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HANDS FORM HOLDINGS LIMITED
恒新豐控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1920)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the "**Board**") of directors (the "**Directors**") of Hands Form Holdings Limited (the "**Company**") is pleased to announce the consolidated financial statements of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2023 (the "**Year**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	NOTES	**2023** **HK$'000**	2022 *HK$'000*
Revenue	3	**86,702**	122,517
Cost of services		**(108,191)**	(151,145)
Gross loss		**(21,489)**	(28,628)
Other income	4	**218**	144
Other gains and losses	5	**3,420**	(1,767)
Impairment losses under expected credit loss model, net of reversal	6	**(24,329)**	(17,916)
Administrative expenses		**(9,102)**	(7,860)
Finance costs	7	**(336)**	(283)
Loss before tax	8	**(51,618)**	(56,310)
Income tax credit	9	**–**	107
Loss and total comprehensive expense for the year		**(51,618)**	(56,203)
			(Restated)
Loss per share			
– Basic *(HK cents)*	11	**(16.54)**	(19.49)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	NOTES	2023 HK$'000	2022 HK$'000
Non-current Assets			
Property, plant and equipment		**4,935**	9,364
Financial assets at fair value through profit or loss		**2,702**	2,596
		7,637	11,960
Current Assets			
Trade receivables	*12*	**5,512**	6,472
Other receivables, deposits and prepayments		**16,897**	26,732
Contract assets		**23,111**	64,766
Cash and cash equivalents		**18,600**	14,006
		64,120	111,976
Total Assets		**71,757**	123,936
Current Liabilities			
Trade and other payables	*13*	**8,967**	9,446
Contract liabilities		**–**	4
Bank borrowings		**9,622**	9,700
		18,589	19,150
Net Current Assets		**45,531**	92,826
Net Assets		**53,168**	104,786
Capital and reserves			
Share capital	*14*	**31,200**	31,200
Reserves		**21,968**	73,586
Total Equity		**53,168**	104,786

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. GENERAL INFORMATION

Hands Form Holdings Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company and was registered in the Cayman Islands with limited liability under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 30 January 2019. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 16 August 2019. Its immediate and ultimate holding company is Wonderful Renown Limited ("**Wonderful Renown**"), a private limited company incorporated in the British Virgin Islands ("**BVI**"). The controlling shareholders of the Company are Mr. Cheung Kwok Fai Adam ("**Mr. Adam Cheung**"), Ms. Cheung Lai Chun ("**Ms. LC Cheung**") and Wonderful Renown.

The address of the registered office of the Company is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1−1108, Cayman Islands and the address of the principal place of business is Room 9, 2/F Hang Bong Commercial Centre, 28 Shanghai Street, Jordan, Kowloon, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred as to the "**Group**") is principally engaged in the provision of construction services including wet trades works (including plastering on floors, walls and ceilings, tile laying on internal and external walls and floors, brick laying and marble works) and other wet trades related ancillary works ("**Construction Services**") and provision of construction information technology services ("**Construction IT Services**").

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND CHANGES IN OTHER ACCOUNTING POLICIES

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the consolidated 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
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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

Impacts on application of HKFRS 17 (including the October 2020 and February 2022 Amendments) Insurance Contracts

The Group has applied the new standard and the relevant amendments for the first time in the current year.

HKFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes HKFRS 4 *Insurance Contracts*.

HKFRS 17 defines an insurance contract as a contract under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

In October 2020, the HKICPA issued Amendments to HKFRS 17 to address concerns and implementation challenges that were identified after HKFRS 17 was published. The amendments defer the date of initial application of HKFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the HKICPA issued Amendments to HKFRS 4 *Extension of the Temporary Exemption from HKFRS 9* that extends the fixed expiry date of the temporary exemption from applying HKFRS 9 in HKFRS 4 to annual reporting periods beginning on or after 1 January 2023.

In February 2022, the HKICPA issued Amendment to HKFRS 17 *Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information* to address implementation challenges that were identified after HKFRS 17 was published. The amendment addresses challenges in the presentation of comparative information.

Certain contracts entered into by the Group, e.g. assurance type warranty to customers, meet the definition of insurance contracts under HKFRS 17. However, these contracts are specifically scoped out from HKFRS 17 and the Group continues to account for these contracts under relevant accounting standards. Therefore, the application of HKFRS 17 in the current year had no material impact on the consolidated financial statements.

Impacts on application of Amendments to HKAS 8 Definition of Accounting Estimates

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

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

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in the consolidated financial statements.

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") – Long Service Payment ("LSP") offsetting mechanism in Hong Kong

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**") which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the "**Abolition**"). The Abolition will officially take effect on 1 May 2025 (the "**Transition Date**"). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee's LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

Based on the HKICPA's guidance, as a result of the Abolition, these contributions are no longer considered "linked solely to the employee's service in that period" since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as "independent of the number of years of service" and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19.

The change in accounting policy in the current year had no material impact on the consolidated financial statements.

Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

[1] Effective for annual periods beginning on or after a date to be determined.
[2] Effective for annual periods beginning on or after 1 January 2024.
[3] Effective for annual periods beginning on or after 1 January 2025.

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation.*

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group's outstanding liabilities as at 31 December 2023, the application of the 2020 and 2022 Amendments will not result in reclassification of the Group's liabilities.

3. REVENUE AND SEGMENT INFORMATION

(a) Revenue

	2023	2022
	HK$'000	*HK$'000*
Type of service		
Construction Services	**86,336**	121,720
Construction IT Services	**366**	797
	86,702	122,517
Timing of revenue recognition		
Over time	**86,702**	122,517

(b) Segment reporting

Information is reported to the executive directors of the Company, being the chief operating decision maker ("**CODM**") of the Group, for the purposes of resource allocation and assessment of segment performance focuses on types of services provided.

Specifically, the Group's reportable segments under HKFRS 8, *Operating Segments*, are (i) Construction Services; and (ii) Construction IT services.

(i) ***Segment revenue and results***

The following is an analysis of the Group's revenue and results by reportable segments:

For the year ended 31 December 2023

	Construction Services *HK$'000*	**Construction IT Services** *HK$'000*	**Consolidated** *HK$'000*
Segment revenue	**86,336**	**366**	**86,702**
Segment loss	**(52,146)**	**(10)**	**(52,156)**
Unallocated other income			**218**
Unallocated other gains and losses			**3,420**
Unallocated corporate expenses			**(2,764)**
Finance costs			**(336)**
Loss before tax			**(51,618)**

For the year ended 31 December 2022

	Construction Services *HK$'000*	Construction IT Services *HK$'000*	Consolidated *HK$'000*
Segment revenue	121,720	797	122,517
Segment (loss) profit	(52,721)	760	(51,961)
Unallocated other income			144
Unallocated other gains and losses			(1,767)
Unallocated corporate expenses			(2,443)
Finance costs			(283)
Loss before tax			(56,310)

There are no inter-segment sales for both years. All of the segment revenue reported above are from external customers.

The accounting policies of the operating segments are the same as the Group's accounting policies described in the consolidated financial statements. Segment results represents the profit (loss) from each segment without allocation of unallocated other income, unallocated other gains and losses, unallocated corporate expenses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

(ii) ***Segment assets and liabilities***

The CODM makes decisions according to operating results of each segment. No analysis of segment assets and liabilities 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.

(iii) ***Other segment information***

For the year ended 31 December 2023

	Construction Services	**Construction IT Services**	**Unallocated**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Depreciation of property, plant and equipment	**2,641**	**–**	**9**	**2,650**
Gain on disposals of property, plant and equipment	**–**	**–**	**(3,314)**	**(3,314)**
Impairment losses on trade receivables recognised in profit or loss	**312**	**–**	**–**	**312**
Impairment losses on contract assets recognised in profit or loss	**24,017**	**–**	**–**	**24,017**

For the year ended 31 December 2022

	Construction Services	Construction IT Services	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Additions to property, plant and equipment	7,751	–	–	7,751
Depreciation of property, plant and equipment	2,053	–	184	2,237
Loss on disposals of property, plant and equipment	–	–	1,881	1,881
Impairment losses on trade receivables reversed in profit or loss	(65)	(3)	–	(68)
Impairment losses on contract assets recognised in profit or loss	17,984	–	–	17,984

(iv) ***Geographical information***

The Group principally operates in Hong Kong, which is also its place of domicile. The Group's non-current assets are all located in Hong Kong.

(v) Information about major customers

Revenue from customers individually contributing over 10% of the total revenue of the Group during the year are as follows:

	2023	2022
	HK$'000	*HK$'000*
Customer I[1]	**70,089**	60,047
Customer II[1]	**N/A[2]**	44,074
Customer III[1]	**N/A[2]**	14,365

1 Revenue from Construction Services.

2 Revenue did not contribute over 10% of the total revenue of the Group for the corresponding reporting period.

4. OTHER INCOME

	2023	2022
	HK$'000	*HK$'000*
Interest income	**112**	35
Sundry income	**106**	109
	218	144

5. OTHER GAINS AND LOSSES

	2023	2022
	HK$'000	*HK$'000*
Gain (loss) on disposals of property, plant and equipment	**3,314**	(1,881)
Gain on fair value changes of financial assets at FVTPL	**106**	114
	3,420	(1,767)

6. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2023	2022
	HK$'000	*HK$'000*
Impairment losses recognised (reversed) on:		
– Contract assets	**24,017**	17,984
– Trade receivables	**312**	(68)
	24,329	17,916

7. FINANCE COSTS

	2023	2022
	HK$'000	*HK$'000*
Interest on		
– Bank borrowings	**336**	269
– Bank overdrafts	**–**	14
	336	283

8. LOSS BEFORE TAX

	2023	2022
	HK$'000	*HK$'000*
Loss before tax has been arrived at after charging:		
Auditor's remuneration	**850**	820
Depreciation of property, plant and equipment		
– Recognised as cost of services	**2,641**	2,053
– Recognised as administrative expenses	**9**	184
Total depreciation	**2,650**	2,237
Employee benefits expense: *(Note)*		
Directors' emoluments	**1,885**	1,866
Other staff costs		
– Salaries and other benefits	**3,526**	3,293
– Contributions to retirement benefit scheme	**173**	135
Total employee benefits expense	**5,584**	5,294
Cost of materials and toolings recognised as cost of services	**1,468**	3,248
Subcontracting fees recognised as cost of services *(Note)*	**100,768**	143,852
Rental expense on short-term leases in respect of warehouse, office premises and machines	**140**	248

Note: For the year ended 31 December 2022, subsidies of approximately HK$5,823,000 granted from the 2022 Employment Support Scheme under Anti-Epidemic Fund of the Hong Kong SAR Government has been received. The amounts of approximately HK$5,463,000 and approximately HK$360,000 were netted-off against "cost of services" and "administrative expenses" respectively.

9. INCOME TAX CREDIT

	2023	2022
	HK$'000	*HK$'000*
Deferred tax	**–**	(107)

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits derived from or arising in Hong Kong during the years ended 31 December 2023 and 2022.

10. DIVIDENDS

No dividend was paid, declared or proposed for ordinary shareholders of the Company during the year ended 31 December 2023, nor has any dividend been proposed since the end of the reporting period (2022: Nil).

11. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	2023	2022
	HK$'000	*HK$'000*
Loss		
Loss for the year for the purpose of calculation of basic loss per share	**(51,618)**	(56,203)

	2023	2022
	'000	*'000*
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculation of basic loss per share	**312,000**	288,351

The weighted average number of ordinary shares for the purpose of basic loss per share has been adjusted retrospectively for the consolidation of shares on 15 August 2023.

No diluted earnings per share for both 2023 and 2022 were presented as there were no potential ordinary shares in issue for both 2023 and 2022.

12. TRADE RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables	**5,824**	6,472
Less: Allowance for credit losses	**(312)**	–
Trade receivables, net	**5,512**	6,472

As at 1 January 2022, trade receivables at net arising from contracts with customers amounted to approximately HK$8,806,000.

The Group grants credit terms to customers for a period ranging from 30–60 days from the invoice/payment certificate date for trade receivables. The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on the invoice/payment certificate date at the end of the reporting period:

	2023	2022
	HK$'000	*HK$'000*
Within 30 days	**5,512**	5,880
Over 90 days	**–**	592
	5,512	6,472

13. TRADE AND OTHER PAYABLES

	2023	2022
	HK$'000	*HK$'000*
Trade payables	**7,164**	7,653
Payroll and MPF payables	**418**	453
Accrued expenses	**1,385**	1,340
	1,803	1,793
Total	**8,967**	9,446

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2023	2022
	HK$'000	*HK$'000*
Within 30 days	**7,164**	7,653

14. SHARE CAPITAL

	Number of ordinary shares	Share capital *HK$'000*
Ordinary shares of HK$0.01 each/HK$0.1 each *(Note (ii))*		
Authorised:		
At 1 January 2022 and 31 December 2022	**4,000,000,000**	**40,000**
Share consolidation *(Note (ii))*	**(3,600,000,000)**	**–**
At 31 December 2023	**400,000,000**	**40,000**
Issued and fully paid:		
At 1 January 2022	2,600,000,000	26,000
Shares issued under placing *(Note (i))*	520,000,000	5,200
At 31 December 2022	**3,120,000,000**	**31,200**
Shares consolidation *(Note (ii))*	**(2,808,000,000)**	**–**
At 31 December 2023	**312,000,000**	**31,200**

Notes:

(i) On 16 June 2022, the Company allotted and issued 520,000,000 ordinary shares by way of placing, at a placing price of HK$0.03 per ordinary share for cash. The gross proceeds from the placing amounted to HK$15,600,000, among which, HK$5,200,000 were credited to the share capital of the Company and HK$10,400,000 (before issuing expenses) were credited to share premium of the Company.

(ii) Pursuant to the resolution passed at the special general meeting of the Company held on 11 August 2023, the consolidation of every ten (10) issued and unissued ordinary shares of par value of HK$0.01 each in the then capital of the Company into one (1) consolidated ordinary share of par value of HK$0.1 each in the capital of the Company became effective on 15 August 2023.

BUSINESS REVIEW AND OUTLOOK

The Group is an established subcontractor in Hong Kong and is principally engaged in (i) provision of wet trades works and other wet trades related ancillary works and (ii) provision of construction information technology services. Wet trades works include plastering on floors, walls and ceilings, tile laying on internal and external walls and floors, brick laying and marble works.

Provision of wet trades and its related ancillary works

The Group provides wet trades works through its principal operating subsidiaries, namely, Pak Fai Engineering Limited ("**Pak Fai**") and Ma Yau Engineering Limited ("**Ma Yau**"). Both of the principal operating subsidiaries have been registered with the Registered Specialist Trade Contractors Scheme (formerly known as the Subcontractor Registration Scheme) of the Construction Industry Council. Pak Fai and Ma Yau first completed such registrations under the predecessor scheme in April 2004 and our registrations have since then covered finishing wet trades, marble, granite and stone work with a wide range of specialties including brick work, plastering and tiling, spray plaster and screeding, marble and granite works.

As at 31 December 2023 and up to the date of this announcement, the original contract sum of the Group's ongoing projects (including projects that have commenced but not substantially completed as well as projects that have been awarded but not yet commenced) in aggregate amounted to approximately HK$179.4 million. As at the date of this announcement, the Group was in the course of bidding for or submitted bids pending the tender results of eight projects, with an estimated total contract sum of approximately HK$346.4 million.

Provision of construction information technology services

Based on our Directors' practical experience, any potential customers, such as wet trades service providers in the construction industry, who are not familiar with payment request and without connections to specialist contractors may eventually seek from external resources for assistance in performing their duties such as information on calculation of total work done in their projects.

During the Year, capitalising on our expertise and experience in providing passive wet trade payment request information technology solutions, we established an online platform to provide subscribers with information such as specifications of various wet trade services items in our database so as to assist customers to carry out monthly review on the contractor's payment requests.

During 2023, measures to contain the pandemic were gradually removed. Despite the expectancy of a return to a state of normal, international trade and commerce did not fully recover in terms of speed and strength as the US Federal Reserve and central banks repeatedly raised interest rates throughout the year, which along with persistently high inflation dragged down the global economy. Despite the tight financial condition and there is concern that the speed of new projects being rolled out for tenders might be adversely affected, it is anticipated that the Government will continue to invest in the infrastructure and create more lands through site formation and reclamation. The business environment in the construction industry of Hong Kong is now facing challenge as more Mainland China construction companies are participating in the construction market, there will be a huge pressure on the tender price and profit margin. Although the overall business environment has gradually improved during the Year, the Group's tendering result, were still not satisfying. The intense market competition may lead to smaller number of successful tenders and quotations and lower value of contracts awarded to the Group. The Group's gross profit margin is also under pressure from competitive project pricing on tenders and quotations, which in turn affects financial performance of the Group.

In order to maintain its market share in the wet trades works industry, the Group will continue to closely monitor the market and respond to changes in market conditions. The Directors are confident that with the Group's reputation in the wet trades works industry and its experienced management team, the Group is in a good position to compete with its competitors. The Group will continue to improve its competitiveness in the market by continuing to provide quality works to its customers. The Group will also continue to proactively seek opportunities to expand its customer base and its market share and undertake more wet trades and wet trades related trade divisions projects which will enhance value to the Shareholders.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately HK$35.8 million or approximately 29.2% from approximately HK$122.5 million for the year ended 31 December 2022 to approximately HK$86.7 million for the Year. Such decrease was primarily attributable to the intense market competition lead to smaller number of successful tenders and lower value of contracts awarded.

Gross Loss and Gross Loss Margin

The gross loss of the Group for the Year amounted to approximately HK$21.5 million, representing a decrease of approximately 24.9% as compared with gross loss of approximately HK$28.6 million for the year ended 31 December 2022. The Group's gross loss margin for the Year was approximately 24.8%, as compared with gross loss margin of approximately 23.4% for the year ended 31 December 2022. The gross loss was mainly due to (i) competitive project pricing arising from intense market competition; (ii) delay in certification of works performed of certain projects; and (iii) increase in direct costs from (a) additional subcontractors, resources and other costs related to deal with unexpected changes to the on-site arrangements initiated by customers; and (b) delays in certain projects (mainly for projects at Tai Wai). The gross loss margin was in the same level in both years.

Other Gains and Losses

Other gains and losses of the Group for the Year amounted to a net gain of approximately HK$3.4 million, representing an increase of approximately 293.5% or HK$5.2 million as compared with a net loss of approximately HK$1.8 million for the year ended 31 December 2022. The gains was primarily due to one-off gain on disposal of property, plant and equipment.

Administrative Expenses

The administrative expenses of the Group for the Year amounted to approximately HK$9.1 million, representing an increase of approximately 15.8% as compared with approximately HK$7.9 million for the year ended 31 December 2022. The increase was mainly attributable to increase in administrative salary allocated to staffs.

Finance Costs

Finance costs of the Group for the Year were approximately HK$336,000, representing an increase of approximately 18.7% as compared with approximately HK$283,000 for the year ended 31 December 2022. The increase was mainly due to the increase in interest rate during the year ended 31 December 2023.

Net Loss

Loss attributable to owners of the Company for the Year decreased by approximately HK$4.6 million or approximately 8.2% from approximately HK$56.2 million for the year ended 31 December 2022 to net loss of approximately HK$51.6 million for the Year. The decrease in the Group's net loss for the Year was mainly due to the improvement of gross loss margin and offset by the increase in allowance for impairment losses during the Year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The shares of the Company (the "**Shares**") were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 16 August 2019. On 12 July 2023, the Board proposed to implement the share consolidation (the "**Share Consolidation**") on the basis that every ten (10) issued and unissued Shares of HK$0.01 each in the share capital of the Company will be consolidated into one (1) consolidated share of HK$0.10 each (the "**Consolidated Shares**"). An ordinary resolution to approve the Share Consolidation has been passed by the Shareholders at the extraordinary general meeting held on Friday, 11 August 2023. The Share Consolidation took effect on Tuesday, 15 August 2023. For further details, please refer to the announcements of the Company dated 12 July 2023 and 11 August 2023, and the circular of the Company dated 26 July 2023.

As at 31 December 2023, the Company's issued capital was HK$31,200,000 and the number of its issued ordinary shares was 312,000,000 of HK$0.10 each.

As at 31 December 2023, the Group had total bank balances of approximately HK$18.6 million (31 December 2022: approximately HK$14.0 million). The total borrowings of the Group, consisting of bank overdrafts and bank borrowings, as at 31 December 2023 were approximately HK$9.6 million (31 December 2022: approximately HK$9.7 million). All borrowings were denominated in Hong Kong dollars. Interests are charged at floating rates. The Group did not carry out any interest rate hedging policy.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

PLEDGE OF ASSETS

As at 31 December 2023, the Group had pledged financial assets at fair value through profit or loss of approximately HK$2.7 million (31 December 2022: financial assets at fair value through profit or loss of approximately HK$2.6 million and leasehold land and building of approximately HK$1.2 million) in order to secure bank facilities granted to the Group.

FOREIGN EXCHANGE RISK

The Group mainly operates in Hong Kong. Most of the operating transactions and revenue were settled in Hong Kong dollars and the Group's assets and liabilities are primarily denominated in Hong Kong dollars. With the insignificant portion of monetary transactions and assets denominated in foreign currencies, the Group did not engage in any derivatives agreement and did not commit to any financial instrument to hedge its foreign exchange exposure during the Year (2022: Nil).

GEARING RATIO

As at 31 December 2023, the gearing ratio (calculated as total bank borrowings (i.e. bank overdrafts and bank borrowings) divided by the total equity) was approximately 18.1% (31 December 2022: approximately 9.3%).

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2023, the Group had no material capital commitments or contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Year, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

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

SIGNIFICANT INVESTMENT HELD

During the Year, the Group did not hold any significant investments.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 31 December 2023, the Group does not have any other plans for material investments or capital assets.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Group employed a total of 14 employees (including executive Directors and independent non-executive Directors), as compared to a total of 16 employees as at 31 December 2022. Total staff costs which include Directors' emoluments for the Year were approximately HK$5.6 million (year ended 31 December 2022: approximately HK$5.3 million). The salary and benefit level of the employees of the Group are competitive and individual performance is rewarded through the Group's salary and bonus system. The Group conducts annual review on the salary increase, discretionary bonuses and promotions based on the performance of each employee.

The emoluments of the Directors are decided by the Board after recommendation from the remuneration committee of the Company, having considered factors such as the Group's financial performance and the individual performance of the Directors, etc.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees.

During the Year, the Group has not experienced any significant problems with its employees due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff.

FINAL DIVIDEND

The Board has resolved not to recommend the declaration of final dividend to Shareholders for the Year.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the CG Code as set out in then Appendix 14 to the Listing Rules (currently Appendix C1 to the Listing Rules). During the Year and up to the date of this announcement, the Company has complied with the code provisions under the CG Code, except for the deviation from code provision C.2.1 of the CG Code as explained below. The Company will continue to enhance its corporate governance practices appropriate to the operation and growth of the business of the Group.

According to code provision C.2.1 of the CG Code, the role of the chairman and the chief executive officer of the Company should be separate and should not be performed by the same individual. During the Year and up to the date of this announcement, the role of the chairman and the chief executive officer of the Company are both performed by Mr. Adam Cheung. In view of Mr. Adam Cheung's role in the day-to-day management and operations of the Group, being one of the controlling shareholders of the Group and as one of the Directors if not the sole director of other members of the Group, as at the date of this announcement, the Board believes that it is more effective and efficient overall business planning and implementation of business decisions and strategies of the Group that it shall be in the best interests of the Group for Mr. Adam Cheung to take up the dual roles of chairman and chief executive officer of the Company. Therefore, the Board considers that the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstance and that there are sufficient checks and balances in place by the operations of the Board, which comprises experienced and high calibre individuals and adequate independent element in the composition of the Board.

The Board will continue to review and consider splitting the roles of chairman 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. The Directors are aware that the Company is expected to comply with the CG Code. Any deviation from the CG Code should be carefully considered and disclosed in the interim and annual report. Save as disclosed above, the Company will continue to comply with the CG Code to protect the best interests of the shareholders.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding the transactions of securities of the Company by the Directors and the relevant employees (who likely possess inside information of the Company) (the "**Securities Dealing Code**") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules. All Directors have confirmed, following specific enquiries by the Company, that they fully complied with the Model Code and the Securities Dealing Code throughout the Year to the date of this announcement.

COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors, the controlling shareholders of the Company or any of their respective close associates (as defined in the Listing Rules) that compete or may compete, directly or indirectly, with the business of the Group and any other conflicts of interest which any such person has or may have with the Group and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules during the Year and up to date of this announcement.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient amount of public float for the Shares as required under the Listing Rules during the Year and up to the date of this announcement.

AUDIT COMMITTEE

The Company established the audit committee (the "**Audit Committee**") on 22 July 2019 with written terms of reference in compliance with Rule 3.22 of the Listing Rules and Code Provision D.3.3 of the CG Code. The Audit Committee currently comprises three independent non-executive Directors, namely Ms. Ding Xin, Ms. Lo Yin Ping Patricia and Mr. Ho Kwok Lung, to review on matters regarding internal controls, risk management and financial reporting of the Group. The Audit Committee had reviewed the Group's annual results for the financial year ended 31 December 2023 and confirmed that they were prepared in accordance with applicable accounting standards, Listing Rules and that adequate disclosures have been made.

SCOPE OF WORK OF WILSON & PARTNERS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Wilson & Partners CPA Limited ("**WPCPA**"), to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board on 26 March 2024. The work performed by WPCPA in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by WPCPA on the preliminary announcement.

PUBLICATIONS OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Company (www.handsform.com) and the Stock Exchange (www.hkexnews.hk). The 2023 annual report of the Company will be despatched to shareholders of the Company and available on the above websites in due course.

By order of the Board
Hands Form Holdings Limited
Cheung Kwok Fai Adam
Chairman and Executive Director

Hong Kong, 26 March 2024

As at the date of this announcement, the Board comprises Mr. Cheung Kwok Fai Adam, Mr. Ng Sheung Chung and Mr. Ma Kan Sun as executive Directors and Ms. Ding Xin, Ms. Lo Yin Ping Patricia and Mr. Ho Kwok Lung as independent non-executive Directors.