

FULLWEALTH INTERNATIONAL GROUP HOLDINGS LIMITED

富匯國際集團控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

Stock code: 1034



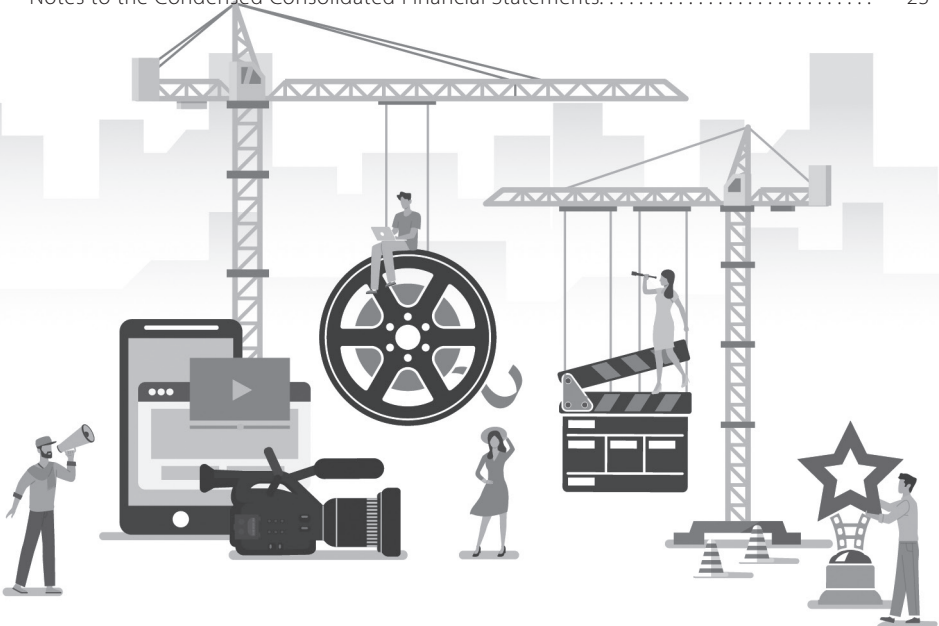
富匯國際集團控股有限公司  
Fullwealth International Group Holdings Limited



**MIX**  
Paper from  
responsible sources  
**FSC® C120915**

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Ms. Liu Xinyi (*Chief Executive Officer*)  
Mr. Wong Chun Man  
(*resigned on 12 May 2023*)  
Mr. Wang Tianzi (*appointed on 22 May 2023*)  
Mr. Tsang Chun Ho Anthony  
(*appointed on 28 May 2023*)

### Non-executive Directors

Ms. Ma Xiaoqiu (*Chairlady*)  
Mr. Choi Tan Yee (*appointed on 28 May 2023*)

### Independent Non-executive Directors

Mr. Chen Wen  
Mr. Li Siu Bun (*resigned on 12 May 2023*)  
Mr. Peng Peng  
Mr. Leung Gavin L. (*appointed on 12 May 2023*  
*and resigned on 22 May 2023*)  
Mr. Cheng Wai Hei  
(*appointed on 22 May 2023*)

## BOARD COMMITTEES

### Audit Committee

Mr. Cheng Wai Hei (*Chairman*)  
(*appointed on 22 May 2023*)  
Mr. Li Siu Bun (*Chairman*)  
(*resigned on 12 May 2023*)  
Mr. Leung Gavin L. (*Chairman*) (*appointed on*  
*12 May 2023 and resigned on 22 May 2023*)  
Mr. Chen Wen  
Mr. Peng Peng

### Remuneration Committee

Mr. Chen Wen (*Chairman*)  
Mr. Li Siu Bun (*resigned on 12 May 2023*)  
Mr. Peng Peng  
Ms. Ma Xiaoqiu  
Mr. Wong Chun Man  
(*resigned on 12 May 2023*)  
Mr. Leung Gavin L. (*appointed on 12 May 2023*  
*and resigned on 22 May 2023*)  
Mr. Cheng Wai Hei  
(*appointed on 22 May 2023*)

### Nomination Committee

Ms. Ma Xiaoqiu (*Chairlady*)  
Ms. Liu Xinyi  
Mr. Chen Wen  
Mr. Li Siu Bun (*resigned on 12 May 2023*)  
Mr. Peng Peng  
Mr. Leung Gavin L. (*appointed on 12 May 2023*  
*and resigned on 22 May 2023*)  
Mr. Cheng Wai Hei  
(*appointed on 22 May 2023*)

## COMPANY SECRETARY

Mr. Tam Ying Wi (*resigned on 16 May 2023*)  
Ms. Lam Wai (*appointed on 16 May 2023*)

## AUTHORISED REPRESENTATIVES

Ms. Liu Xinyi  
Mr. Wong Chun Man  
(*resigned on 12 May 2023*)  
Ms. Ma Xiaoqiu (*appointed on 12 May 2023*  
*and resigned on 28 May 2023*)  
Mr. Choi Tan Yee (*appointed on 28 May 2023*)

## HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 7801-7803, 78/F  
The Center  
99 Queen's Road Central  
Central, Hong Kong

## REGISTERED OFFICE IN THE CAYMAN ISLANDS

Windward 3  
Regatta Office Park  
PO Box 1350  
Grand Cayman  
KY1-1108  
Cayman Islands



## **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS**

Ocorian Trust (Cayman) Limited  
Windward 3  
Regatta Office Park  
PO Box 1350  
Grand Cayman  
KYI-1108  
Cayman Islands

## **BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG**

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## **PRINCIPAL BANKS**

The Hongkong and Shanghai Banking  
Corporation Limited  
Bank of China (Hong Kong) Limited  
Chiyu Banking Corporation Limited  
Industrial and Commercial Bank of China  
(Asia) Limited

## **AUDITOR**

Prism Hong Kong and Shanghai Limited  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*  
Units 1903A-1905, 8 Observatory Road  
Tsim Sha Tsui, Kowloon  
Hong Kong

## **COMPANY'S WEBSITE**

[www.fullwealthgroup.ltd.com](http://www.fullwealthgroup.ltd.com)

## **STOCK CODE**

1034



# MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “**Board**”) of directors (the “**Directors**”) of Fullwealth International Group Holdings Limited (the “**Company**”) is pleased to present the interim report 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, the results have also been reviewed by the Company’s Audit Committee.

## 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 started developing livestreaming e-commerce business by increasing the number of online followers and producing short-videos. With the provision of entertainment services and recommendation of products, the Group would be able to create more values to our customers and the society, which is expected to generate revenue to the Group in the long run.

## 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.



# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 livestreaming e-commerce business.

## 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%).



# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 report.



# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 | Utilised amount of the net proceeds as at 30 June 2023 | Unutilised amount of the net proceeds as at 30 June 2023 | Revised allocation of unutilised amount of the net proceeds | Updated expected timeline of full utilisation of the balance |
|--|--|--|---|--|
| <i>HK\$'million</i>                            | <i>HK\$'million</i>                                    | <i>HK\$'million</i>                                      | <i>HK\$'million</i>   |  |
| 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  |
|  | 94.2   | 83.9   | 10.3  | –  |

### 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 |
|  | 94.2 | 83.9 | 10.3 | 10.3 | –           |

# MANAGEMENT DISCUSSION AND ANALYSIS



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 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 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 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 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 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.

# CORPORATE GOVERNANCE AND OTHER INFORMATION



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

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

Note:

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



## CORPORATE GOVERNANCE AND OTHER INFORMATION

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:

| <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                | Beneficial owner          | 1,200,000,000                            | 75%  |

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.





## CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information of Directors of the Company required to be disclosed are shown as follows:

- (1) Mr. Wong Chun Man has resigned as an executive Director and a member of the remuneration committee of the Company with effect from 12 May 2023.
- (2) Mr. Wang Tianzi has been appointed as an executive Director of the Company with effect from 22 May 2023.
- (3) Mr. Tsang Chun Ho Anthony has been appointed as an executive Director of the Company with effect from 28 May 2023.
- (4) Mr. Choi Tan Yee has been appointed as a non-executive Director of the Company with effect from 28 May 2023.
- (5) Mr. Li Siu Bun has resigned as an independent non-executive Director, the chairman of the audit committee and a member of the remuneration committee and the nomination committee of the Company with effect from 12 May 2023.
- (6) Mr. Leung Gavin L. has been appointed as an independent non-executive Director, the chairman of the audit committee and a member of the remuneration and the nomination committee of the Company with effect from 12 May 2023, and he has resigned as an independent non-executive Director, the chairman of the audit committee and a member of the remuneration committee and the nomination committee of the Company with effect from 22 May 2023.
- (7) Mr. Cheng Wai Hei has been appointed as an independent non-executive Director, the chairman of the audit committee and a member of the remuneration committee and the nomination committee of the Company with effect from 22 May 2023.

Save as disclosed above, there is no other change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.



# CORPORATE GOVERNANCE AND OTHER INFORMATION

## 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 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. 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.

On behalf of the Board

**Fullwealth International Group Holdings Limited**

**Ms. Liu Xinyi**

*Chief Executive Officer and Executive Director*

Hong Kong, 31 August 2023



**To the Board of Directors Fullwealth International Group Holdings Limited**  
(Incorporated in the Cayman Islands with limited liability)

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of Fullwealth International Group Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 19 to 42, which comprise the condensed consolidated statement of financial position as of 30 June 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (“HKSRE 2410”) issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

## OTHER MATTER

The comparative statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2022 and the relevant explanatory notes included in these condensed consolidated financial statements have not been reviewed in accordance with HKSRE 2410. The comparative condensed consolidated statement of financial position as at 31 December 2022 were extracted from the consolidated financial statements of the Group for the year ended 31 December 2022 audited by the same auditor who expressed an unmodified opinion on those statements on 31 March 2023.

## **Prism Hong Kong and Shanghai Limited**

*Certified Public Accountants*

### **Chin Wang Leung**

Practising Certificate Number: P07806

Hong Kong, 31 August 2023

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

For the six months ended 30 June 2023



|  |      | Six months ended 30 June |             |
|--|------|--------------------------|-------------|
|  |      | 2023                     | 2022        |
|  |      | HK\$'000                 | HK\$'000    |
|  |      | (Unaudited)              | (Unaudited) |
|  | Note |                          |             |
| <b>Revenue</b>   | 4    | <b>24,105</b>            | 159,060     |
| Direct costs   |      | <b>(45,942)</b>          | (128,840)   |
| <b>Gross (loss)/profit</b>                                     |      | <b>(21,837)</b>          | 30,220      |
| <b>Gross (loss)/profit</b>                                     |      | <b>(21,837)</b>          | 30,220      |
| Other income   | 5    | <b>3,333</b>             | 4,086       |
| General and administrative expenses                            |      | <b>(16,015)</b>          | (11,694)    |
| <b>(Loss)/profit from operations</b>                           |      | <b>(34,519)</b>          | 22,612      |
| Finance costs  | 6(a) | <b>(21)</b>              | (21)        |
| <b>(Loss)/profit before taxation</b>                           | 6    | <b>(34,540)</b>          | 22,591      |
| Income tax   | 7    | <b>(90)</b>              | (9,493)     |
| <b>(Loss)/profit for the period</b>                            |      | <b>(34,630)</b>          | 13,098      |
| <b>Other comprehensive expense for the period</b>              |      |                          |             |
| Items that may be reclassified subsequently to profit or loss: |      |                          |             |
| Exchange differences on translation of foreign operations      |      | <b>(6,845)</b>           | (5,389)     |
| Total comprehensive (loss)/income for the period               |      | <b>(41,475)</b>          | 7,709       |
| <b>(Loss)/earnings per share (HK Cents)</b>                    |      |                          |             |
| – Basic  | 8(a) | <b>(2.16)</b>            | 0.82        |
| – Diluted  | 8(b) | <b>(2.16)</b>            | 0.82        |



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

|  | Note | 30 June<br>2023<br>HK\$'000<br>(Unaudited) | 31 December<br>2022<br>HK\$'000<br>(Audited) |
|--|------|--|--|
| <b>Non-current assets</b>                    |      |  |  |
| Property, plant and equipment                | 10   | 31,261                                     | 39,021                                       |
| <b>Current assets</b>                        |      |  |  |
| Inventories and other contract costs         |      | 186  | 1,289  |
| Contract assets                              | 11   | 15,165                                     | 30,625                                       |
| Trade and other receivables                  | 12   | 47,602                                     | 71,571                                       |
| Tax recoverable                              |      | 251  | 1,062  |
| Cash and cash equivalents                    |      | 164,921                                    | 166,230                                      |
|  |      | 228,125                                    | 270,777                                      |
| <b>Current liabilities</b>                   |      |  |  |
| Trade and other payables                     | 13   | 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                                       |
| <b>Net current assets</b>                    |      | 181,747                                    | 215,240                                      |
| <b>Total assets less current liabilities</b> |      | 213,008                                    | 254,261                                      |
| <b>Non-current liability</b>                 |      |  |  |
| Lease liabilities                            |      | 571  | 349  |
| <b>NET ASSETS</b>                            |      | 212,437                                    | 253,912                                      |
| <b>CAPITAL AND RESERVES</b>                  |      |  |  |
| Share capital                                | 14   | 16,000                                     | 16,000                                       |
| Reserves                                     |      | 196,437                                    | 237,912                                      |
| <b>TOTAL EQUITY</b>                          |      | 212,437                                    | 253,912                                      |

The notes on pages 23 to 42 form part of this interim financial statements.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

At 30 June 2023



|   | Share<br>capital | Share<br>premium | Exchange<br>reserve | Statutory<br>reserve | Other<br>reserve | Retained<br>earnings/<br>(accumulated<br>losses) | Total equity   |
|---|------------------|------------------|---------------------|----------------------|------------------|--|----------------|
|   | HK\$'000         | HK\$'000         | HK\$'000            | HK\$'000             | HK\$'000         | HK\$'000   | HK\$'000       |
|   |                  |                  |                     | (Note (i))           | (Note (i))       |  |                |
| Balance at 1 January 2022 (Audited)               | 16,000           | 99,206           | 1,342               | 8,925                | 5,760            | 60,470   | 191,703        |
| <b>Changes in equity for 2022:</b>                |                  |                  |                     |                      |                  |  |                |
| Profit for the period (Unaudited)                 | -                | -                | -                   | -                    | -                | 13,098   | 13,098         |
| Other comprehensive expense<br>(Unaudited)        | -                | -                | (5,389)             | -                    | -                | -  | (5,389)        |
| Total comprehensive expense<br>(Unaudited)        | -                | -                | (5,389)             | -                    | -                | 13,098   | 7,709          |
| Appropriation to statutory reserve<br>(Unaudited) | -                | -                | 260                 | (260)                | -                | -  | -              |
| Balance at 30 June 2022 (Unaudited)               | 16,000           | 99,206           | (3,787)             | 8,665                | 5,760            | 73,568   | 199,412        |
| Balance at 1 January 2023 (Audited)               | <b>16,000</b>    | <b>99,206</b>    | <b>(8,298)</b>      | <b>18,444</b>        | <b>5,760</b>     | <b>122,800</b>                                   | <b>253,912</b> |
| <b>Changes in equity for 2023:</b>                |                  |                  |                     |                      |                  |  |                |
| Loss for the period (Unaudited)                   | -                | -                | -                   | -                    | -                | (34,630)   | (34,630)       |
| Other comprehensive expense<br>(Unaudited)        | -                | -                | (6,845)             | -                    | -                | -  | (6,845)        |
| Total comprehensive expense<br>(Unaudited)        | -                | -                | (6,845)             | -                    | -                | (34,630)   | (41,475)       |
| Balance at 30 June 2023 (Unaudited)               | <b>16,000</b>    | <b>99,206</b>    | <b>(15,143)</b>     | <b>18,444</b>        | <b>5,760</b>     | <b>88,170</b>                                    | <b>212,437</b> |

Note (i): The other reserve represents the deemed contribution from and distributions to the controlling shareholders of the Company as a result of a group reorganisation completed on 6 February 2018.



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

|   | Six months ended 30 June        |                                 |
|---|---------------------------------|---------------------------------|
|   | 2023<br>HK\$'000<br>(Unaudited) | 2022<br>HK\$'000<br>(Unaudited) |
| <b>Operating activities</b>                                     |                                 |                                 |
| Cash generated from operations                                  | 20,061                          | 113,490                         |
| Hong Kong Profits tax refund                                    | –                               | 2,496                           |
| Mainland China Corporate Income Tax                             | 686                             | (8,239)                         |
| <b>Net cash generated from operating activities</b>             | <b>20,747</b>                   | <b>107,747</b>                  |
| <b>Investing activities</b>                                     |                                 |                                 |
| Interest received   | 538                             | 174                             |
| Payment for acquisitions of property, plant and equipment       | (346)                           | (414)                           |
| Proceeds from disposals of property, plant and equipment        | 4,136                           | –                               |
| Increase in amounts due to directors                            | –                               | 2,946                           |
| <b>Net cash generated from investing activities</b>             | <b>4,328</b>                    | <b>2,706</b>                    |
| <b>Financing activities</b>                                     |                                 |                                 |
| Capital element of lease rentals paid                           | (307)                           | (475)                           |
| Interest element of lease rentals paid                          | (21)                            | (21)                            |
| Decrease in amounts due to directors                            | (19,107)                        | –                               |
| <b>Net cash used in financing activities</b>                    | <b>(19,435)</b>                 | <b>(496)</b>                    |
| <b>Net increase in cash and cash equivalents</b>                | <b>5,640</b>                    | <b>109,957</b>                  |
| <b>Cash and cash equivalents at the beginning of the period</b> | <b>166,230</b>                  | <b>110,493</b>                  |
| <b>Reserve movement</b>   | <b>–</b>                        | <b>(5,390)</b>                  |
| <b>Effect of foreign exchange rate changes</b>                  | <b>(6,949)</b>                  | <b>19</b>                       |
| <b>Cash and cash equivalents at the end of the period</b>       | <b>164,921</b>                  | <b>215,079</b>                  |

The notes on pages 23 to 42 form part of this interim financial statements.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 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.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### (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<br>HK\$'000<br>(Unaudited) | 2022<br>HK\$'000<br>(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 | 23,929                          | 86,734                          |
| – Tuition fees  | 171                             | 71,393                          |
| – Unallocated item (in relation to Internet and E-Commerce business)      | 5                               | 933                             |
|   | <b>24,105</b>                   | 159,060                         |

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.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### (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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### (b) Segment reporting (continued)

#### (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 30 June 2023 and 2022 is set out below.

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



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### (b) Segment reporting (continued)

#### (i) Segment revenue and results (continued)

|   | Civil<br>Engineering,<br>Building and<br>Other Works<br>HK\$'000 | Entertainment<br>Education<br>Business<br>HK\$'000 | Total<br>HK\$'000 |
|---|--|--|-------------------|
| <b>Six months ended 30 June 2022<br/>(unaudited)</b>  |  |  |                   |
| <b>Disaggregated by timing of revenue<br/>recognition, revenue from<br/>external customers and<br/>reportable segment revenue</b> |  |  |                   |
| Over time   | 86,734   | 71,393   | 158,127           |
| Unallocated item (in relation to Internet<br>and E-Commerce business)   | –  | –  | 933               |
|   |  |  | <hr/>             |
| <b>Reportable segment (loss)/profit</b>   | <b>(32,983)</b>  | <b>57,328</b>                                      | <b>24,345</b>     |
|   |  |  | <hr/>             |
| Unallocated head office and corporate<br>expenses, net  |  |  | (1,754)           |
|   |  |  | <hr/>             |
| Profit before taxation  |  |  | 22,591            |
|   |  |  | <hr/>             |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### (b) Segment reporting (continued)

#### (ii) Segment assets and liabilities

As at 30 June 2023 (Unaudited)

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



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### (b) Segment reporting (continued)

#### (ii) Segment assets and liabilities (continued)

As at 31 December 2022

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



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### (b) Segment reporting (continued)

#### (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<br>Engineering,<br>Building and<br>Other Works<br>HK\$'000 | Entertainment<br>Education<br>Business<br>HK\$'000 | Unallocated<br>HK\$'000 | Total<br>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<br>Engineering,<br>Building and<br>Other Works<br>HK\$'000 | Entertainment<br>Education<br>Business<br>HK\$'000 | Unallocated<br>HK\$'000 | Total<br>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)           |



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### (b) Segment reporting (continued)

#### (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 2023              | As at 31 December 2022        |
|                               | 2023<br>HK\$'000<br>(Unaudited) | 2022<br>HK\$'000<br>(Unaudited) | 2023<br>HK\$'000<br>(Unaudited) | 2022<br>HK\$'000<br>(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                        |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 5. OTHER INCOME

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

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<br>HK\$'000<br>(Unaudited) | 2022<br>HK\$'000<br>(Unaudited) |
| Interest on lease liabilities | 21                              | 21                              |



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 6. (LOSS)/PROFIT BEFORE TAXATION (CONTINUED)

### (b) Staff costs

|  | Six months ended 30 June        |                                 |
|--|---------------------------------|---------------------------------|
|  | 2023<br>HK\$'000<br>(Unaudited) | 2022<br>HK\$'000<br>(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                          |
|  | <b>25,631</b>                   | 24,734                          |

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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 6. (LOSS)/PROFIT BEFORE TAXATION (CONTINUED)

### (c) Other items

|                                       | Six months ended 30 June        |                                 |
|---------------------------------------|---------------------------------|---------------------------------|
|                                       | 2023<br>HK\$'000<br>(Unaudited) | 2022<br>HK\$'000<br>(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<br>HK\$'000<br>(Unaudited) | 2022<br>HK\$'000<br>(Unaudited) |
| Current tax – Mainland China Enterprise Income Tax | 90                              | 9,493                           |

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.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 10. PROPERTY, PLANT AND EQUIPMENT

### Acquisitions and disposals of owned assets

During the six months ended 30 June 2023, the Group acquired items of property, plant and equipment with a cost of approximately HK\$346,000 (six months ended 30 June 2022: approximately HK\$414,000).

## 11. CONTRACT ASSETS

|  | <b>30 June<br/>2023<br/>HK\$'000<br/>(Unaudited)</b> | 31 December<br>2022<br>HK\$'000<br>(Audited) |
|--|--|--|
| <b>Contract assets</b>   |  |  |
| Arising from performance under construction contracts  | <b>15,165</b>  | 30,625                                       |
| <b>Receivables from contracts with customers within the scope of HKFRS 15, which are included in "Trade and other receivables" (Note 11)</b> | <b>9,615</b>   | 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.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 12. TRADE AND OTHER RECEIVABLES

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

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

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



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 13. TRADE AND OTHER PAYABLES

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

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:

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



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 14. SHARE CAPITAL

|                                  | 30 June 2023     |          | 31 December 2022 |          |
|----------------------------------|------------------|----------|------------------|----------|
|                                  | Number of shares | HK\$'000 | Number of shares | HK\$'000 |
| <b>Authorised:</b>               |                  |          |                  |          |
| Ordinary shares of HK\$0.01 each | 3,000,000,000    | 30,000   | 3,000,000,000    | 30,000   |
| <b>Issued and fully paid:</b>    |                  |          |                  |          |
| Ordinary shares of HK\$0.01 each | 1,600,000,000    | 16,000   | 1,600,000,000    | 16,000   |

## 15. 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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023



## 16. MATERIAL RELATED PARTY TRANSACTIONS

During the Reporting Period, the transactions with the following parties are considered to be related party transactions of the Group:

| Name of related party                    | Relationship with the Group   |
|--|---|
| Ms. LIU Xinyi (“ <b>Ms. Liu</b> ”)       | The ultimate controlling shareholder of the Company and the executive director of the Company |
| Mr. WONG Chun Man (“ <b>Mr. Wong</b> ”)  | The executive Director of the Company (resigned on 12 May 2023)                               |
| Mr. LAW Fu Keung (“ <b>Mr. Law</b> ”)    | The former director of the Company and the director of a subsidiary                           |
| Ms. CHENG Fung Yi (“ <b>Ms. Cheng</b> ”) | Spouse of Mr. Law and the former director of the Company and the director of a subsidiary     |

In addition to the transactions and balances disclosed elsewhere in these condensed consolidated financial statements, particulars of significant transactions between the Group and the above related parties during the Reporting Period are as follows:

### (a) Key management personnel remuneration

All members of key management personnel of the Group are the Directors and their remuneration is as follows:

|   | Six months ended 30 June        |                                 |
|---|---------------------------------|---------------------------------|
|   | 2023<br>HK\$'000<br>(Unaudited) | 2022<br>HK\$'000<br>(Unaudited) |
| Directors' fees   | 1,092                           | 1,176                           |
| Contributions to defined contribution retirement plan           | 5                               | 9                               |
| Total remuneration is included in “staff costs” (see note 6(b)) | 1,097                           | 1,185                           |



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

## 16. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

### (b) Recurring transactions with other related parties

|   | Six months ended 30 June        |                                 |
|---|---------------------------------|---------------------------------|
|   | 2023<br>HK\$'000<br>(Unaudited) | 2022<br>HK\$'000<br>(Unaudited) |
| Lease payments made to Mr. Law and Ms. Cheng (including capital element and interest element of lease rentals paid) | 150                             | 150                             |

The Directors consider that the above related party transactions during the periods were conducted on mutually agreed terms in the ordinary course of the Group's business.