

WAI HUNG GROUP HOLDINGS LIMITED

偉鴻集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock code: 3321

**2023**
Interim Report

CONTENTS

Corporate Information	2
Management Discussion and Analysis	4
Other Information	11
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	19
Condensed Consolidated Statement of Financial Position	20
Condensed Consolidated Statement of Changes in Equity	21
Condensed Consolidated Statement of Cash Flows	23
Notes to the Condensed Consolidated Financial Statements	24

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Li Kam Hung
(Chairman & Chief Executive Officer)

Mr. Yu Ming Ho

Mr. Yau Yan Ming Raymond

Non-executive Director

Mr. Li Chun Ho

Independent Non-executive Directors

Ms. Rita Botelho dos Santos

Mr. Wu Chou Kit

Mr. Lam Chi Wing

AUDIT COMMITTEE

Ms. Rita Botelho dos Santos (Chairman)

Mr. Wu Chou Kit

Mr. Lam Chi Wing

REMUNERATION COMMITTEE

Mr. Lam Chi Wing (Chairman)

Mr. Yu Ming Ho

Mr. Wu Chou Kit

NOMINATION COMMITTEE

Mr. Li Kam Hung (Chairman)

Mr. Wu Chou Kit

Mr. Lam Chi Wing

AUTHORISED REPRESENTATIVES

Mr. Li Kam Hung

Mr. Lam Wai Kei

COMPANY SECRETARY

Mr. Lam Wai Kei (CPA)

AUDITOR

CL Partners CPA Limited

(Registered Public Interest Entity Auditor)

REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MACAU

Alameda Dr. Carlos d'Assumpcao

No. 258 Praca Kin Heng Long

16 Andar G-H, Macau

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 13, 24th Floor

Honour Industrial Centre

6 Sun Yip Street

Chai Wan, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

CORPORATE INFORMATION

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANK

Luso International Banking Ltd.
The Macau Chinese Bank Limited

LEGAL ADVISER

As to Hong Kong Laws
Hastings & Co.

STOCK CODE

3321
(listed on the Main Board of The Stock
Exchange of Hong Kong Limited)

WEBSITE

whh.com.hk

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “**Board**”) of directors (the “**Directors**”) of Wai Hung Group Holdings Limited (the “**Company**”) is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2023 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2022 (the “**Previous Period**”).

BUSINESS REVIEW AND PROSPECTS

The Group is a contractor providing fitting-out services; retrofit for facility management; and repair and maintenance service in Macau. The Group’s fitting-out services primarily cover refitting works for existing buildings and extend to gaming areas, food and beverage facilities, retail related areas, hotels, commercial properties and residential properties. We primarily focus on providing fitting-out services for the commercial segment, in particular facilities located within integrated resorts in Macau.

The Group undertook projects as both main contractor and subcontractor. The majority of its revenue was derived from projects in which we were engaged as main contractor by major licensed casino gaming operators in Macau. To a lesser extent, the Group was also engaged as subcontractor by other fitting-out contractors in Macau and will penetrate and diversify associated business to generate more revenue.

The Group has also established continuous business relationship with major licensed casino gaming operators in Macau. Majority of the customers are group companies of the current six licensed casino gaming operators in Macau, and the share of their respective holding companies are listed on the Stock Exchange. The Group believes that its experienced management team with profound industry knowledge, enhanced market intelligence, its ability to maintain long-term business relationship with its major customers and a stable pool of suppliers and subcontractors have contributed to its success.

From 2020 through the beginning of 2023, the Group operations were negatively impacted by the COVID-19 Pandemic. With the gradual easing of the COVID-19 pandemic after three years and the reopening of borders around the world, including Macau, the number of people traveling to and from Macau has been increasing, leading to a rapid recovery of the tourism industry. Our business clients, casino gaming operators, are greatly benefited from the elimination of travel restrictions. Also, Macau’s gambling licenses were recently renewed for another 10 years. The Group believes various casino-related projects will be available for tendering compared to past three years and the Group will continue to bid these projects so to gradually returning to a sound financial performance.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 30 June 2022 and 2023, total revenue amounted to approximately MOP47.1 million and MOP58.4 million, of which revenue generated from providing fitting-out services constituted approximately 99.7% and 99.8% of total revenue, respectively. The remaining approximately 0.2% of the total revenue for the six months ended 30 June 2023 was derived from the Group's repair and maintenance services.

For the six months ended 30 June 2023, the Group recorded loss for the period of approximately MOP8.0 million (30 June 2022: approximately MOP35.3 million). During the six months ended 30 June 2023, the Group completed 20 fitting-out projects and was awarded 45 fitting-out projects, all of which are based in Macau.

Revenue

Revenue increased by approximately MOP11.3 million or 24.2% from approximately MOP47.1 million for the six months ended 30 June 2022 to approximately MOP58.4 million for the six months ended 30 June 2023.

Direct costs

The total amount of subcontracting fees, materials costs and direct labour costs decreased by approximately MOP10.6 million or 15.8% from approximately MOP67.0 million for the six months ended 30 June 2022 to approximately MOP56.4 million for the six months ended 30 June 2023. The Group has implemented cost management policies and thus leading to the decrease in direct costs.

Gross profit (loss) and gross profit (loss) margin

The gross profit of the Group for the six months ended 30 June 2023 amounted to approximately MOP2.0 million, as compared to a gross loss of approximately MOP19.9 million for the six months ended 30 June 2022. The gross profit margin of the Group for six months ended 30 June 2023 was approximately 3.5%, as compared to the gross loss margin of approximately 42.4% for the six months ended 30 June 2022.

The period-to-period increase in gross profit margin was mainly attributable to the cost management policies implemented in the six months ended 30 June 2023 and thus leading to comparatively higher gross profit margin of successful bidder on projects undertaken by the Group during the six months ended 30 June 2023 compared to the six months ended 30 June 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Other income and other losses

Other income and other losses of the Group for the six months ended 30 June 2023 amounted to approximately MOP201,000, representing an increase of MOP1,000 or 0.5% as compared to other income of approximately MOP200,000 for the six months ended 30 June 2022. No material change on other income for six months ended 30 June 2023 when compared to 30 June 2022. Other income mainly consisted of bank interest income.

Administrative expenses

Administrative expenses amounted to approximately MOP15.8 million and MOP7.2 million for the six months ended 30 June 2022 and 2023, respectively, which accounted for approximately 33.6% and 12.3% of the total revenue during the respective periods. The largest item under administrative expenses was administrative staff costs, which amounted to approximately MOP4.6 million and MOP3.5 million for the six months ended 30 June 2022 and 2023, respectively, which accounted for approximately 29.1% and 48.6% of the total administrative expenses during the respective periods.

Decrease in administrative expenses was also mainly attributable to the decrease in administrative staff costs by approximately MOP1.1 million from approximately MOP4.6 million for the six months ended 30 June 2022 to approximately MOP3.5 million for the six months ended 30 June 2023 and the legal and professional expenses decreased by approximately MOP6.1 million for the six months ended 30 June 2023 when compared to the six months ended 30 June 2022.

The remaining balance of administrative expenses mainly consisted of rental expenses, office expenses, depreciation and general expenses.

Finance costs

For the six months ended 30 June 2022 and 2023, finance costs amounted to approximately MOP2.4 million and MOP2.5 million, respectively. Finance costs increased by approximately MOP0.1 million, which was primarily due to an increase in our average outstanding bank borrowings during the six months ended 30 June 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Income tax expenses

For the six months ended 30 June 2023, the Group recorded income tax expenses of approximately MOP970,000. No tax expenses was recognized for the six months ended 30 June 2022, representing an increase of MOP970,000 when compared to six months ended 30 June 2022. Such increase was mainly attributed by net profit incurred by the subsidiaries in Macau.

Loss for the period

The loss for the six months ended 30 June 2023 amounted to approximately MOP8.0 million, compared to approximately MOP35.3 million for the six months ended 30 June 2022, representing a decrease of approximately MOP27.3 million or 77.3%. Such decrease was mainly due to the combined effect of the aforementioned items.

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity, financial and capital resources

Cash position

As at 30 June 2023, the pledged bank deposits and bank and cash equivalents balance of the Group amounted to approximately MOP31.8 million in aggregate (31 December 2022: approximately MOP34.2 million), representing a decrease of approximately 7.0% as compared to that as at 31 December 2022. As at 30 June 2023, pledged bank deposits of approximately MOP29.2 million (31 December 2022: MOP29.4 million) are pledged to secure banking facilities of the Group (including bank loans and overdraft).

Borrowings and charges on the Group's assets

As at 30 June 2023, the Group had bank borrowings and bank overdrafts of approximately MOP80.4 million (31 December 2022: approximately MOP81.2 million). The bank borrowings are repayable within one year.

As at 30 June 2023, bank borrowings and other bank facilities including performance guarantee by the Group were secured by: (i) the pledged bank deposits of MOP29.2 million (31 December 2022: approximately MOP29.4 million); and (ii) a corporate guarantee by the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Gearing ratio

As at 30 June 2023, the gearing ratio (calculated by dividing total debts which include payables incurred not in the ordinary course of business excluding amounts are due to related parties with total equity as at the end of the respective period) was approximately 1,768.0% (31 December 2022: approximately 646.8%).

Such increase was primarily attributable to the decrease in total equity of the Group from approximately MOP12.6 million as at 31 December 2022 to approximately MOP4.5 million as at 30 June 2023, representing a decrease of approximately MOP8.1 million or 63.8%.

Treasury policies

The Group has adopted a prudent treasury management policy to (i) manage the Group's funds ensuring that there is no material shortfall in cash which may cause interruption to the Group's obligations arising from daily business needs; (ii) maintain sufficient level of funds to settle the Group's commitment as and when they fall due; (iii) maintain adequate liquidity to cover the Group's operation cash flow, project expenditures and administrative expenses; and (iv) maintain the relevant financing costs at a reasonable level.

Currency risk

The Group entities collect most of the revenue and incur most of the expenditures in their respective functional currencies. The Group is exposed to currency risk primarily through sales proceeds received from customers that are denominated in a currency other than the group entities' functional currency. The currencies giving rise to this risk are primarily HK\$.

The Group currently does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Capital structure

Authorised share capital

As at 30 June 2023, the authorised share capital of the Company was HK\$10,000,000 divided into 1,000,000,000 shares (the "**Shares**") of HK\$0.01 each.

MANAGEMENT DISCUSSION AND ANALYSIS

Issued share capital

As at 30 June 2023, the number of Shares in issue was 504,650,000 Shares of HK\$0.01 each (31 December 2022: 504,650,000 Shares).

Capital commitments

As at 30 June 2023, the Group had no capital commitments (31 December 2022: Nil).

Contingent liabilities

As at 30 June 2023, the Group had no significant contingent liabilities or outstanding litigation.

Material acquisitions and disposals of subsidiaries and associated companies

During the six months ended 30 June 2023, the Group did not have any material acquisition and disposals of subsidiaries and affiliated companies.

Significant investments held

As at 30 June 2023, the Group had no significant investments.

Future plans for material investments

Save as disclosed above, the Group did not have any future plan for material investments as at 30 June 2023.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2023, the Group had 67 employees (30 June 2022: 87). Total staff costs (including Directors' emoluments) were approximately MOP15.4 million for the six months ended 30 June 2023, as compared to approximately MOP22.3 million for the six months ended 30 June 2022. Such decrease was mainly attributable to the decrease in number of employees.

MANAGEMENT DISCUSSION AND ANALYSIS

The remuneration packages the Group offer to employees include salary and discretionary bonuses. In general, the Group determine employees' salaries based on each employee's qualifications, position and seniority. The Group has designed an annual review system to assess the performance of its employees, which forms the basis of determining salary raises, bonuses and promotions. The Group also operates the Share Option Scheme (as defined hereafter), pursuant to which options to subscribe for Shares may be granted to the Directors and employees of the Group. The Group will also provide various training to its employees and sponsor its employees to attend various training courses, such as those on occupational health and safety in relation to its work. Such training courses include its internal training as well as courses by external parties.

EVENTS AFTER THE REPORTING DATE

- (a) On 22 September 2023, the Company and the subscriber, a company incorporated in the British Virgin Islands with limited liability, entered into the subscription agreement, pursuant to which the subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, the convertible bond in the principal amount of HK\$52,000,000 due three years from the date of issue at the initial conversion price of HK\$0.02 per conversion share upon completion. Assuming full conversion of the convertible bond at the conversion price, a maximum number of 2,600,000,000 conversion shares will be allotted and issued. Subject to the completion, the net proceeds after deducting all the relevant costs and expenses from the issue of the convertible bond will be approximately HK\$51,500,000. The transaction was not completed up to the date of this report.
- (b) One of the banking facility is expired on 30 June 2023 and has not been renewed as at the date of this report. The aggregate outstanding principal amount banking facility is approximately MOP47.1 million. The Company is currently under discussion with bank for the renewal of banking facility.

INTERIM DIVIDEND

The Board takes into account the Group's overall results of operation, financial position and capital requirements, among other factors, in considering the declaration of dividends. The Board does not recommend payment of any interim dividend in respect of the six months ended 30 June 2023.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2023, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

The Company

Name of Director	Capacity	Number of Shares held/ interested ⁽¹⁾	Approximate percentage of the total issued Shares
Li Kam Hung (“ Mr. Li ”)	Interest in a controlled corporation ⁽²⁾	337,500,000 Shares (L)	66.9%

Notes:

- (1) The letter “L” denotes the Director’s long position in the Shares.
- (2) The Company was held as to approximately 66.9% by Copious Astute Limited (“**Copious Astute**”). Copious Astute is held as to 100% by Mr. Li.

OTHER INFORMATION

Associated corporation

Name of Director	Name of associated corporation	Capacity	Number of Shares held/ interested ⁽¹⁾	Approximate percentage of the total issued Shares
Mr. Li	Copious Astute	Beneficial owner	150,000 share (L)	100%

Note:

(1) The letter “L” denotes the Director’s long position in the Shares.

Save as disclosed above, as at 30 June 2023, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

On 18 March 2019, a share option scheme (the “**Share Option Scheme**”) was approved and adopted by the Shareholders, under which, options may be granted to any eligible persons (as defined in the Share Option Scheme) to subscribe for Shares subject to the terms and conditions stipulated in the Share Option Scheme. The Company has adopted the Share Option Scheme as an incentive to Directors and eligible employees.

Subject to the terms of the Share Option Scheme, the Board may, at its discretion, invite any “Eligible Persons” to take up option(s) (“**Option(s)**”) to subscribe for Shares granted pursuant to the Share Option Scheme at a price calculated as discussed below. Upon acceptance of the Option, the Eligible Person shall pay HK\$1.00 to the Company by way of consideration for the grant. The Option will be offered for acceptance for a period of 28 days from the date on which the Option is granted. “Eligible Persons” means any full-time or part-time employee of the Company or any member of the Group, including any executive Directors, non-executive Directors and independent non-executive Directors, suppliers, customers, agents, advisors and consultants of the Group who, in the sole opinion of the Board, will contribute or have contributed to the Group.

OTHER INFORMATION

Any grant of Options must not be made after inside information has come to our knowledge until such inside information has been announced in accordance with the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarter-year period or any other interim period (whether or not required under the Listing Rules), and (ii) the deadline for the Company to publish an announcement of its results for any year, half-year, quarter-year period or any interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, no Option may be granted. The period during which no Option may be granted will cover any period of delay in the publication of results announcement. Our Directors may not grant any Option to an Eligible Person who is our Director during the periods or times in which directors of the listed issuer are prohibited from dealing in shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

The total number of Shares issued and to be issued upon exercise of the Options granted to a Participant under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the Shares in issue from time to time. Any further grant of options in excess of this 1% limit shall be subject to issuance of a circular by the Company and approved by the Shareholders in accordance with the Listing Rules.

The subscription price for the Shares subject to Options will be a price determined by the Board and notified to each Participant and shall be the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the Options, which must be a trading day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant of the Options; and (iii) the nominal value of a Share.

The total number of Shares which may be issued upon the exercise of all Options to be granted under the Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 50,000,000 Shares, which represents 10% of the Shares in issue as at the date of this report (the "**Scheme Mandate Limit**") provided that the Options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating the Scheme Mandate Limit.

OTHER INFORMATION

Subject to the approval of Shareholders in general meeting, the Company may refresh the Scheme Mandate Limit to the extent that the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option schemes of the Company under the Scheme Mandate Limit as refreshed must not exceed 10% of the Shares in issue as at the date of such Shareholders' approval provided that Options previously granted under the Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, exercised or lapsed in accordance with the terms thereof) will not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed. In relation to the Shareholders' approval referred to in this paragraph, the Company shall send a circular to our Shareholders containing our information required by the Listing Rules.

Subject to the approval of Shareholders in general meeting, the Company may also grant Options beyond the Scheme Mandate Limit provided that Options in excess of the Scheme Mandate Limit are granted only to the Eligible Persons specifically identified by the Company before such Shareholders' approval is sought. In relation to the Shareholders' approval referred to in this paragraph, the Company shall send a circular to its Shareholders containing a generic description of the identified Eligible Persons, the number and terms of the Options to be granted, the purpose of granting Options to the identified Eligible Persons, an explanation as to how the terms of such Options serve the intended purpose and such other information required by the Listing Rules.

Notwithstanding the foregoing, the Company may not grant any Options if the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company exceeds 30% of the Shares in issue from time to time.

The Share Option Scheme will be valid and effective for a period of 10 years commencing on 23 April 2019 and remains in force until 22 April 2029, after which period no further Options may be granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects and Options granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

OTHER INFORMATION

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Board to each Participant provided that the period within which the Option must be exercised shall not be more than 10 years from the date of the grant of Option. The exercise of an Option may be subject to the administration of the Board whose decision as to all matters arising from or in relation to the Share Option Scheme as its interpretation or effect shall be final and binding on all parties to the Share Option Scheme.

No share option has been granted by the Company under the Share Option Scheme since its adoption up to 30 June 2023. As at 31 December 2022 and 30 June 2023, there were no outstanding Options under the Share Option Scheme.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

According to the register kept by the Company under Section 336 of the SFO and information available to the Directors, the corporations or persons (other than a Director or chief executive of the Company) had interests of 5% or more in the Shares or underlying Shares as at 30 June 2023 which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of Shareholder	Capacity	Number of Shares held/ interested ⁽¹⁾	Total interests ⁽¹⁾	Approximate percentage of the total issued Shares
Copious Astute Limited	Beneficial owner ⁽²⁾	337,500,000 Shares (L)	337,500,000 Shares (L)	66.9%
Ms. Ng Suk Fun	Interest of spouse ⁽³⁾	337,500,000 Shares (L)	337,500,000 Shares (L)	66.9%
Fresh Phoenix Limited	Beneficial owner ⁽⁴⁾	39,885,000 Shares (L)	39,885,000 Shares (L)	7.9%
Mr. Leong Lap Kun ("Mr. Leong")	Interest of controlled corporation ⁽⁴⁾⁽⁵⁾	39,940,000 Shares (L)	39,940,000 Shares (L)	7.9%
Mr. Hung Sai Yeung	Beneficial owner ⁽⁶⁾	30,000 Shares (L)	25,715,000 Shares (L)	5.1%
	Interest of controlled corporation ⁽⁶⁾	22,512,500 Shares (L)		
	Interest of spouse ⁽⁶⁾	3,172,500 Shares (L)		
Ms. Yiu Li Ngor	Beneficial owner ⁽⁷⁾	3,172,500 Shares (L)	25,715,000 Shares (L)	5.1%
	Interest of spouse ⁽⁷⁾	22,542,500 Shares (L)		

OTHER INFORMATION

Notes:

- (1) The letter “L” denotes the entity/person’s long position in the Shares.
- (2) Our Company is owned as to 66.9% by Copious Astute Limited, which is in turn wholly owned by Mr. Li. Under the SFO, Mr. Li is deemed to be interested in all the Shares which are registered in the name of Copious Astute Limited.
- (3) Ms. Ng Suk Fun is the spouse of Mr. Li. Under the SFO, Ms. Ng Suk Fun is deemed to be interested in the same number of Shares in which Mr. Li is interested.
- (4) Our Company is owned as to approximately 7.9% by Fresh Phoenix Limited, which is in turn wholly owned by Mr. Leong. Under the SFO, Mr. Leong is deemed to be interested in all the Shares which are registered in the name of Fresh Phoenix Limited.
- (5) Our Company is owned as to approximately 0.01% by Shining Holding Limited, which is in turn wholly owned by Mr. Leong. Under the SFO, Mr. Leong is deemed to be interested in all the Shares which are registered in the name of Shining Holding Limited.
- (6) Mr. Hung Sai Yeung (“**Mr. Hung**”) was deemed to be interested in 25,715,000 Shares, of which (i) 30,000 Shares were held by himself; (ii) 22,512,500 Shares were registered in the name of Greenfield Resources Group Limited (“**Greenfield Resources**”), a corporation controlled as to 50% by Mr. Hung; and (iii) 3,172,500 Shares were held by his spouse, Ms. Yiu Li Ngor, as at 26 June 2020.
- (7) Ms. Yiu Li Ngor (“**Ms. Yiu**”) was deemed to be interested in 25,715,000 Shares, of which (i) 3,172,500 Shares were held by herself; (ii) 22,512,500 Shares were held by Greenfield Resources (a corporation controlled as to 50% by her spouse, Mr. Hung); and (iii) 30,000 Shares were held by Mr. Hung, as at 26 June 2020.

Save as disclosed above, as at 30 June 2023, no other person (other than a Director or chief executive of the Company) had registered an interest or short position in the Shares, underlying Shares and debentures of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

None of the Company or any of its subsidiaries had purchased, sold or redeemed any of its listed securities during the Reporting Period.

CORPORATE GOVERNANCE

The Company is committed to maintain high standards of corporate governance to protect the interests of its Shareholders and to enhance corporate value and accountability. The Company has adopted the code provisions and, where applicable, the recommended best practices set out in the Corporate Governance Code (“**CG Code**”) set out in Appendix 14 to the Rules Governing the Listing of securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The Company complies with the CG Code set out in Appendix 14 to the Listing Rules with the exception for Code Provision C.2.1, which requires the roles of chairman and chief executive be different individuals. Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. However, the Company does not have a separate chairman and chief executive officer and Mr. Li Kam Hung currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring the consistent leadership within the Group and enables more effective and efficient overall strategic planning of the Group. Besides, with three independent non-executive Directors out of a total of nine Directors in the Board, there will be sufficient independent voice within the Board to protect the interests of the Company and the Shareholders as a whole. Therefore, the Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. Our Board will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

OTHER INFORMATION

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 its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code during the Reporting Period.

DIVIDEND

The Board takes into account the Group’s overall results of operation, financial position and capital requirements, among other factors, in considering the declaration of dividends. The Board does not recommend payment of any dividend in respect of the six months ended 30 June 2023.

AUDIT COMMITTEE

The audit committee of the Company, comprising three independent non-executive Directors, namely Ms. Rita Botelho dos Santos, Mr. Lam Chi Wing and Mr. Wu Chou Kit, has reviewed with the management the unaudited interim results for the six months ended 30 June 2023, accounting principles and practices adopted by the Group and discussed internal controls, risk management and financial reporting matters including a review of the unaudited interim financial information.

On behalf of the Board

Li Kam Hung

Chairman

Hong Kong, 10 November 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 MOP'000 (Unaudited)	2022 MOP'000 (Unaudited)
Revenue	2	58,445	47,050
Direct costs		(56,409)	(66,987)
Gross profit (loss)		2,036	(19,937)
Other income and other losses		201	200
Reversal of impairment loss allowance on financial assets and contract assets		384	2,620
Administrative expenses		(7,216)	(15,798)
Finance costs		(2,458)	(2,425)
Loss before taxation	3	(7,053)	(35,340)
Income tax expense	4	(970)	–
Loss for the period		(8,023)	(35,340)
Other comprehensive income (expense) Item that may be subsequently reclassified to profit and loss: Exchange differences arising on translation of foreign operation		17	(9)
Loss and total comprehensive expense for the period		(8,006)	(35,331)
Loss per share			
Basic (MOP cents)	5	(1.6)	(7.0)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	30 June 2023 MOP'000 (Unaudited)	31 December 2022 MOP'000 (Audited)
Non-current assets			
Property and equipment		1,553	1,774
Right-of-use assets		209	484
Deposits		61	172
		1,823	2,430
Current assets			
Trade receivables	6	69,931	69,024
Other receivables, deposits and prepayments	7	36,551	36,396
Contract assets		71,552	74,749
Amounts due from related parties		23	23
Pledged bank deposits	8	29,185	29,425
Bank balances and cash	8	2,590	4,739
		209,832	214,356
Current liabilities			
Trade and other payables and accruals	9	90,037	88,157
Contract liabilities		11,934	10,824
Tax payable		24,516	23,574
Bank borrowings		69,289	67,280
Bank overdrafts		11,120	13,908
Lease liabilities		211	392
		207,107	204,135
Net current assets		2,725	10,221
Total assets less current liabilities		4,548	12,651
Non-current liabilities			
Lease liabilities		–	97
Net assets		4,548	12,554
Capital and reserves			
Share capital		5,198	5,198
Reserves		(650)	7,356
Total equity		4,548	12,554

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

Attributable to owners of the Company

	Share capital MOP'000	Share premium MOP'000	Legal reserve MOP'000	Other reserve MOP'000	Statutory surplus reserve MOP'000	Translation reserve MOP'000	Accumulated profits/ (losses) MOP'000	Total MOP'000
Changes in equity for the six months ended 30 June 2022								
At 1 January 2022	5,150	256,527	500	(75,121)	143	(583)	(112,108)	74,508
Loss for the period	-	-	-	-	-	-	(35,340)	(35,340)
Other comprehensive income for the period	-	-	-	-	-	9	-	9
Total comprehensive income for the period	-	-	-	-	-	9	(35,340)	(35,331)
Issue of shares	48	8,190	-	-	-	-	-	8,238
Transaction costs attributable to issue of shares	-	(83)	-	-	-	-	-	(83)
At 30 June 2022	5,198	264,634	500	(75,121)	143	(574)	(147,448)	47,332

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the Company							
	Share capital MOP'000	Share premium MOP'000	Legal reserve MOP'000	Other reserve MOP'000	Statutory surplus reserve MOP'000	Translation reserve MOP'000	Accumulated profits/(losses) MOP'000	Total MOP'000
Changes in equity for the six months ended 31 December 2022								
Loss for the period	-	-	-	-	-	-	(35,215)	(35,215)
Other comprehensive income for the period	-	-	-	-	-	437	-	437
Total comprehensive income (expense) for the period	-	-	-	-	-	437	(35,215)	(34,778)
At 31 December 2022 and 1 January 2023	5,198	264,634	500	(75,121)	143	(137)	(182,663)	12,554
Changes in equity for the six months ended 30 June 2023								
Loss for the period	-	-	-	-	-	-	(8,023)	(8,023)
Other comprehensive income for the period	-	-	-	-	-	17	-	17
Total comprehensive income (expense) for the period	-	-	-	-	-	17	(8,023)	(8,006)
At 30 June 2023	5,198	264,634	500	(75,121)	143	(120)	(190,686)	4,548

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	MOP'000	MOP'000
	(Unaudited)	<i>(Unaudited)</i>
OPERATING ACTIVITIES		
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	999	(8,394)
INVESTING ACTIVITIES		
Purchases of property and equipment	(14)	(11)
Bank interest received	124	22
Placement of pledged bank deposits	(108)	(9,085)
Withdrawal of pledged bank deposits	348	–
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	350	(9,074)
FINANCING ACTIVITIES		
Net proceeds from issue of ordinary shares	–	8,238
Transaction costs attributable for issue of shares	–	(83)
New bank borrowings raised	7,754	72,142
Repayment of bank borrowings	(8,533)	(61,475)
Repayment of lease liabilities	(278)	(315)
Interest paid	(2,458)	(2,425)
NET CASH FROM FINANCING ACTIVITIES	(3,515)	16,082
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,166)	(1,386)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	4,739	5,180
EFFECT OF FOREIGN EXCHANGE RATE CHANGE	17	9
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD represented by bank balances and cash	2,590	3,803

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1. BASIS OF PREPARATION

The Company was incorporated as an exempted company in the Cayman Islands on 9 April 2018. The address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business in Hong Kong is Unit 13, 24th Floor, Honour Industrial Centre, 6 Sun Yip Street, Chai Wan, Hong Kong.

The principal activity of the Company is investment holding. The Group's principal activities are providing fitting-out services and repair and maintenance services in Macau.

The interim financial information 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, including compliance with Hong Kong Accounting Standard (HKAS) 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It was authorised for issue on 10 November 2023.

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in note 1 (later part of this note).

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

The interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRSs.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1. BASIS OF PREPARATION (CONTINUED)

The financial information relating to the financial year ended 31 December 2022 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

The accounting policies, basis of presentation and methods of computation used in preparing the interim financial report are consistent with those followed in preparing the Groups' annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the new or amended HKFRSs and HKASs which are first effective or available for early adoption for accounting periods beginning on or after 1 January 2023 as set out below.

The following new or amended HKFRSs and HKASs are adopted for the financial year beginning 1 January 2023, but have no material effect on the Group's reported results and financial position for the current and prior accounting periods.

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

The Group has not early adopted any other new or amended HKFRSs and HKASs that are not yet effective for the current accounting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

2. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from the provision of fitting-out and repair and maintenance service by the Group to external customers. The Group's revenue is mainly derived from provision of fitting-out services and repair and maintenance services in Macau.

Revenue

Timing of revenue recognition and category of revenue

	Six months ended 30 June	
	2023	2022
	MOP'000	MOP'000
	(Unaudited)	(Unaudited)
Recognised over time and short-term contracts:		
– provision of fitting-out services	58,337	46,919
Recognised over time and long-term contracts:		
– provision of repair and maintenance services	108	131
	58,445	47,050

The customers of the Group are mainly hotel and casino operators in Macau. All of the Group's provision of fitting-out services and repair and maintenance services are made directly with the customers. Contracts with the Group's customers are mainly fixed-price contracts.

Segment information

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the "CODM"), being the executive directors of the Company, in order for the CODM to allocate resources and to assess performance. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

2. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information (continued)

Specifically, the Group's reportable and operating segments under HKFRS 8 "Operating Segments" are as follows:

- (a) fitting-out services; and
- (b) repair and maintenance services.

The CODM makes decisions according to the operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Segment revenue and results

Six months ended 30 June 2023 (Unaudited)

	Fitting-out services MOP'000	Repair and maintenance services MOP'000	Total MOP'000
Segment revenue	58,337	108	58,445
Segment results	2,412	8	2,420
Other income and other losses			201
Administrative expense			(7,216)
Finance costs			(2,458)
Loss before taxation			(7,053)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

2. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information (continued)

Segment revenue and results (continued)

Six months ended 30 June 2022 (Unaudited)

	Fitting-out services MOP'000	Repair and maintenance services MOP'000	Total MOP'000
Segment revenue	46,919	131	47,050
Segment results	(17,349)	32	(17,317)
Other income and other losses			200
Administrative expense			(15,798)
Finance costs			(2,425)
Loss before taxation			(35,340)

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment results mainly represented profit earned by each segment, excluding other income, other losses, administrative expenses and finance costs.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

3. LOSS BEFORE TAXATION

	Six months ended 30 June	
	2023	2022
	MOP'000	MOP'000
	(Unaudited)	(Unaudited)
Loss before taxation has been arrived at after charging:		
Auditor's remuneration	633	515
Depreciation on right-of-use assets and depreciation on property and equipment	510	603

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	MOP'000	MOP'000
	(Unaudited)	(Unaudited)
Current Tax:		
Macau Complementary Income Tax	970	–
Enterprise Income Tax	–	–
	970	–

Macau Complementary Tax is calculated at 12% of the estimated assessable profits exceeding MOP600,000 for both periods.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC group entity is 25% for both periods.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods. No provision of Hong Kong Profits Tax was made as the subsidiaries in Hong Kong incurred tax losses during both periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

5. LOSS PER SHARE

The calculation of basic loss per share is based on the following data:

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Loss:		
Loss for the purpose of calculating basic loss per share (loss for the period) (MOP'000)	(8,023)	(35,340)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	504,650,000	504,496,000

No diluted loss per share for both periods was presented as there were no potential ordinary shares in issue during both periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

6. TRADE RECEIVABLES

The Group grants credit terms of 30 days to its customers from the date of invoices on progress payments of contract works. An ageing analysis of the trade receivables presented based on the invoice date which is approximately one month after the related revenue being recognised, at the end of each reporting period is as follows:

	30 June 2023 MOP'000 (Unaudited)	31 December 2022 MOP'000 (Audited)
0–30 days	10,010	11,240
31–60 days	671	89
61–90 days	1,734	2
91–365 days	2,621	3,192
Over 365 days	88,210	88,210
	103,246	102,733
Less: Impairment loss allowance	(33,315)	(33,709)
	69,931	69,024

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

7. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2023 MOP'000 (Unaudited)	31 December 2022 MOP'000 (Audited)
Rental deposits	567	560
Deposits paid for tenders	46,947	46,947
Prepayments to sub-contractors	930	930
Other receivables	2,114	2,067
	50,558	50,504
Less: Impairment loss allowance	(13,946)	(13,936)
Total	36,612	36,568
Presented as non-current assets	61	172
Presented as current assets	36,551	36,396
Total	36,612	36,568

8. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits as at 30 June 2023 are pledged to secure the bank borrowings of the Group which carry interest at prevailing market rate of 0.01% (31 December 2022: 0.01%) per annum.

As at 30 June 2023, bank balances and cash comprise of cash held and short-term bank deposits with an original maturity of three months or less which carry interest at prevailing market rate of 0.01% (31 December 2022: 0.01%) per annum.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

9. TRADE AND OTHER PAYABLES AND ACCRUALS

	30 June 2023 MOP'000 (Unaudited)	31 December 2022 MOP'000 (Audited)
Trade payables	22,894	23,810
Retention payables	35,604	36,166
Accruals and other payables	16,238	11,692
Amounts due to directors	15,301	16,489
	90,037	88,157

The credit period granted to the Group by subcontractors/suppliers normally being 0–30 days. The following is an ageing analysis of trade payables based on the invoice date at the end of each reporting period:

	30 June 2023 MOP'000 (Unaudited)	31 December 2022 MOP'000 (Audited)
0–30 days	1,407	2,218
30–60 days	1,258	786
61–90 days	752	102
Over 90 days	19,477	20,704
	22,894	23,810

Retention payables to subcontractors are interest-free and payable at the end of the defects liability period of individual contracts (i.e. one year after completion of respective prospect). All retention payables are expected to be settled within one year based on the expiry date of the defects liability period.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

10. DIVIDENDS

The Directors did not recommend the payment of a dividend by the Company for the six months ended 30 June 2023. No dividend was declared or paid by the Company during the six months ended 30 June 2022 to its equity shareholders.

11. REVIEW OF INTERIM FINANCIAL REPORT

The unaudited interim financial report for the six months ended 30 June 2023 has been reviewed by the Audit Committee with no disagreement.

