



2021 INTERIM REPORT

G&M Holdings Limited
信越控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6038

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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
Mr. Tai Kwok Leung, Alexander
Mr. Kwan Cheuk Kui

AUDIT COMMITTEE

Mr. Tai Kwok Leung, Alexander (*Chairman*)
Professor Wong Roderick Sue Cheun
Mr. Kwan Cheuk Kui

NOMINATION COMMITTEE

Mr. Lee Chi Hung (*Chairman*)
Professor Wong Roderick Sue Cheun
Mr. Tai Kwok Leung, Alexander
Mr. Kwan Cheuk Kui

REMUNERATION COMMITTEE

Mr. Kwan Cheuk Kui (*Chairman*)
Mr. Lee Chi Hung
Professor Wong Roderick Sue Cheun
Mr. Tai Kwok Leung, Alexander

RISK MANAGEMENT COMMITTEE

Mr. Lee Chi Hung (*Chairman*)
Professor Wong Roderick Sue Cheun
Mr. Tai Kwok Leung, Alexander
Mr. Kwan Cheuk Kui

JOINT COMPANY SECRETARIES

Ms. Huen Shuk Man
Mr. Lee Baldwin

AUTHORISED REPRESENTATIVES

Mr. Lee Chi Hung
Ms. Huen Shuk Man

REGISTERED OFFICE

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
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITOR

BDO Limited
Certified Public Accountants

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Shanghai Commercial Bank Limited

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 2021 (the “**Period**”), together with the comparative figures for the corresponding period in 2020 (the “**Corresponding Period**”). These information should be read in conjunction with the annual report of the Company for the year ended 31 December 2020 (the “**2020 Annual Report**”).

BUSINESS REVIEW

The Group has more than 20 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.

The continuous outbreak of COVID-19 has made the operation challenging and the Group experienced delay in the progress for some projects due to the delay of other stage prior to the Group’s construction works. Thankfully with our quality track record and technical capability, the Group has been able to secure increasing number of and larger scale projects in the past couple of years; and as such, despite the aforesaid delay in progress and short of original anticipation in revenue for some projects, the Group achieved an increase in revenue by approximately HK\$22.9 million or 16.9% for the Period.

Furthermore, the Group has successfully secured several new contracts during the Period and the outstanding contract sum of the Group’s contracts on hand has reached an amount of approximately HK\$791.4 million which compared with the amount of HK\$497.0 million for the Corresponding Period. Although the COVID-19 outbreak did not have any significant impact on our operation, we will maintain a prudent financial management approach to withstand the present challenging global economic conditions.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

The Group's major projects on hand as at 30 June 2021 can be summarised as follows:

No.	Type of works undertaken	Location	Expected completion date	Estimated remaining contract value as at 30 June 2021 HK\$ million
1.	Podium facade	Kai Tak, Kowloon	Dec 2022	293.1
2.	Podium facade	Taikoo, Hong Kong	Dec 2021	171.1
3.	Podium facade	Kwun Tong, Kowloon	Jun 2022	159.0
4.	Podium facade	Shatin, New Territories	Dec 2022	86.3
5.	Podium facade	Wetland Park, New Territories	Dec 2021	26.3
				735.8

Subsequent to the end of the Period and up to the date of this report, the Group had been awarded a podium facade contract with contract sum of approximately of HK\$55.6 million. Meanwhile, the Group is in the process of bidding for or pending the results of five sizeable project tenders with an estimated total contract value of over HK\$422.5 million which comprised two podium facade projects with an estimated total contract value of HK\$140.4 million and three curtain wall projects with an estimated total contract value of HK\$282.1 million. As local pandemic situation is gradually coming under control, the progress of previously delayed projects has resumed and sped up; it is expected the revenue growth trend will continue into the second half of the year 2021.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately HK\$22.9 million or 16.9% from approximately HK\$135.5 million for the Corresponding Period to approximately HK\$158.4 million for the Period, which was mainly due to the projects awarded in previous year commencing to generate revenue during the Period.

Gross profit and gross profit margin

The Group's gross profit increased by approximately HK\$5.4 million or 15.1% from approximately HK\$35.8 million for the Corresponding Period to approximately HK\$41.2 million for the Period. Gross profit margin of the Group was approximately 26.0% for the Period, which was relatively stable as compared to approximately 26.4% for the Corresponding Period.

Administrative and other operating expenses

The Group's administrative and other operating expenses decreased by approximately HK\$0.7 million or 3.8% from approximately HK\$18.2 million for the Corresponding Period to approximately HK\$17.5 million for the Period, mainly due to the reduction in legal and professional expenses.

Profit for the Period

The Group's profit for the Period amounted to approximately HK\$19.9 million, representing an increase of approximately HK\$3.4 million or 20.6% as compared to approximately HK\$16.5 million for the Corresponding Period. The increase in profit is the combined effect of the rise in revenue and gross profit and reduction in administrative expenses, and partially offset by the reduction in other income as the anti-epidemic subsidies of approximately HK\$2.0 million in the Corresponding Period was non-recurring in nature.

Receivable turnover days

The Group's receivable turnover days for the Period decreased to approximately 60.9 days as compared to that of approximately 76.4 days as at 31 December 2020 because the progress certified as at the period end decreased. The Group did not observe any signs of default on any of its trade receivables balance as at 30 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Bank borrowings

The Group's bank borrowings as at 30 June 2021 were approximately HK\$2.6 million, representing an increase of approximately HK\$1.5 million as compared to approximately HK\$1.1 million as at 31 December 2020.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's gearing ratio, calculated by dividing total debts by total equity, as at 30 June 2021 was approximately 1.1% (31 December 2020: 0.5%). The increase was mainly due to the increase in the bank borrowings.

The Group's cash and cash equivalents balances as at 30 June 2021 amounted to approximately HK\$137.4 million, representing a decrease of approximately HK\$11.8 million as compared to that of approximately HK\$149.2 million as at 31 December 2020.

The Group's bank borrowings as at 30 June 2021 were all denominated in Euros. The interest rates were 3.15% per annum.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 110 staff as at 30 June 2021 (30 June 2020: 103 staff) and the total employee benefit expenses for the Period amounted to approximately HK\$30.7 million (Corresponding Period: HK\$26.7 million). Such increase was mainly contributed to the increase in average number of staff salary as a result of the Group's business expansion. 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 2021, 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 10 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 Director	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 <i>(Note 1)</i>	750,000,000 Long Position	75%
Mr. Leung Ping Kwan (“ Mr. Leung ”)	Interest in a controlled corporation; interest held jointly with another person <i>(Note 1)</i>	750,000,000 Long Position	75%
Ms. Lam Suk Yee, Patricia (“ Ms. Lam ”)	Interest of spouse <i>(Note 2)</i>	750,000,000 Long Position	75%

MANAGEMENT DISCUSSION AND ANALYSIS

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

Name of Director	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.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2021, 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 shareholder	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 and no option has been exercised or cancelled since then up to the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

PLEDGE OF ASSETS

As at 30 June 2021, the Group had approximately HK\$5.0 million of pledged bank deposits (31 December 2020: HK\$5.0 million) for a banking facility of the Group.

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 2021.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2021.

EVENTS AFTER END OF THE PERIOD

No event has occurred after 30 June 2021 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 14 of the Listing Rules and has complied with the CG Code throughout the Period, except in relation to provision A.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 A.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 2020 for the nature of the non-compliance with the provision A.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 10 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 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 Directors recommended the payment of an interim dividend of HK0.55 cents per share, amounting to a total of HK\$5.5 million for the Period and representing a dividend ratio of approximately 27.7%, to shareholders whose names appear on the register of members of the Company at the close of business on 10 September 2021, which is expected to be paid on or about 29 September 2021.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") currently comprises three independent non-executive Directors, namely Professor Wong Roderick Sue Cheun, Mr. Tai Kwok Leung, Alexander and Mr. Kwan Cheuk Kui, 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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Revenue	5	158,434	135,524
Cost of revenue		(117,265)	(99,697)
Gross profit		41,169	35,827
Other income, gains and losses	6	51	2,055
Administrative and other operating expenses		(17,482)	(18,232)
Finance costs		(298)	(90)
Profit before income tax	7	23,440	19,560
Income tax expense	8	(3,581)	(3,062)
Profit for the period		19,859	16,498
Other comprehensive income			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
– Exchange difference arising from translation of foreign operation		(1)	(6)
Total comprehensive income for the period		19,858	16,492
		HK cents	HK cents
Earnings per share			
– Basic	11	2.0	1.6
– Diluted	11	2.0	1.6

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	<i>Notes</i>	As at 30 June 2021 (unaudited) HK\$'000	As at 31 December 2020 (audited) HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	12	7,116	2,321
Deposits and prepayment		1,345	3,109
Financial assets at fair value through profit and loss		1,388	–
Right-of-use assets		11,661	13,956
		21,510	19,386
Current assets			
Inventories		1,051	1,328
Contract assets	13	96,556	90,628
Trade and other receivables	14	83,657	83,440
Pledged bank deposits		5,000	5,000
Cash and bank balances		137,351	149,157
		323,615	329,553
Current liabilities			
Contract liabilities	13	32,651	50,571
Trade and other payables	15	38,801	46,297
Tax payable		2,252	57
Bank borrowings	16	2,585	1,127
Lease liabilities		2,663	2,886
Dividend payable	10	11,000	–
		89,952	100,938
Net current assets		233,663	248,001
Non-current liabilities			
Lease liabilities		9,424	11,128
NET ASSETS		245,749	236,873
CAPITAL AND RESERVES			
Share capital	17	10,000	10,000
Reserves		235,749	226,873
Total equity		245,749	227,579

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	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 earnings* HK\$'000	Total equity HK\$'000
At 1 January 2021 (audited)	10,000	82,848	(4,592)	(47)	-	148,664	236,873
Comprehensive income							
Profit for the period							
Other comprehensive income for the period	-	-	-	-	-	19,859	19,859
– Exchange difference arising from translation of foreign operation	-	-	-	(1)	-	-	(1)
Total comprehensive income for the period	-	-	-	(1)	-	19,859	19,858
Dividends declared (note 10)	-	-	-	-	-	(11,000)	(11,000)
Equity settled share-based payment (note 9)	-	-	-	-	18	-	18
At 30 June 2021 (unaudited)	10,000	82,848	(4,592)	(48)	18	157,523	245,749
At 1 January 2020 (audited)	10,000	82,848	(4,592)	(42)	238	139,127	227,579
Comprehensive income							
Profit for the period							
Other comprehensive income for the period	-	-	-	-	-	16,498	16,498
– Exchange difference arising from translation of foreign operation	-	-	-	(6)	-	-	(6)
Total comprehensive income for the period	-	-	-	(6)	-	16,498	16,492
Dividends declared (note 10)	-	-	-	-	-	(14,000)	(14,000)
At 30 June 2020 (unaudited)	10,000	82,848	(4,592)	(48)	238	141,625	230,071

* The total of these equity accounts as at 30 June 2021 represent “Reserves” in the condensed consolidated statements of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Net cash used in operating activities	(7,485)	(14,146)
Net cash used in investing activities	(5,908)	(155)
Net cash generated from financing activities	1,546	6,636
Decrease in cash and cash equivalents	(11,847)	(7,665)
Cash and cash equivalents at the beginning of period	149,157	128,467
Effect of exchange rate changes on cash and cash equivalents	41	(10)
Cash and cash equivalents at the end of period	137,351	120,792

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempt 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 directors, Luxury Booming is also the ultimate holding company of the Group.

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 2021 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 2020 (“**Financial Statements 2020**”), which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA.

The condensed consolidated interim financial statements has not been audited or reviewed by Company’s external auditors, but have been reviewed by the audit committee of the Company.

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 the adoption of the new or amended HKFRSs for annual periods beginning on 1 January 2021, 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 2020.

(a) Adoption of new or revised HKFRSs effective on 1 January 2021

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

Amendments to HKFRS 16 COVID-19-Related Rent Concessions
Amendments to HKAS 39, Interest Rate Benchmark Reform – Phase 2
HKFRS 7, HKFRS 9 and
HKFRS 16

The adoption of these new standards or amendments to existing standards does not have any significant impact on the results and financial position of the Group's unaudited 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 HKAS 1	Classification of Liabilities as Current or Non-current ³
Amendments to HKAS 16	Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HK Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ³
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1 – First-time Adoption of HKFRS; Amendments to HKFRS 9 – Financial Instruments; Amendments to HKFRS 16 and Amendments to HKAS 41 – Agriculture ¹

¹ Effective for annual periods beginning on or after 1 January 2022.

² Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after 1 January 2023.

⁴ 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. The Group operates in Hong Kong and the PRC. All the Group's revenue are derived from Hong Kong, and more than 99% 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, as set out below:

	Six months ended 30 June	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Customer I	112,048	77,088
Customer II	35,128	29,421
Customer III	N/A*	23,854

* The corresponding revenue does not contribute over 10% of the Group's revenue in respective period.

**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 works in Hong Kong.

	Six months ended 30 June	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Revenue recognised over time:		
Design and build projects		
– Podium facade and related works	140,947	87,378
– Curtain wall works	5,509	41,730
	146,456	129,108
Repair and maintenance services	11,978	6,416
	158,434	135,524

6. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Bank interest income	34	22
Dividend income from financial assets at fair value through profit or loss (“FVTPL”)	13	–
Unrealised losses on financial assets at FVTPL	(166)	–
Other income	170	–
Government subsidies	–	2,033
	51	2,055

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

7. PROFIT BEFORE INCOME TAX

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

	Six months ended 30 June	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Auditor's remuneration	300	300
Cost of inventories recognised as expenses [#]	50,667	46,570
Depreciation charge:		
Property, plant and equipment*	1,537	590
Right-of-use assets*		
– building, car parks and machinery	1,745	1,340
Warranty expenses [#]	20	–
Employee benefit expenses (including directors' emoluments)		
– Salaries, allowances and other benefits	29,659	25,729
– Contributions to defined contribution retirement plan	1,078	1,014
– Equity settled share-based payment	18	–
	30,755	26,743

[#] 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 profit or loss and other comprehensive income:

	Six months ended 30 June	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Hong Kong Profits Tax		
– Current	3,578	3,059
PRC Enterprise Income Tax		
– Current	3	3
Tax for the period	3,581	3,062

For the six months ended 30 June 2021 and 2020, under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The two-tiered profit tax rates regime was only applicable to a nominated qualified entity in the Group. The profits of group entity not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% on their estimated assessable profit.

The Group's PRC subsidiary was eligible to be classified as small enterprise by the 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%. Enterprise income tax for each of the six months ended 30 June 2021 and 2020 is calculated by applying the applicable progressive tax rate on the estimated assessable profits for the period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

9. SHARE-BASED PAYMENT

During the six months ended 30 June 2021, share-based payment of approximately HK\$18,000 (six months ended 30 June 2020: nil) has been recognised in the profit or loss. The corresponding amount of approximately HK\$18,000 (six months ended 30 June 2020: nil) has been credited to share option reserve.

10. DIVIDENDS

The Directors propose the payment of an interim dividend of HK0.55 cents per share, amounting to HK\$5.5 million for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

The final dividend of HK\$11,000,000 for the year ended 31 December 2020 has been approved by shareholders at the Company's annual general meeting and the payment for which has been despatched on 21 July 2021 (six months ended 30 June 2020: HK\$14,000,000 despatched on 17 July 2020).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2021 (unaudited)	2020 (unaudited)
Earnings		
Profit for the period attributable to owners of the Company (HK\$'000)	19,859	16,498
Weighted average number of ordinary shares in issue		
Weighted average number of ordinary shares in issue during the period ('000)	1,000,000	1,000,000
Basic earnings per share (HK cents)	2.0	1.6

For the six months ended 30 June 2021 and 2020, diluted earnings per share are the same as the basic earnings per share as there were anti-dilutive effect arising from the share options.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired items of property, plant and equipment with a cost of approximately HK\$6,767,000 (six months ended 30 June 2020: HK\$181,000). The Group disposed items of property, plant and equipment with a cost of approximately HK\$3,233,000 (six months ended 30 June 2020: nil) during the six months ended 30 June 2021.

**NOTES TO THE CONDENSED CONSOLIDATED
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13. CONTRACT ASSETS AND CONTRACT LIABILITIES

The following table sets out details of the contract assets and contract liabilities as at the end of each reporting period.

	As at 30 June 2021 (unaudited) HK\$'000	As at 31 December 2020 (audited) HK\$'000
Contract costs incurred to date plus recognised profits less recognised losses	1,716,821	1,721,515
Less: Progress billings to date	(1,652,156)	(1,680,698)
Less: Expected credit losses allowance	(760)	(760)
	63,905	40,057
Contract assets	96,556	90,628
Contract liabilities	(32,651)	(50,571)
	63,905	40,057

Note: Included in the balances were warranty provision made for design and build projects amounting to HK\$1,180,000 (31 December 2020: HK\$1,200,000).

Contract assets and contract liabilities are expected to be recovered/settled within one year.

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

**14. TRADE AND OTHER RECEIVABLES, DEPOSITS AND
PREPAYMENTS**

	As at 30 June 2021 (unaudited) HK\$'000	As at 31 December 2020 (audited) HK\$'000
Non-current		
Prepayment for acquisition of property, plant and equipment	–	1,764
Refundable rental deposits	1,345	1,345
	1,345	3,109
Current		
Trade receivables	49,727	55,905
Expected credit losses allowance	(75)	(75)
	49,652	55,830
Retention receivables	1,801	1,791
Expected credit losses allowance	(1,526)	(1,526)
	275	265
Deposits and prepayment	33,730	27,345
	83,657	83,440

**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 expected credit losses allowance) at the end of each reporting period based on the invoice date as follows:

	As at 30 June 2021 (unaudited) HK\$'000	As at 31 December 2020 (audited) HK\$'000
Within 30 days	46,521	53,563
31 to 60 days	762	216
61 to 90 days	418	247
Over 90 days but less than 1 year	1,466	1,620
Over a year	485	184
	49,652	55,830

(c) Retention receivables

As at 30 June 2021, based on due date, the Group's retention receivables of approximately HK\$192,000 (31 December 2020: HK\$83,000) were not yet past due and the remaining balance of approximately HK\$83,000 (31 December 2020: HK\$182,000) were past due, of which HK\$19,000 (31 December 2020: HK\$18,000) was past due for over one year. Based on the assessment of the directors, no impairment allowance is necessary for the net retention receivables outstanding at the end of the reporting periods as those balances are from customers with long business relationship and there has not been a significant change in their credit quality.

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

15. TRADE AND OTHER PAYABLES

	As at 30 June 2021 (unaudited) HK\$'000	As at 31 December 2020 (audited) HK\$'000
Trade payables	19,229	26,978
Retention payables	8,055	8,241
Accruals and other payables	11,517	11,078
	38,801	46,297

Notes:

- (a) The credit period granted by the suppliers and subcontractors is normally 0 to 60 days.
- (b) The ageing analysis of the trade payables (net), based on invoice date, as of the end of each reporting period is as follows:

	As at 30 June 2021 (unaudited) HK\$'000	As at 31 December 2020 (audited) HK\$'000
Within 30 days	8,566	17,219
31 to 60 days	4,672	3,237
61 to 90 days	1,559	400
Over 90 days	4,432	6,122
	19,229	26,978

- (c) As at 30 June 2021, retention payables of approximately HK\$2,121,000 (31 December 2020: HK\$2,179,000) were aged one year or below and the remaining balance of approximately HK\$5,934,000 (31 December 2020: HK\$6,062,000) were aged over one year.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

16. BANK BORROWINGS

	As at 30 June 2021 (unaudited) HK\$'000	As at 31 December 2020 (audited) HK\$'000
Bank borrowings repayable within one year	2,585	1,127

The bank borrowings, including trade financing, are interest bearing at the bank's prime rate or the bank's prime rate adjusted by certain basis points per annum. The interest rates of the Group's bank borrowings as at 30 June 2021 were 3.15% (31 December 2020: 3.13%) per annum.

17. SHARE CAPITAL

The share capital balance as at 30 June 2021 and 31 December 2020 is represented by the issued and fully paid share capital of the Company as follows:

Ordinary share of HK\$0.01 each	Number of shares	Carrying values HK\$'000
Authorised:	10,000,000,000	100,000
Issued and fully paid	1,000,000,000	10,000

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

18. GUARANTEES

The Group provided guarantee in respect of the surety bonds in favour of the customers of certain construction contracts. Details of these guarantees are as follows:

	As at 30 June 2021 (unaudited) HK\$'000	As at 31 December 2020 (audited) HK\$'000
Aggregate value of the surety bonds issued in favour of customers	48,747	47,660

19. LITIGATIONS

A number of lawsuits and claims arising from the normal course of business were lodged against the Group which remain outstanding at the end of the reporting period. Claim amounts are not specified in some of the applications of these lawsuits and claims. In the opinion of the directors, sufficient insurance coverage is maintained to cover the losses, if any, arising from most of these lawsuits and claims and therefore the ultimate liability under these lawsuits and claims would not have material adverse impact on the financial position of the Group.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

20. RELATED PARTIES TRANSACTIONS

Save as disclosed elsewhere in this 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 period were as follows:

	Six months ended 30 June	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Salaries, allowances and other benefits	6,557	5,525
Contributions to defined contribution retirement plan	63	59
	6,620	5,584

21. CAPITAL COMMITMENTS

	As at 30 June 2021 (unaudited) HK\$'000	As at 31 December 2020 (audited) HK\$'000
Capital expenditure contracted for the acquisition of:		
– Property, plant and equipment	–	1,929