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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)

(1) ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 AND (2) CHANGE OF COMPANY WEBSITE

(1) ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board (the “**Board**”) of directors (the “**Directors**”) of Fullwealth International Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2023 (the “**Reporting Period**”). These interim results have been reviewed by the Company’s Auditor in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. In addition, these interim results have also been reviewed by the Company’s Audit Committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Note	Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	4	24,105	159,060
Direct costs		<u>(45,942)</u>	<u>(128,840)</u>
Gross (loss)/profit		<u>(21,837)</u>	<u>30,220</u>

		Six months ended 30 June	
		2023	2022
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Gross (loss)/profit		<u>(21,837)</u>	<u>30,220</u>
Other income	5	3,333	4,086
General and administrative expenses		<u>(16,015)</u>	<u>(11,694)</u>
(Loss)/profit from operations		(34,519)	22,612
Finance costs	6(a)	<u>(21)</u>	<u>(21)</u>
(Loss)/profit before taxation	6	(34,540)	22,591
Income tax	7	<u>(90)</u>	<u>(9,493)</u>
(Loss)/profit for the period		<u>(34,630)</u>	<u>13,098</u>
Other comprehensive expense for the period			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		<u>(6,845)</u>	<u>(5,389)</u>
Total comprehensive (loss)/income for the period		<u>(41,475)</u>	<u>7,709</u>
(Loss)/earnings per share (HK Cents)			
– Basic	8(a)	<u>(2.16)</u>	<u>0.82</u>
– Diluted	8(b)	<u>(2.16)</u>	<u>0.82</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

		30 June 2023	31 December 2022
	<i>Note</i>	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		31,261	39,021
Current assets			
Inventories and other contract costs		186	1,289
Contract assets	10	15,165	30,625
Trade and other receivables	11	47,602	71,571
Tax recoverable		251	1,062
Cash and cash equivalents		164,921	166,230
		228,125	270,777
Current liabilities			
Trade and other payables	12	41,921	30,367
Amounts due to directors		1,106	20,213
Contract liabilities		2,651	3,693
Lease liabilities		546	1,075
Tax payables		154	189
		46,378	55,537
Net current assets		181,747	215,240
Total assets less current liabilities		213,008	254,261
Non-current liability			
Lease liabilities		571	349
NET ASSETS		212,437	253,912
CAPITAL AND RESERVES			
Share capital	13	16,000	16,000
Reserves		196,437	237,912
TOTAL EQUITY		212,437	253,912

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 7801-7803, 78th Floor, The Center, 99 Queen’s Road Central, Central, 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 condensed consolidated interim financial report (the “**interim financial report**”) of the Group for the six months ended 30 June 2023 has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard (“**HKAS**”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The interim financial report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022.

The interim financial report has been prepared under the historical cost convention. The unaudited interim condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim financial report are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial statements.

HKFRS 17 (Including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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.

(a) Disaggregation of revenue

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

Disaggregation of revenue by nature

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major service lines		
– Revenue from construction contracts and other related service contracts	23,929	86,734
– Tuition fees	171	71,393
– Unallocated item (in relation to Internet and E-Commerce business)	5	933
	<u>24,105</u>	<u>159,060</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 six months ended ended 30 June 2023 and 2022 is set out below.

	Civil Engineering, Building and Other Works HK\$'000	Entertainment Education Business HK\$'000	Total HK\$'000
Six months ended 30 June 2023 (unaudited)			
Disaggregated by timing of revenue recognition, revenue from external customers and reportable segment revenue			
Over time	23,929	171	24,100
Unallocated item (in relation to Internet and E-Commerce business)	—	—	5
	<u>—</u>	<u>—</u>	<u>24,105</u>
Reportable segment loss	(24,717)	(7,221)	(31,938)
Unallocated head office and corporate expenses, net			<u>(2,602)</u>
Loss before taxation			<u><u>(34,540)</u></u>
	Civil Engineering, Building and Other Works HK\$'000	Entertainment Education Business HK\$'000	Total HK\$'000
Six months ended 30 June 2022 (unaudited)			
Disaggregated by timing of revenue recognition, revenue from external customers and reportable segment revenue			
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>
Reportable segment (loss)/profit	(32,983)	57,328	24,345
Unallocated head office and corporate expenses, net			<u>(1,754)</u>
Profit before taxation			<u><u>22,591</u></u>

(ii) *Segment assets and liabilities*

As at 30 June 2023 (Unaudited)

	Civil Engineering, Building and Other Works <i>HK\$'000</i>	Entertainment Education Business <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
ASSETS				
Segment assets	<u>84,872</u>	<u>157,141</u>	<u>1,550</u>	243,563
Unallocated items:				
Trade and other receivables				5,680
Cash and cash equivalents				<u>10,143</u>
Total assets				<u>259,386</u>
LIABILITIES				
Segment liabilities	<u>34,172</u>	<u>379</u>	<u>1,277</u>	35,828
Unallocated items:				
Trade and other payables				<u>11,121</u>
Total liabilities				<u>46,949</u>

As at 31 December 2022

	Civil Engineering, Building and Other Works <i>HK\$ '000</i>	Entertainment Education Business <i>HK\$ '000</i>	Others <i>HK\$ '000</i>	Total <i>HK\$ '000</i>
ASSETS				
Segment assets	<u>114,182</u>	<u>176,977</u>	<u>522</u>	291,681
Unallocated items:				
Trade and other receivables				15,634
Cash and cash equivalents				<u>2,483</u>
Total assets				<u>309,798</u>
LIABILITIES				
Segment liabilities	<u>42,338</u>	<u>1,442</u>	<u>1,304</u>	45,084
Unallocated items:				
Trade and other payables				1,043
Amounts due to director				<u>9,759</u>
Total liabilities				<u>55,886</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 2023 (Unaudited)

	Civil Engineering, Building and Other Works HK\$'000	Entertainment Education Business HK\$'000	Unallocated HK\$'000	Total HK\$'000
Additions to non-current segment assets during the Reporting Period	–	346	–	346
Depreciation of property, plant and equipment	(2,693)	(57)	(1)	(2,751)
Interest expense	(21)	–	–	(21)
Bank interest income	9	512	–	521
Loss on disposal of property, plant and equipment	(1,322)	–	–	(1,322)
Income tax expense	–	(90)	–	(90)

As at 30 June 2022 (Unaudited)

	Civil Engineering, Building and Other Works HK\$'000	Entertainment Education Business HK\$'000	Unallocated HK\$'000	Total HK\$'000
Additions to non-current segment assets during the Reporting Period	400	14	–	414
Depreciation of property, plant and equipment	(2,984)	(44)	–	(3,028)
Interest expense	(21)	–	–	(21)
Bank interest income	–	173	1	174
Income tax expense	–	(9,493)	–	(9,493)

(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
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Hong Kong (place of domicile)	23,929	86,734	30,500	38,650
Mainland China	176	72,326	761	371
	24,105	159,060	31,261	39,021

5. OTHER INCOME

	Six months ended 30 June	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
Bank interest income	538	174
Sales of scrap material	567	2,961
Government subsidies (<i>Note</i>)	–	880
Profit from leasing of plant and equipment	1,032	47
Sundry income	1,196	24
	<u>3,333</u>	<u>4,086</u>

Note: Government grants mainly included subsidy under the Employment Support Scheme. For the six months ended 30 June 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.

6. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging:

(a) Finance costs

	Six months ended 30 June	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
Interest on lease liabilities	<u>21</u>	<u>21</u>

(b) Staff costs

	Six months ended 30 June	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
Directors' emoluments	1,097	1,185
Other staff costs:		
Contributions to defined contribution retirement plans	1,640	721
Salaries, wages and other benefits	22,894	22,828
	<u>25,631</u>	<u>24,734</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	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
Depreciation charge		
– Owned property, plant and equipment	2,462	3,028
– Right-of-use assets	289	–
Auditor's remuneration	96	62
Cost of inventories	3,457	26,678

7. INCOME TAX

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax – Mainland China Enterprise Income Tax	<u>90</u>	<u>9,493</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 six months ended 30 June 2023, 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% (2022: 16.5%) of the estimated assessable profits for the six months ended 30 June 2023, 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 2023 as the subsidiary in Hong Kong had no estimated assessable profits for the six months ended 30 June 2023.

8. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on (i) the loss attributable to ordinary equity shareholders of the Company for the six months ended 30 June 2023 of approximately HK\$34,630,000 (six months ended 30 June 2022: profit approximately HK\$13,098,000); and (ii) weighted average of 1,600,000,000 ordinary shares (six months ended 30 June 2022: 1,600,000,000 ordinary shares) of the Company in issue during the six months ended 30 June 2023.

(b) Diluted earnings per share

These were no potential dilutive ordinary shares in existence during the six months ended 30 June 2023 and 2022, 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 2023 (six months ended 30 June 2022: Nil).

10. CONTRACT ASSETS

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Contract assets		
Arising from performance under construction contracts	15,165	30,625
Receivables from contracts with customers within the scope of HKFRS 15, which are included in “Trade and other receivables” (Note 11)	9,615	22,565

As at 30 June 2023, the amount of contract assets that is expected to be recovered after more than one year is approximately HK\$nil (as at 31 December 2022: approximately HK\$6,464,000), all of which relates to retention receivables.

11. TRADE AND OTHER RECEIVABLES

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Trade receivables	9,615	22,565
Deposits for surety bonds	2,418	2,418
Consideration receivables in respect of disposal of a subsidiary	5,000	15,000
Other receivables	7,006	4,933
Advance to subcontractors	4,261	5,261
Deposit for investment in movies	8,640	11,090
Other deposits and prepayments	10,606	10,248
Amounts due from companies controlled by a director of a subsidiary	56	56
	47,602	71,571

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:

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Within 1 month	865	5,416
1 to 2 months	–	17,035
2 to 3 months	3,281	–
Over 3 months	5,469	114
	<u>9,615</u>	<u>22,565</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

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Trade payables	2,781	3,525
Accrued construction costs	–	6,038
Other payables	27,682	2,603
Other accrued expenses	2,039	8,297
Retention payables	9,419	9,904
	<u>41,921</u>	<u>30,367</u>

As at 30 June 2023, the amounts of retention payables expected to be settled after more than one year is approximately HK\$nil (as at 31 December 2022: approximately HK\$885,000). 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:

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Within 1 month	195	930
1 to 2 months	194	749
2 to 3 months	316	1,011
Over 3 months	<u>2,076</u>	<u>835</u>
	<u>2,781</u>	<u>3,525</u>

13. SHARE CAPITAL

	30 June 2023		31 December 2022	
	<i>Number of shares</i>	<i>HK\$'000</i>	<i>Number of shares</i>	<i>HK\$'000</i>
Authorised:				
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>
Issued and fully paid:				
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 to the Group. As at 30 June 2023, the Group had 1 existing project on hand (as at 30 June 2022: 2 projects on hand) and the total initial contract sum of which amounted to approximately HK\$75.3 million (as at 30 June 2022: HK\$172.0 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.

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 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**”), an 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. However, the Group ceased to provide new course for the education of arts and culture during the Reporting Period, due to the tightened policy on education and training business in the Mainland China since 2022.

During the Reporting Period, the Group has established an account on Douyin platform (the “**Douyin Account**”) to provide entertainment to the audience through livestreaming. At this early stage of the Douyin Account, the Group targets to increase the number of followers by doing marketing promotion on Douyin platform and establishing a professional team to produce the short-videos. Though there was no revenue created by the Douyin Account at this early stage, the Board believes that Douyin platform is a famous and innovative livestreaming platform to provide entertainment or products to our customers and can therefore generate revenue to the Group in the long run. We believe that in strengthening our business focus on livestreaming e-commerce business, we would be able to create more values to our customers and the society, and drive our continued development and growth in a novel and sustainable way.

FINANCIAL REVIEW

Revenue

The Group’s revenue decreased from approximately HK\$159.1 million for the six months ended 30 June 2022 to approximately HK\$24.1 million for the Reporting Period, representing a decrease of 84.9%. Such decrease in revenue was mainly due to: (i) for the segment of civil engineering, building and other works, no new construction project was awarded to the Group during the Reporting Period and the Group only had one existing project on hand; and (ii) for the segment of entertainment education business, during the Reporting Period, no new customer joined the education and training course launched by the Group in Mainland China as the Group ceased to provide new courses due to the tightened policy on education and training business in Mainland China since 2022.

Gross profit and gross profit margin

A decrease from gross profit of approximately HK\$30.2 million for the six months ended 30 June 2022 to gross loss of approximately HK\$21.8 million for the Reporting Period. A decrease from gross profit margin of 19.0% for the six months ended 30 June 2022 to gross loss margin of 90.5% for the Reporting Period, primarily due to the following reasons:

For the segment of civil engineering, building and other works:

- (i) due to the unexpectedly bad geological condition in the work site and impacted by the bad weather condition during the Reporting Period, the construction period for the projects had been postponed. As a result, the Group incurred additional management costs, labour costs, subcontracting fees and overhead costs; and
- (ii) during the Reporting Period, no new construction project was awarded to the Group and the Group only had one existing project on hand.

Thus, the Group incurred a segment loss of approximately HK\$24.7 million for the Reporting Period.

For the segment of entertainment education business:

- (i) during the Reporting Period, the Group only provided the arts and culture education and training courses for the existing customers who joined in 2022, and the revenue was not sufficient to cover the costs; and
- (ii) during the Reporting Period, no new customer joined the education and training course launched by the Group in Mainland China as the Group ceased to provide new courses due to the tightened policy on education and training business in Mainland China since 2022.

Thus, the Group incurred a segment loss of approximately HK\$7.2 million for the Reporting Period.

Other income

Other income decreased by 19.5% from approximately HK\$4.1 million for the six months ended 30 June 2022 to approximately HK\$3.3 million for the Reporting Period. The decrease in other income was mainly due to the decrease in sales of scrap material and the absence of the government subsidies during the Reporting Period.

General and administrative expenses

General and administrative expenses increased from approximately HK\$11.7 million for the six months ended 30 June 2022 to approximately HK\$16.0 million for the Reporting Period. It was mainly due to the increase of marketing expenses incurred for the promotion of the Douyin Account on Douyin platform.

Finance costs

Finance costs of the Group remained stable at approximately HK\$21,000 for the six months ended 30 June 2022 and the Reporting Period.

Profit and total comprehensive (loss)/income for the period

As a result of the aforesaid and in particular the change from gross profit to gross loss, the Group recorded a loss for the period of approximately HK\$34.6 million for the Reporting Period (six months ended 30 June 2022: 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 its shareholders.

As at 30 June 2023, the Group had cash and cash equivalents of approximately HK\$164.9 million (as at 31 December 2022: HK\$166.2 million). The total debt (including the lease liabilities and amounts due to directors) of the Group as at 30 June 2023 amounted to approximately HK\$2.2 million (as at 31 December 2022: HK\$21.6 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 2023, the gearing ratio of the Group, calculated as the total debt (sum of lease liabilities and amounts due to directors) divided by the total equity and multiplied by 100%, was approximately 1.0% (as at 31 December 2022: 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

As at 30 June 2023, the deposit with the value of approximately HK\$2.4 million (as at 31 December 2022: 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 2023, the Group employed a total of 129 (as at 31 December 2022: 249) employees (including executive Directors, non-executive Directors and independent non-executive Directors). Total staff costs including directors' remuneration for the Reporting Period was approximately HK\$25.6 million (six months ended 30 June 2022: HK\$24.7 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 2023.

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 2023, the Group did not have any capital commitments (as at 31 December 2022: Nil).

EVENTS AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Company or the Group after 30 June 2023 and up to the date of this 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 net 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. Referring to an announcement of the Company dated 14 August 2023, the Board has resolved to change the use of the remaining net proceeds from the Listing as the continual impact of the COVID-19 Pandemic and the slowing economic growth have curtailed the progress of the Group’s business scale expansion. The below table sets out the proposed application and usage of the net proceeds as at 30 June 2023:

	Planned use of net proceeds as at 30 June 2023 <i>HK\$'million</i>	Utilised amount of the net proceeds as at 30 June 2023 <i>HK\$'million</i>	Unutilised amount of the net proceeds as at 30 June 2023 <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
Use of net proceeds from the Listing					
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	–	10.3	End of 2023
	<u>94.2</u>	<u>83.9</u>	<u>10.3</u>	<u>10.3</u>	–

As at 30 June 2023, 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. 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 announcement, 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 net proceeds 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 2023, 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 2022: 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 announcement.

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 announcement.

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 2023.

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 2023, 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>

Note:

- 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 of the Company 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>

Note:

- The entire issued share capital of Victory Way is legally and beneficially owned by Ms. Liu.

Save as disclosed above, as at 30 June 2023, 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 2023, 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:

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

Save as disclosed above, as at 30 June 2023, 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 announcement.

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. Cheng Wai Hei (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 Company’s auditor, Prism Hong Kong and Shanghai Limited has also conducted a review of the aforesaid unaudited interim financial information in accordance with Hong Kong Standard on Review Engagement 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

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

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company’s website at www.fullwealthgrouppltd.com. The announcement 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.

(2) CHANGE OF COMPANY WEBSITE

The Board hereby announces that the website of the Company will be changed from “www.fullwealthgroup.com” to “www.fullwealthgrouppltd.com” with effect from 31 August 2023. All announcements, notices or other documents submitted by the Company for publication on the website of the Stock Exchange will also be published on this new website of the Company.

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

Hong Kong, 31 August 2023

As at the date of this announcement, the Board comprises Ms. Liu Xinyi, Mr. Tsang Chun Ho Anthony and Mr. Wang Tianzi as executive Directors; Ms. Ma Xiaoqiu and Mr. Choi Tan Yee as non-executive Director; and Mr. Chen Wen, Mr. Cheng Wai Hei and Mr. Peng Peng as independent non-executive Directors.