
Cash and cash equivalents					<u>2,483</u>
Total assets					<u>309,798</u>
<b>LIABILITIES</b>					
Segment liabilities	<u>42,338</u>	<u>1,442</u>	<u>43,780</u>	<u>1,304</u>	45,084
<b>Unallocated items:</b>					
Trade and other payables					1,043
Amounts due to directors					<u>9,759</u>
Total liabilities					<u>55,886</u>

*As at 31 December 2021*

	Civil Engineering, Building and Other Works <i>HK\$'000</i>	Entertainment Education Business <i>HK\$'000</i>	Total reportable segments <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>ASSETS</b>					
Segment assets	<u>164,339</u>	<u>100,274</u>	<u>264,613</u>	<u>–</u>	264,613
<b>Unallocated items:</b>					
Inventories					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>	<u>67,398</u>	<u>–</u>	67,398
<b>Unallocated items:</b>					
Trade and other payables					1,110
Amounts due to directors					<u>8,484</u>
Total liabilities					<u>76,992</u>

(c) *Other segment information*

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

**For the year ended 31 December 2022**

	Civil Engineering, Building and Other Works <i>HK\$'000</i>	Entertainment Education Business <i>HK\$'000</i>	Total reportable segments <i>HK\$'000</i>	Others <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Additions to non-current segment assets during the year	2,977	19	2,996	-	-	2,996
Depreciation of property, plant and equipment	(5,889)	(86)	(5,975)	-	-	(5,975)
Interest expense	(37)	-	(37)	-	(11)	(48)
Bank interest income	3	494	497	2	1	500
Gain disposal of a subsidiary	-	-	-	-	15,000	15,000
Income tax (expense)/credit	(168)	(19,336)	(19,504)	-	83	(19,421)

**For the year ended 31 December 2021**

	Civil Engineering, Building and Other Works <i>HK\$'000</i>	Entertainment Education Business <i>HK\$'000</i>	Total reportable segments <i>HK\$'000</i>	Others <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Additions to non-current segment assets during the year	2,164	467	2,631	-	-	2,631
Depreciation of property, plant and equipment	(6,615)	-	(6,615)	-	-	(6,615)
Interest expense	(121)	-	(121)	-	-	(121)
Bank interest income	3	166	169	-	1	170
Income tax credit/(expense)	6,821	(15,750)	(8,929)	-	-	(8,929)

(d) *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.

	Revenue from external customers		Specified non-current assets	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Hong Kong (place of domicile)	184,642	222,333	38,650	41,813
Mainland China	156,186	129,217	371	474
	<u>340,828</u>	<u>351,550</u>	<u>39,021</u>	<u>42,287</u>

4. OTHER INCOME

	2022 HK\$'000	2021 HK\$'000
Bank interest income	500	170
Income from leasing of plant and equipment	2,258	–
Gain on termination of lease	–	28
Net loss on disposal of property, plant and equipment	–	(68)
Government grants ( <i>note</i> )	2,548	–
Sales of scrap materials	6,713	4,744
Compensation received	–	70
Gain on disposal of subsidiary	15,000	–
Sundry income	155	381
	<u>27,174</u>	<u>5,325</u>

*Note:*

Government grants mainly included subsidy under the Employment Support Scheme. During the year ended 31 December 2022, 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.

## 5. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on lease liabilities	48	60
Interest on bank loans	—	61
	<u>48</u>	<u>121</u>
Total borrowing costs	<u><u>48</u></u>	<u><u>121</u></u>

## 6. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Current tax:</b>		
Hong Kong	85	69
PRC Enterprise Income Tax	<u>19,336</u>	<u>15,750</u>
	<b>19,421</b>	15,819
<b>Deferred tax:</b>		
Current year	—	<u>(6,890)</u>
	<u><u>19,421</u></u>	<u><u>8,929</u></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 both years, 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 year ended 31 December 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.

A reconciliation of the tax expense applicable to profit before tax at the statutory or applicable rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Profit before taxation	<b>91,270</b>	88,104
Notional tax on profit before taxation, calculated at the statutory or applicable rates to the profits in jurisdictions concerned	<b>15,346</b>	12,872
Tax effect of non-deductible expenses	<b>961</b>	990
Tax effect of non-taxable income	<b>(3,061)</b>	(5)
Tax effect of temporary difference not recognised	<b>17</b>	34
Tax effect of unused tax losses not recognised	<b>6,158</b>	1,117
Recognition of tax loss previously not recognised	—	(6,079)
Income tax expense for the year	<b>19,421</b>	8,929

## 7. EARNINGS PER SHARE

### Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of approximately HK\$71,849,000 (2021: profit attributable to ordinary equity shareholders of the Company of approximately HK\$79,175,000) and the weighted average of 1,600,000,000 ordinary shares (2021: 1,600,000,000 ordinary shares) in issue during the year ended 31 December 2022.

### Diluted earnings per share

There were no potential dilutive shares in existence during the years ended 31 December 2022 and 2021, therefore, diluted earnings per share are the same as the basic earnings per share.

## 8. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during 2022, nor has any dividend been proposed since the end of the reporting period (2021: Nil).

## 9. TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	22,565	19,825
Deposits for surety bonds <i>(note (i))</i>	2,418	6,119
Consideration receivables in respect of disposal of property, plant and equipment	–	7,800
Consideration receivables in respect of disposal of a subsidiary	15,000	–
Other receivables	4,933	4,913
Advance to subcontractors	5,261	4,688
Deposit for investment in movies	11,090	1,960
Other deposits and prepayments	10,248	10,556
Amounts due from companies controlled by a director of a subsidiary <i>(note (ii))</i>	56	1,906
	<u>71,571</u>	<u>57,767</u>

### Notes:

- (i) As at 31 December 2022, deposits amounting to approximately HK\$nil (2021: approximately HK\$3,701,000) were placed with an insurance company as collateral to secure main contractor's surety bonds issued by an insurance company in relation to the Group's construction projects, and the remaining deposit amounting to approximately HK\$2,417,500 (2021: approximately HK\$2,417,500) was placed with an insurance company for issuance of the Group's surety bond in favour of the Group's customer.
- (ii) Amounts due from companies controlled by a director of a subsidiary were non-trade nature, unsecured, interest-free and have no fixed terms of repayment.

All of the other trade and other receivables are expected to be recovered or recognised as expense within one year.

The following is an aged analysis of trade receivables, based on the date of progress certificate or the date of billing.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 month	5,416	12,382
1 to 2 months	17,035	3,204
2 to 3 months	–	183
Over 3 months	114	4,056
	<u>22,565</u>	<u>19,825</u>

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

## 10. TRADE AND OTHER PAYABLES

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	<b>3,525</b>	24,362
Accrued construction costs	<b>6,038</b>	1,430
Other payables	<b>2,603</b>	2,875
Other accrued expenses	<b>8,297</b>	3,980
Other tax payable	–	570
Retention payables	<b>9,904</b>	17,704
	<u><b>30,367</b></u>	<u>50,921</u>

At 31 December 2022, the amount of retention payables expected to be settled after more than one year are approximately HK\$885,000 (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.

The following is an aged analysis of trade payables, based on invoice date.

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 month	<b>930</b>	19,214
1 to 2 months	<b>749</b>	3,103
2 to 3 months	<b>1,011</b>	610
Over 3 months	<b>835</b>	1,435
	<u><b>3,525</b></u>	<u>24,362</u>



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

#### In Mainland China

The board (the “**Board**”) of directors (the “**Directors**”) from time to time reviews its existing businesses and explores other business opportunities with a view to diversify the business of the Group. In the year ended 31 December 2021, 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 during the year ended 31 December 2022 (the “**Year**”).

The New Business Activities are now providing not only in Hainan Province but also extended to Xiamen City of Fujian Province during the Year 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.

#### 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 Year, no new construction project was awarded. As at 31 December 2022, the Group had one project on hand and the total initial contract sum of which amounted to approximately HK\$75.3 million.

The construction industry was still full of challenges during the Year. 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 global inflation in the costs of labor and construction materials during the Year 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.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue decreased from approximately HK\$351.6 million for the year ended 31 December 2021 to approximately HK\$340.8 million for the Year, representing a decrease of approximately 3.05%. 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 Year and the 2 projects on hand in the year 2021 had been finished during the year 2022. Having said that, the education and training business related to performing arts and culture in the Mainland China started in May 2021 have full year's revenue contribution during the Year which can offset the revenue drop in the civil engineering, building and other works in Hong Kong.

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

A decrease from gross profit of approximately HK\$108.0 million for the year ended 31 December 2021 to gross profit of approximately HK\$94.5 million for the Year. A decrease from gross profit margin of 30.7% for the year ended 31 December 2021 to gross profit margin of 27.7% for the Year. The decrease in gross profit and gross profit margin was mainly due to decrease in revenue but increase in direct costs mainly in labour costs.

### **Other income**

Other income was increased by 410.3% from approximately HK\$5.3 million for the year ended 31 December 2021 to approximately HK\$27.2 million for the Year. The increase in other income was mainly due to the gain on disposal of subsidiary during the Year.

## General and administrative expense

General and administrative expenses increased from approximately HK\$25.1 million for the year ended 31 December 2021 to approximately HK\$30.4 million for the year ended 31 December 2022. It was mainly due to increase in staff salaries in the education and training business related to performing arts and culture in the Mainland China during the Year.

## Finance costs

Finance costs decreased from approximately HK\$0.1 million for the year ended 31 December 2021 to approximately HK\$0.05 million for the Year. The decrease was attributable to the full repayment of bank loans in the year ended 31 December 2021.

## Profit and total comprehensive income for the year

As a result of the aforesaid and in particular the decrease in gross profit, the Group recorded a profit attributable to the equity shareholders of the Company of approximately HK\$62.2 million for the Year (2021: profit of approximately HK\$80.5 million).

## Key financial ratios

		As at/For the year ended 31 December	
	Notes	2022	2021
Current ratio (times)	1	5.0	3.0
Quick ratio (times)	2	5.0	3.0
Gearing ratio	3	8.5%	8.5%
Debt to equity ratio	4	Net cash	Net cash
Profit/Return on equity	5	28.3%	41.3%
Profit/Return on total assets	6	23.2%	29.5%
Interest coverage (times)	7	<u>1,902.5</u>	<u>729.1</u>

*Notes:*

1. Current ratio is total current assets divided by total current liabilities.
2. Quick ratio is total current assets less inventories divided by total current liabilities.
3. Gearing ratio is total debt (i.e. sum of lease liabilities and amounts due to directors) divided by total equity and multiplied by 100%.
4. Debt to equity ratio is total debt (i.e. sum of lease liabilities and amounts due to directors) less cash and cash equivalents divided by total equity and multiplied by 100%.
5. Profit/Return on equity is profit for the year divided by total equity and multiplied by 100%.
6. Profit/Return on total assets is profit for the year divided by total assets and multiplied by 100%.
7. Interest coverage is profit before interest and tax divided by finance costs.

## **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 31 December 2022, the Group had cash and cash equivalents of approximately HK\$166.2 million (31 December 2021: approximately HK\$110.5 million). The borrowings (including lease liabilities and amounts due to directors) of the Group as at 31 December 2022 amounted to approximately HK\$21.6 million (31 December 2021: approximately HK\$16.3 million). The Group's cash and cash equivalents and borrowings (including lease liabilities) are all 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 Year. The capital of the Group comprises ordinary shares and other reserves.

## **GEARING RATIO**

As at 31 December 2022, the gearing ratio of the Group, calculated as the total debt (including amounts due to directors and lease liabilities) divided by the total equity, was approximately 8.5% (31 December 2021: approximately 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 value of approximately HK\$nil (31 December 2021: approximately HK\$nil million) as at 31 December 2022 were pledged to secure the Group's bank loans.

As at 31 December 2022, deposits with the value of approximately HK\$nil (31 December 2021: approximately 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: approximately 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 Year, 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 31 December 2022, the Group employed a total of 249 (31 December 2021: 106) employees (including executive Directors and independent non-executive Directors). Total staff costs including directors' remuneration for the Year was approximately HK\$58.7 million (2021: approximately HK\$36.4 million). The remuneration offered to employees generally includes salaries and bonus and are determined with reference to market norms and individual employees' performance, qualifications 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 Year.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

During the year ended 31 December 2022, the Group completed disposal of its wholly-owned subsidiary, Wealthy Infinity Holdings Limited, which was mainly engaged in provision of research and development of construction technology, involved in construction projects and provision of consultation service. The disposal is consistent with the Group's policy in pursuing investments with positive returns.

Save as disclosed above, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures during the Year.

## **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 31 December 2022.

## **CONTINGENT LIABILITIES**

### **(a) Guarantees issued**

As at 31 December 2022, surety bonds of HK\$9.67 million (31 December 2021: HK\$9.67 million) was given by an insurance company to the Group in favour of the Group's customer as security for the due performance and observance of the Group's obligation under the contract entered into between the Group and their customer. The Group has provided guarantees of the above surety bond and the directors of a subsidiary have also unconditionally and irrevocably agreed to indemnify the aforesaid insurance company for claims and losses the insurance company may incur in respect of the surety bond. If the Group fails to provide satisfactory performance to its customer to whom the surety bond was given, such customer may demand the insurance company to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate the insurance company accordingly. The surety bond will be released in accordance with the term of the surety bond agreement.

As at 31 December 2022, the Directors did not consider it is probable that a claim will be made against the Group.

## (b) Litigation

In the ordinary course of the Group's 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 of operations of the Group. No provision has been made in respect of these claims in the consolidated financial statements.

## EVENTS AFTER THE REPORTING PERIOD

There is no other material subsequent event undertaken by the Company or the Group after 31 December 2022 and up to the date of this results announcement.

## 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 31 December 2022:

	<b>Planned use of net proceeds as at 31 December 2022 <i>HK\$'million</i></b>	<b>Utilised amount of the net proceeds as at 31 December 2022 <i>HK\$'million</i></b>	<b>Unutilised amount of the net proceeds as at 31 December 2022 <i>HK\$'million</i></b>
Acquisition of machinery and equipment	42.7	32.4	10.3
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	—
	<u>94.2</u>	<u>83.9</u>	<u>10.3</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 31 December 2022, approximately HK\$83.9 million out of the net proceeds from the listing had been used. The remaining unutilised net proceeds of approximately HK\$10.3 million were deposited in licensed banks in Hong Kong. As at the date of this 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 full resumption to normalcy of the global economy after COVID-19 outbreak 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 2023, depending on the market and economic condition.

## **FINAL DIVIDEND**

The Board does not recommend the payment of a final dividend for the Year (2021: Nil).

## **SCOPE OF WORK OF PRISM HONG KONG AND SHANGHAI LIMITED**

The financial figures in this announcement of the Group's results for the year ended 31 December 2022 have been agreed by the Group's external auditor, Prism Hong Kong and Shanghai Limited, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2022. The work performed by Prism Hong Kong and Shanghai Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and consequently no assurance has been expressed by Prism Hong Kong and Shanghai Limited on this announcement.

## **REVIEW OF FINANCIAL INFORMATION**

The Audit Committee has reviewed the annual results for the year ended 31 December 2022 in conjunction with the Company's external auditors. Based on this review and discussions with management, the Audit Committee was satisfied that the consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the year ended 31 December 2022.

## **PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the Year, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.



## **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 enquiry of all Directors, the Company confirmed that all Directors have fully complied with the required standard set out in the Model Code during the Year and up to the date of this announcement.

## **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 Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”) as its own code of corporate governance. Save as disclosed in this announcement, the Directors consider the Company has complied with all the provisions set out in the CG Code during the Year and up to the date of this announcement.

Following sustained development and growth of the Company, the Company will continue to monitor and revise the Company’s corporate governance policies in order to ensure that such policies can meet the general rules and standards required by the Stock Exchange.

## **ANNUAL GENERAL MEETING**

The forthcoming annual general meeting of the Company (the “**AGM**”) will be held on Wednesday, 17 May 2023 and the notice of AGM will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members will be closed from 12 May 2023 to 17 May 2023, both dates inclusive, during which period no transfer of shares will be registered, in order to ascertain shareholders’ entitlement to attend the forthcoming AGM which is scheduled to be held on 17 May 2023. In order to be eligible for attending and voting at the forthcoming AGM, non-registered shareholders must lodge all duly completed and stamped transfer forms accompanied by the relevant shares certificates with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 pm on 11 May 2023.

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

The 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 announcement for the year ended 31 December 2022 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**  
*Executive Director*

Hong Kong, 31 March 2023

*As at the date of this announcement, the Board comprises:*

Executive Directors: Ms. Liu Xinyi (Chief Executive Officer)  
Mr. Wong Chun Man

Non-executive Director: Ms. Ma Xiaoqiu (Chairlady)

Independent non-executive Directors: Mr. Chen Wen  
Mr. Li Siu Bun  
Mr. Peng Peng