

G&M Holdings Limited

信越控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6038



2024

INTERIM REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Lee Chi Hung
(*Chairman and Chief Executive Officer*)
Ms. Lam Suk Yee, Patricia

Non-executive Director

Mr. Leung Ping Kwan

Independent Non-Executive Directors

Professor Wong Roderick Sue Cheun
(*Resigned on 1 July 2024*)
Mr. Tai Kwok Leung, Alexander
Mr. Kwan Cheuk Kui
Dr. Liu Yuk Shing
(*Appointed on 1 July 2024*)

AUDIT COMMITTEE

Mr. Tai Kwok Leung, Alexander (*Chairman*)
Professor Wong Roderick Sue Cheun
(*Resigned on 1 July 2024*)
Mr. Kwan Cheuk Kui
Dr. Liu Yuk Shing
(*Appointed on 1 July 2024*)

NOMINATION COMMITTEE

Mr. Lee Chi Hung (*Chairman*)
Professor Wong Roderick Sue Cheun
(*Resigned on 1 July 2024*)
Mr. Tai Kwok Leung, Alexander
Mr. Kwan Cheuk Kui
Dr. Liu Yuk Shing
(*Appointed on 1 July 2024*)

REMUNERATION COMMITTEE

Mr. Kwan Cheuk Kui (*Chairman*)
Mr. Lee Chi Hung
Professor Wong Roderick Sue Cheun
(*Resigned on 1 July 2024*)
Mr. Tai Kwok Leung, Alexander
Dr. Liu Yuk Shing
(*Appointed on 1 July 2024*)

RISK MANAGEMENT COMMITTEE

Mr. Lee Chi Hung (*Chairman*)
Professor Wong Roderick Sue Cheun
(*Resigned on 1 July 2024*)
Mr. Tai Kwok Leung, Alexander
Mr. Kwan Cheuk Kui
Dr. Liu Yuk Shing
(*Appointed on 1 July 2024*)

JOINT COMPANY SECRETARIES

Ms. Huen Shuk Man
Mr. Lee Baldwin

AUTHORISED REPRESENTATIVES

Mr. Lee Chi Hung
Mr. Chan Wai Yin

REGISTERED OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman, KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

11th Floor
Magnet Place Tower 1
77-81 Container Port Road
Kwai Chung, New Territories
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

AUDITOR

BDO Limited
*Certified Public Accountants and
Registered Public Interest
Entity Auditor*

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Hong Kong and Shanghai
Banking Corporation

COMPANY WEBSITE

www.gm-eng.com.hk

STOCK CODE

6038

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “**Board**”) of directors (the “**Directors**”) of G & M Holdings Limited (the “**Company**”) is pleased to present the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2024 (the “**Period**”), together with the comparative figures for the corresponding period in 2023 (the “**Corresponding Period**”). These information should be read in conjunction with the annual report of the Company for the year ended 31 December 2023 (the “**2023 Annual Report**”).

BUSINESS REVIEW

The Group has 30 years history in Hong Kong and provides one-stop design and build solutions and repair and maintenance services in relation to podium facade and curtain wall works in Hong Kong.

It is a challenging year for the Company, as the construction activities in the private sector had been affected by the sluggish real estate market and the uncertain economic outlook. We noted that less projects being launched and the customers becoming more conscious with pricing. Facing the worsening operating conditions, the Group is blessed to have the work portfolio to sustain a practically full scale operation for the year ending 2024. However, due to the downturn in the private property projects and the keen competition in the construction market are expected to continue for a period of time. We will strengthen our work quality, safety and cost control enhancement and keep a prudent approach on bidding new projects and maintain the quality of projects with reasonable gross profit margins.

The management will also maintain its commitment for the operation efficiency and grasp the opportunities for both construction business and mining business.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

The Group's major projects on hand as at 30 June 2024 can be summarised as follows:

No.	Type of works undertaken	Location	Expected completion date	Estimated remaining contract value as at 30 June 2024 HK\$ million
1	Facade	West Kowloon, Kowloon	Jun 2025	256.1
2	Facade	Kai Tak, Kowloon	Nov 2024	31.2
3	Facade	Queensway, Hong Kong	Dec 2024	29.8
4	Facade	Shatin, New Territories	Nov 2024	17.3
5	Facade	Chek Lap Kok, New Territories	Mar 2025	15.8
6	Facade	Kai Tak, Kowloon	Sep 2024	11.6
7	Facade	Cheung Sha Wan, Kowloon	Sep 2025	7.5
				369.3

Subsequent to the end of the Period and up to the date of this report, the Group is in the process of bidding for or pending the results of two sizeable podium facade project tenders with an estimated total contract value of HK\$65.7 million.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately HK\$48.9 million or 20.0% from approximately HK\$244.9 million for the Corresponding Period to approximately HK\$196.0million for the Period, which was mainly because the progress of certain key projects are under the early stage of site work.

Gross profit and gross profit margin

The Group's gross profit increased by approximately HK\$3.5 million or 7.5% from approximately HK\$46.8 million for the Corresponding Period to approximately HK\$50.4million for the Period. Gross profit margin of the Group was approximately 25.7% for the Period, which was relatively higher as compared to approximately 19.1% for the Corresponding Period. The increase in the gross profit margin was mainly due to the better cost control for the major projects.

Administrative and other operating expenses

The Group's administrative and other operating expenses was relatively stable as compared to the Corresponding Period.

Profit for the Period

The Group's profit for the Period amounted to approximately HK\$30.6 million, representing an increase of approximately HK\$7.0 million or 29.7% as compared to approximately HK\$23.6 million for the Corresponding Period. The increase in profit is the combined effect of the increase in gross profit of approximately HK\$3.5 million and other income of approximately HK\$4.4 million.

Receivable turnover days

The Group's receivable turnover days for the Period increased to approximately 70.3 days as compared to that of approximately 52.8 days as at 31 December 2023 because there was a decrease in revenue. The Group did not observe any signs of default on any of its trade receivables balance as at 30 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Bank borrowings

The Group had no bank borrowings as at 30 June 2024.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's gearing ratio, calculated by dividing total debts by total equity, as at 30 June 2024 was zero (31 December 2023: zero) as there was no bank borrowings as at 30 June 2024.

The Group's cash and cash equivalents balances as at 30 June 2024 amounted to approximately HK\$66.9 million, representing an increase of approximately HK\$11.0 million as compared to that of approximately HK\$55.9 million as at 31 December 2023.

The Group has placed fixed time deposits that over three months with aggregate amount of HK\$241.1 million (31 December 2023: HK\$193.0 million). The interest rates ranged from 3.5% to 4.59% (31 December 2024: ranged from 4.2% to 5.6%) per annum.

The Group had no banking borrowings at 30 June 2024.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 109 staff as at 30 June 2024 (30 June 2023: 112 staff) and the total employee benefit expenses for the Period amounted to approximately HK\$36.1 million (Corresponding Period: HK\$34.9 million). The employee benefit expense was relatively stable as compared to the Corresponding Period. The Group determines the remuneration of its employees based on each employee's qualifications, experience and past performance. The remuneration committee makes recommendations to the Board on the overall remuneration policy and structure for our Directors and senior management. The Group maintains a good relationship with its employees and has not experienced any major labour disputes nor any difficulty in recruiting suitable staff.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period to date of the report.

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

As at 30 June 2024, the interests and short positions of Directors and the chief executive of the Company in the shares of the Company (the "Shares"), underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Rules Governing the Listing Securities on the Stock Exchange (the "Listing Rules"), are as follows:

(i) Directors' interests in the Company

Name of Directors	Capacity	Number of Shares/ Position	Percentage of shareholding
Mr. Lee Chi Hung ("Mr. Lee")	Interest in a controlled corporation; interest held jointly with another person (Note 1)	750,000,000 Long Position	75%
Mr. Leung Ping Kwan ("Mr. Leung")	Interest in a controlled corporation; interest held jointly with another person (Note 1)	750,000,000 Long Position	75%
Ms. Lam Suk Yee, Patricia ("Ms. Lam")	Interest of spouse (Note 2)	750,000,000 Long Position	75%

MANAGEMENT DISCUSSION AND ANALYSIS

(ii) Directors' interests in the associated corporation of the Company

Name of Directors	Name of associated corporation	Capacity	Number of shares interested	Percentage of shareholding
Mr. Lee	Luxury Booming Limited ("Luxury Booming")	Beneficial owner	3	75%
Mr. Leung	Luxury Booming	Beneficial owner	1	25%
Ms. Lam	Luxury Booming	Interest of spouse (Note 2)	3	75%

Notes:

1. Luxury Booming is the registered and the beneficial owner holding 75% of the issued shares of the Company. The issued share capital of Luxury Booming is owned as to 75% by Mr. Lee and 25% by Mr. Leung. By virtue of the concert parties confirmatory deed entered into between Mr. Lee and Mr. Leung dated 9 January 2017, each of Mr. Lee and Mr. Leung is deemed to be interested in the entire shareholding interests of Luxury Booming in the Company under SFO.
2. Ms. Lam is the spouse of Mr. Lee and is deemed or taken to be interested in all Shares in which Mr. Lee has interest under the SFO.

MANAGEMENT DISCUSSION AND ANALYSIS

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2024, so far as the Directors are aware, the interest and short positions of the persons, other than a director or chief executive of the Company, in the Shares and underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO are as follows:

Substantial shareholders' interest in the Company

Name of shareholders	Capacity	Number of Shares held/ Position	Percentage of shareholding
Luxury Booming (<i>Note 1</i>)	Beneficial owner	750,000,000 Long Position	75%
Ms. Ku Nga Ping (<i>Note 2</i>)	Interest of spouse	750,000,000 Long Position	75%

Notes:

- Luxury Booming is the registered and beneficial owner holding 75% of the issued shares of the Company. The issued share capital of Luxury Booming is owned as to 75% by Mr. Lee and 25% by Mr. Leung. By virtue of the concert parties confirmatory deed entered into between Mr. Lee and Mr. Leung dated 9 January 2017, each of Mr. Lee and Mr. Leung is deemed to be interested in the entire shareholding interests of Luxury Booming in the Company under the SFO.
- Ms. Ku Nga Ping is the spouse of Mr. Leung and is deemed, or taken to be, interested in all Shares in which Mr. Leung has interest under the SFO.

SHARE OPTION SCHEME

The Company granted 3,000,000 share options on 16 April 2021 under the share option scheme adopted on 12 May 2017. As at 6 June 2024, 1,000,000 share options was exercised. The balance of granted share option as at 30 June 2024 is 2,000,000 shares.

MANAGEMENT DISCUSSION AND ANALYSIS

PLEDGE OF ASSETS

As at 30 June 2024, there is no pledged deposits.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

During the Period, the Group did not have any material acquisitions and disposals of subsidiaries.

SIGNIFICANT INVESTMENT HELD

The Group had not held any significant investments during the Period.

CAPITAL COMMITMENT

The Group had no significant capital commitment as at 30 June 2024.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2024.

EVENTS AFTER END OF THE PERIOD

No event has occurred after 30 June 2024 and up to the date of this report which would have a material effect on the Group.

CORPORATE GOVERNANCE

The Company has adopted the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 of the Listing Rules and has complied with the CG Code throughout the Period, except in relation to provision C.2.1 of the CG Code where the roles of the Group’s Chairman and chief executive officer are both performed by Mr. Lee. The provision C.2.1 of the CG Code requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Please refer to the annual report for year ended 31 December 2023 for the nature of the non-compliance with the provision C.2.1 of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Upon specific enquiries being made with all Directors, each of them confirmed that they have complied with the required standards set out in the Model Code for the Period and up to the date of this report.

INTERIM AND SPECIAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

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 Directors recommended the payment of an interim dividend of HK2.0 cents per share and a special dividend of HK4.0 cents, amounting to a total of HK\$20,020,000 and HK\$40,040,000 respectively for the Period and representing a dividend ratio of approximately 196%, to shareholders whose names appear on the register of members of the Company at the close of business on 16 September 2024, which is expected to be paid on or about 2 October 2024.

To ascertain entitlement to the interim and special dividend, the register of members of the Company will be closed from Thursday, 12 September 2024 to Monday, 16 September 2024 (both days inclusive). In order to qualify for the interim and special dividend, holders of shares of the Company must ensure that all transfers of shares be lodged with the Company's branch share registrar and transfer office in Hong Kong no later than 4:30 p.m. on Wednesday, 11 September 2024.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") currently comprises three independent non-executive Directors, namely Mr. Tai Kwok Leung, Alexander, Mr. Kwan Cheuk Kui and Dr. Liu Yuk Shing, and is chaired by Mr. Tai Kwok Leung, Alexander.

The Audit Committee has reviewed the accounting standards and policies adopted by the Group and the unaudited condensed consolidated interim financial statements of the Group for the Period.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
Revenue	5	195,984	244,882
Cost of revenue		(145,607)	(198,040)
Gross profit		50,377	46,842
Other income, gains and losses	6	6,449	2,010
Administrative and other operating expenses		(19,805)	(19,900)
Fair value loss on financial assets at fair value through profit or loss		(53)	(126)
Finance costs		(316)	(485)
Profit before income tax	7	36,652	28,341
Income tax expense	8	(6,059)	(4,754)
Profit for the period		30,593	23,587
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
– Exchange difference arising from translation of foreign operation		(10)	41
Total comprehensive income for the period		30,583	23,628
		HK cents	HK cents
Earnings per share			
– Basic	11	3.1	2.4
– Diluted	11	3.1	2.4

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	<i>Notes</i>	30 June 2024 (unaudited) HK\$'000	31 December 2023 (audited) HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	12	2,786	3,223
Deposits and prepayments	14	1,266	1,266
Right-of-use assets		4,248	4,984
Deposit paid for acquisition of a mining right		29,363	29,363
		37,663	38,836
Current assets			
Inventories		513	989
Contract assets	13	80,807	77,419
Trade and other receivables, deposits and prepayments	14	59,861	117,864
Financial assets at fair value through profit or loss		751	804
Time deposit with original maturity over three months		241,101	192,988
Cash and bank balances		66,915	55,939
		449,948	446,003
Current liabilities			
Contract liabilities	13	60,571	98,541
Trade and other payables	15	69,273	55,552
Lease liabilities		3,298	3,107
Dividend payable	10	20,020	–
Tax payable		8,588	11,398
		161,750	168,598
Net current assets		288,198	227,405
Total assets less current liabilities		325,861	316,241

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	<i>Note</i>	30 June 2024 (unaudited) HK\$'000	31 December 2023 (audited) HK\$'000
Non-current liabilities			
Lease liabilities		1,570	2,674
NET ASSETS		324,291	313,567
CAPITAL AND RESERVES			
Share capital	16	10,010	10,000
Reserves		314,281	303,567
TOTAL EQUITY		324,291	313,567

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Equity attributable to owners of the Company						
	Share capital HK\$'000	Share premium* HK\$'000	Merger reserve* HK\$'000	Translation reserves* HK\$'000	Share-based payment reserve* HK\$'000	Retained profits* HK\$'000	Total equity HK\$'000
At 1 January 2024	10,000	82,848	(4,592)	(183)	123	225,371	313,567
Profit for the period	-	-	-	-	-	30,593	30,593
Other comprehensive income for the period							
- Exchange difference arising from translation of foreign operation	-	-	-	(10)	-	-	(10)
Total comprehensive income for the period	-	-	-	(10)	-	30,593	30,583
Shares issued based on exercising share option	10	151	-	-	-	-	161
Dividends declared (note 10)	-	-	-	-	-	(20,020)	(20,020)
At 30 June 2024 (unaudited)	10,010	82,999	(4,592)	(193)	123	235,944	324,291
At 1 January 2023	10,000	82,848	(4,592)	(138)	123	201,368	289,609
Profit for the period	-	-	-	-	-	23,587	23,587
Other comprehensive income for the period							
- Exchange difference arising from translation of foreign operation	-	-	-	41	-	-	41
Total comprehensive income for the period	-	-	-	41	-	23,587	23,628
Dividends declared (note 10)	-	-	-	-	-	(18,000)	(18,000)
At 30 June 2023 (unaudited)	10,000	82,848	(4,592)	(97)	123	206,955	295,237

* The total of these equity accounts as at 30 June 2024 represent "Reserves" in the condensed consolidated statements of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
Net cash generated from/(used in) operating activities	56,344	(37,717)
Net cash (used in)/generated from investing activities	(43,696)	53,913
Net cash used in financing activities	(1,659)	(1,582)
Increase in cash and cash equivalents	10,989	14,614
Cash and cash equivalents at the beginning of period	55,939	38,826
Effect of exchange rate changes on cash and cash equivalents	(13)	(4)
Cash and cash equivalents at the end of period	66,915	53,436

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

G & M Holdings Limited (The “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability on 29 November 2016 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands. Its principal place of business is located at 11th Floor, Magnet Place Tower 1, 77-81 Container Port Road, Kwai Chung, New Territories, Hong Kong.

The Company is an investment holding company and the principal activities of the Company and its subsidiaries (collectively referred hereafter as the “**Group**”) are the provision of one-stop design and build solutions as well as repair and maintenance services in relation to podium facade and curtain wall works in Hong Kong.

The Company’s parent is Luxury Booming Limited (“**Luxury Booming**”), a limited liability company incorporated in the British Virgin Islands. In the opinion of the directors, Luxury Booming is also the ultimate holding company of the Company.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange. The unaudited condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements and should be read in conjunction with the annual financial statements for the year ended 31 December 2023 (“**Financial Statements 2023**”), which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA.

The condensed consolidated interim financial statements have not been audited or reviewed by the Company’s external auditor, but have been reviewed by the audit committee of the Company and approved by the Board of the Company on 27 August 2024.

The unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise stated.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. Except for the adoption of the new and amended HKFRSs for annual periods beginning on 1 January 2024, the accounting policies and methods of computation used in the unaudited condensed consolidated interim financial statements are consistent with those described in the Financial Statements 2023.

(a) Adoption of new or revised HKFRSs effective on 1 January 2024

During the interim period, the Group has adopted all the following new and amended HKFRSs which are first effective for the reporting period and relevant to the Group.

Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
HK Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liabilities in a Sale and Leaseback

The adoption of these new standards and amendments to existing standards does not have any significant impact to the results and financial position of the Group and/or Group's unaudited condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's condensed consolidated interim financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKFRS 10 and HKAS 28	Lack of Exchangeability ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²

¹ Effective for annual periods beginning on or after 1 January 2025.

² The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

The Directors of the Company are currently assessing the possible impact of these new or revised standards on the Group's results and financial position but is not yet in a position to determine whether they will have a significant impact on the Group's results of operations and financial position.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. SEGMENT REPORTING

(a) Segment information

The Group has only one operating segment that qualifies as reporting segment under HKFRS 8 “Operating Segments”. The Group operates in Hong Kong and the People’s Republic of China (the “**PRC**”). All the Group’s revenue are derived from Hong Kong, and more than 98% of the Group’s non-current assets are located in Hong Kong. Accordingly, no separate segmental analysis is presented.

(b) Information about major customers

Revenue from major customers, each of them accounted for 10% or more of the Group’s revenue, is set out below:

	Six months ended 30 June	
	2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
Customer I	127,433	72,141
Customer II	32,438	165,383

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. REVENUE

The Group is principally engaged in the provision of one-stop design and build solutions as well as repair and maintenance services in relation to podium facade and curtain wall work in Hong Kong. Revenue derived from the Group's principal activities comprises of the followings:

	Six months ended 30 June	
	2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
Revenue recognised over time:		
Design and build projects		
– Podium facade and related works	183,080	238,620
– Curtain wall works	–	184
	183,080	238,804
Repair and maintenance services	12,904	6,078
	195,984	244,882

6. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
Bank interest income	5,425	2,010
Dividend income from financial assets at fair value through profit or loss ("FVTPL")	12	11
Other loss	–	(11)
Loss on exchange difference	(567)	–
Government grants (<i>note</i>)	1,579	–
	6,449	2,010

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. OTHER INCOME, GAINS AND LOSSES (Continued)

Note:

It represented the advanced construction technologies (“ACT”) grants obtained from the Construction Innovation and Technology Fund (“CITF”) under Construction Industry Council. Under the CITF, the Group should commit to spend the grants on ACT with specific vendors. The Group did not have other unfulfilled obligations relating to these programs.

7. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging the following:

	Six months ended 30 June	
	2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
Auditor's remuneration	350	350
Cost of inventories recognised as expenses [#]	67,451	96,243
Depreciation charge:		
– Property, plant and equipment*	722	727
– Right-of-use assets*		
Properties and machinery leased for own use	1,443	1,214
Employee benefit expenses (including directors' emoluments)		
– Salaries, allowances and other benefits	34,714	33,672
– Share based payment	104	–
– Contributions to defined contribution retirement plan	1,284	1,215
	36,102	34,887

[#] Included in cost of revenue

^{*} Included in administrative and other operating expense

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8. INCOME TAX EXPENSE

The amount of income tax expense in the condensed consolidated statement of comprehensive income:

	Six months ended 30 June	
	2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
Hong Kong Profits Tax		
– Current tax for the period	6,057	4,752
PRC Enterprise Income Tax		
– Current tax for the period	2	2
Tax for the period	6,059	4,754

The Company and its Hong Kong incorporated subsidiaries are subject to Hong Kong Profits Tax which is calculated at tax rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Company which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

The Company's PRC subsidiary was eligible to be classified as small enterprise by local bureau and the corresponding assessable profits are taxed at progressive rate. The first RMB1,000,000 assessable profit is taxed at 5% and assessable profit above RMB1,000,000 but less than RMB3,000,000 is taxed at 10%. PRC Enterprise Income Tax for each of the six months ended 30 June 2024 and 2023 is calculated by applying the applicable progressive tax rate on the estimated assessable profit for the period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

9. SHARE-BASED PAYMENT

During the six months ended 30 June 2024, share-based payment expense of HK\$104,000 (six months ended 30 June 2023: HK\$nil) was recognised in profit or loss and no corresponding amount (six months ended 30 June 2023: HK\$nil) was credited to share option reserve.

10. DIVIDENDS

The Directors propose the payment of an interim dividend of HK2.0 cents per share, amounting to HK\$20,020,000 and a special dividend of HK4.0 cents per share, amounting to HK\$40,040,000 for the six months ended 30 June 2024 (six months ended 30 June 2023: HK1.5 cents per share).

The final dividend of HK\$20,020,000 for the year ended 31 December 2023 has been approved by shareholders at the Company's annual general meeting and the payment for which has been despatched on 18 July 2024.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. EARNING PER SHARE

The calculation of basic and diluted earnings per share is based on following data:

	Six months ended 30 June	
	2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
Earnings		
Profit for the period attributable to owners of the Company	30,593	23,587
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,000,074	1,000,000
Effect of dilutive potential ordinary shares – share options	273	184
Weighted average number of ordinary shares for the purposes of diluted earnings per share	1,000,347	1,000,184

For the purposes of calculating diluted earnings per share for the six months ended 30 June 2024 and 2023, the weighted average number of ordinary shares has been adjusted for the dilutive effect arising from the share options.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired items of property, plant and equipment with a cost of approximately HK\$305,000 (six months ended 30 June 2023: HK\$217,000). No property, plant and equipment were disposed during the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

**NOTES TO THE CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS**

13. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	As at 30 June 2024 (unaudited) HK\$'000	As at 31 December 2023 (audited) HK\$'000
Contract assets are arising from:		
– Design and build contracts	79,486	77,560
– Repair and maintenance services	2,081	619
Contract assets (gross)	81,567	78,179
Less: Loss allowance	(760)	(760)
	80,807	77,419
Unbilled revenue	22,535	11,967
Retention receivables	59,032	66,212
Contract assets (gross)	81,567	78,179

The expected timing of recovery or settlement of gross amount of contract assets at the end of the reporting period is as follows:

	As at 30 June 2024 (unaudited) HK\$'000	As at 31 December 2023 (audited) HK\$'000
Within one year	68,888	76,155
More than one year	12,679	2,024
	81,567	78,179

**NOTES TO THE CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS**

13. CONTRACT ASSETS AND CONTRACT LIABILITIES
(Continued)

(b) Contract liabilities

	As at 30 June 2024 (unaudited) HK\$'000	As at 31 December 2023 (audited) HK\$'000
Contract liabilities are arising from:		
– Design and build contracts*	60,024	74,942
– Repair and maintenance services	547	1,932
	60,571	76,874

* Included warranty provision made for design and build projects amounting to HK\$5,000 as at 30 June 2024 (31 December 2023: HK\$5,000). During the six months ended 30 June 2024, no warranty cost (year ended 31 December 2023: HK\$1,518,000) was incurred and charged against the warranty provision.

**NOTES TO THE CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS**

14. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June 2024 (unaudited) HK\$'000	As at 31 December 2023 (audited) HK\$'000
Non-current		
Refundable rental deposits	1,266	1,266
Current		
Trade receivables	52,065	99,587
Less: Loss allowance	(79)	(79)
Trade receivables, net	51,986	99,508
Retention receivables	1,533	1,857
Less: Loss allowance	(22)	(22)
Retention receivables, net	1,511	1,835
Deposits and prepayments	6,364	16,521
	59,861	117,864

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

14. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Notes:

- (a) The credit period granted to trade debtors ranged from 20 to 60 days.
- (b) The aging analysis of trade receivables (net of loss allowance) based on the invoice date, as at the end of the reporting period is as follows:

	As at 30 June 2024 (unaudited) HK\$'000	As at 31 December 2023 (audited) HK\$'000
0 – 30 days	41,257	87,742
31 – 60 days	5,361	216
61 – 90 days	1,454	1,645
Over 90 days but less than 1 year	1,188	4,607
Over 1 year	2,726	5,298
	51,986	99,508

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

15. TRADE AND OTHER PAYABLES

	As at 30 June 2024 (unaudited) HK\$'000	As at 31 December 2023 (audited) HK\$'000
Trade payables	41,668	22,985
Retention payables	14,128	13,708
Accruals and other payables	13,477	18,859
	69,273	55,552

Notes:

(a) Trade payables

The credit period granted by the suppliers and subcontractors is normally 0 to 60 days.

The ageing analysis of the trade payables, based on invoice date, as at the end of the reporting period is as follows:

	As at 30 June 2024 (unaudited) HK\$'000	As at 31 December 2023 (audited) HK\$'000
0 – 30 days	26,636	16,364
31 – 60 days	12,906	4,504
61 – 90 days	300	179
Over 90 days	1,826	1,938
	41,668	22,985

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

15. TRADE AND OTHER PAYABLES (Continued)

Notes: (Continued)

(b) Retention payables

Based on the terms and conditions agreed in relation to the release of retention monies to subcontractors and taking into account the status of rectification work, the retention payables as at the end of the reporting period are to be settled as follows:

	As at 30 June 2024 (unaudited) HK\$'000	As at 31 December 2023 (audited) HK\$'000
On demand or within one year	7,533	7,227
More than one year	6,595	6,481
	14,128	13,708

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

16. SHARE CAPITAL

The share capital balance as at 30 June 2024 and 31 December 2023 represents the issued and fully paid share capital of the Company as follows:

Ordinary share of HK\$0.01 each	Number of shares	Amount HK\$'000
Authorised:	10,000,000,000	100,000
Issued and fully paid:		
As at 1 January 2024	1,000,000,000	10,000
Add: Shares issued after exercise the share option	1,000,000	10
As at 30 June 2024	1,001,000,000	10,010

17. GUARANTEES

The Group provided guarantee in respect of the surety bonds issued by the banks, in favour of the customers of certain construction contracts. In addition, the Group also provided guarantee in respect of the irrevocable letters of guarantee issued by a bank in favour of a supplier in relation to certain machineries by the supplier. Details of these guarantees are as follows:

	As at 30 June 2024 (unaudited) HK\$'000	As at 31 December 2023 (audited) HK\$'000
Aggregate value of surety bonds issued in favour of customers	105,691	101,579

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

18. LITIGATIONS

During the period ended 30 June 2024 and the year ended 31 December 2023, certain lawsuits and claims arising from the normal course of business were lodged against the Group. Claim amounts are not specified in some of the applications of these lawsuits and claims. All the claims were settled. Having considered the nature of these claims and the underlying insurance coverage, the directors assessed that outflow of significant resources in settling the claims was remote and thus no provision was made for these claims.

19. RELATED PARTIES TRANSACTIONS

Save as disclosed elsewhere in these condensed consolidated interim financial statements, the Group had the following transactions with its related parties:

Compensation of key management personnel

The remuneration of directors and other members of key management during the periods were as follows:

	Six months ended 30 June	
	2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
Salaries, allowances and other benefits	6,943	5,612
Contributions to defined contribution retirement plan	72	54
	7,015	5,666