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富汇国际集团控股有限公司

Fullwealth International Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1034)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The board (the “**Board**”) of directors (the “**Directors**”) of Fullwealth International Group Holdings Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2021, together with the comparative figures for the year ended 31 December 2020.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	3	351,550	271,374
Direct costs		<u>(243,540)</u>	<u>(326,286)</u>
Gross profit/(loss)		108,010	(54,912)
Other income	4	5,325	6,409
General and administrative expenses		(25,110)	(19,875)
Impairment loss on contract assets		–	(531)
Impairment loss on other receivables		–	<u>(4,660)</u>
Profit/(loss) from operations		88,225	(73,569)
Finance cost	5(a)	<u>(121)</u>	<u>(671)</u>

		2021	2020
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) before taxation	5	88,104	(74,240)
Income tax	6	<u>(8,929)</u>	<u>837</u>
Profit/(loss) for the year		<u>79,175</u>	<u>(73,403)</u>
Other comprehensive income for the year, net of Nil tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong		<u>1,342</u>	<u>—</u>
Total comprehensive income/(expense) for the year		<u>80,517</u>	<u>(73,403)</u>
		<i>HK Cents</i>	<i>HK Cents</i>
Earnings/(loss) per share	7		
– Basic		<u>4.95</u>	<u>(4.59)</u>
– Diluted		<u>4.95</u>	<u>(4.59)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		42,037	50,866
Deposit for acquisition of property, plant and equipment		250	—
		<u>42,287</u>	<u>50,866</u>
Current assets			
Inventories and other contract costs		1,350	7,542
Contract assets		54,056	42,804
Trade and other receivables	9	57,767	38,789
Tax recoverable		2,742	2,742
Deposit with bank with original maturity date over three months		—	2,632
Cash and cash equivalents		110,493	34,925
		<u>226,408</u>	<u>129,434</u>
Current liabilities			
Trade and other payables	10	50,921	48,866
Amounts due to directors		14,784	—
Contract liabilities		1,507	4,303
Bank loans		—	6,665
Lease liabilities		881	1,136
Tax payables		8,268	—
		<u>76,361</u>	<u>60,970</u>
Net current assets		<u>150,047</u>	<u>68,464</u>
Total assets less current liabilities		<u>192,334</u>	<u>119,330</u>
Non-current liabilities			
Lease liabilities		631	1,254
Deferred tax liabilities		—	6,890
		<u>631</u>	<u>8,144</u>
NET ASSETS		<u>191,703</u>	<u>111,186</u>
CAPITAL AND RESERVES			
Share capital		16,000	16,000
Reserves		175,703	95,186
TOTAL EQUITY		<u>191,703</u>	<u>111,186</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Fullwealth International Group Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 19 January 2018 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the “**Group**”) are principally engaged in (i) civil engineering, building and other works; and (ii) education and training business related to performing arts and culture.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2021 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendment to HKFRS 16, *Covid-19-related rent concessions*
- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform – phase 2*

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. REVENUE AND SEGMENT INFORMATION

(a) Revenue

The Group is principally engaged in civil engineering, building and other works and education and training business related to performing arts and culture (“**Entertainment Education Business**”).

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major service lines is as follows:

	2021	2020
	<i>HK\$’000</i>	<i>HK\$’000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major service lines		
– Revenue from construction contracts and other related service contracts	222,333	271,374
– Tuition fee	129,217	–
	<u>351,550</u>	<u>271,374</u>

(b) Segment information

Segment revenue and results

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2021 and 2020 is set out below.

For the year ended 31 December 2021

	Civil Engineering, Building and Other Works <i>HK\$'000</i>	Entertainment Education Business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Disaggregated by timing of revenue recognition, revenue from external customers and reportable segment revenue			
Over time	<u>222,333</u>	<u>129,217</u>	<u>351,550</u>
Reportable segment (loss)/profit	<u>(10,688)</u>	<u>104,999</u>	94,311
Other income			1
Unallocated head office and corporate expenses			<u>(6,208)</u>
Profit before taxation			<u>88,104</u>

For the year ended 31 December 2020

	Civil Engineering, Building and Other Works <i>HK\$'000</i>	Entertainment Education Business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Disaggregated by timing of revenue recognition, revenue from external customers and reportable segment revenue			
Over time	<u>271,374</u>	<u>—</u>	<u>271,374</u>
Reportable segment loss	<u>(66,785)</u>	<u>—</u>	(66,785)
Unallocated head office and corporate expenses			<u>(7,455)</u>
Loss before taxation			<u>(74,240)</u>

4. OTHER INCOME

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank interest income	170	671
Profit from leasing of plant and equipment (see note (i))	–	17
Gain on termination of lease	28	–
Net loss on disposal of property, plant and equipment	(68)	(569)
Government grants (see note (ii))	–	3,684
Sales of scrap materials	4,744	715
Compensation received	70	229
Sundry income	381	1,662
	<u>5,325</u>	<u>6,409</u>

Note:

(i) Profit from leasing of plant and equipment is analysed as follows:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gross rental income from leasing of plant and equipment	–	23
Direct outgoings	–	(6)
	<u>–</u>	<u>17</u>

(ii) Government grants mainly included subsidy under the Employment Support Scheme. During the year ended 31 December 2020, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Government of Hong Kong Special Administrative Region. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

5. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging:

(a) Finance costs

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on lease liabilities	60	123
Interest on bank loans	<u>61</u>	<u>548</u>
Total interest expense on financial liabilities not at fair value through profit or loss	<u><u>121</u></u>	<u><u>671</u></u>

(b) Staff costs

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Directors' emoluments	2,706	2,886
Other staff costs:		
Contributions to defined contribution retirement plans	1,206	1,519
Salaries, wages and other benefits	<u>32,500</u>	<u>43,031</u>
	<u><u>36,412</u></u>	<u><u>47,436</u></u>

(c) Other items

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Depreciation charge		
– owned property, plant and equipment	5,575	5,750
– right-of-use assets	1,040	1,654
Impairment losses		
– contract assets	–	531
– other receivables	<u>–</u>	<u>4,660</u>

6. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	69	–
Under-provision in respect of prior years	–	42
	<u>69</u>	<u>42</u>
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	69	42
Current tax – People’s Republic of China (“PRC”)		
Enterprise Income Tax (“EIT”)		
Provision for the year	15,750	–
Deferred tax		
Origination and reversal of temporary differences	(6,890)	(879)
	<u>8,929</u>	<u>(837)</u>

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.
- (ii) Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the subsidiaries which operate in the PRC are subject to Enterprise Income Tax at a rate of 25%, except for one subsidiary operating in the PRC which is a qualifying corporation under the Hainan province in the PRC. Pursuant to the Notice on the Policies of Income Tax Preferences for Enterprises in Hainan Free Trade Port (Cai Shui [2020] No. 31) jointly issued by the Department of Finance of Hainan Province and the Hainan Province Tax Service of State Taxation Administration, this subsidiary is subject to Enterprise Income Tax at the preferential rate of 15% from 1 January 2021 to 31 December 2024.
- (iii) The provision for Hong Kong Profits Tax is calculated at 16.5% (2020: 16.5%) of the estimated assessable profits for the year ended 31 December 2021, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The directors of the Company were in the view that the impact of the two-tiered profits tax rates regime on the Group’s current and deferred tax position was not material.

(b) Reconciliation between tax expense and accounting profit/(loss) at applicable tax rates:

	2021	2020
	HK\$'000	HK\$'000
Profit/(loss) before taxation	<u>88,104</u>	<u>(74,240)</u>
Notional tax on profit/(loss) before taxation, calculated at the rates applicable to the profits in jurisdictions concerned	12,872	(12,250)
Tax effect of non-deductible expenses	990	934
Tax effect of non-taxable income	(5)	(616)
Tax effect of temporary difference not recognised	34	(2)
Tax effect of unused tax losses not recognised	1,117	11,055
Recognition of tax losses previously not recognised	(6,079)	–
Under-provision in prior years	–	42
Actual tax expense	<u>8,929</u>	<u>(837)</u>

7. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit/(loss) attributable to ordinary equity shareholders of the Company of approximately HK\$79,175,000 (2020: loss attributable to ordinary equity shareholders of the Company of approximately HK\$73,403,000) and the weighted average of 1,600,000,000 ordinary shares (2020: 1,600,000,000 ordinary shares) in issue during the year ended 31 December 2021.

(b) Diluted earnings/(loss) per share

There were no potential dilutive shares in existence during the years ended 31 December 2021 and 2020, therefore, diluted earnings/(loss) per share are the same as the basic earnings/(loss) per share.

8. DIVIDEND

The board of directors of the Company does not recommend the payment of any dividend for the year ended 31 December 2021 (2020: Nil).

9. TRADE AND OTHER RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	19,825	21,682
Deposits for surety bonds	6,119	8,046
Consideration receivables in respect of disposal of property, plant and equipment	7,800	3,966
Other receivables	4,913	176
Advance to subcontractors	4,688	3,688
Deposit for investment in a movie	1,960	–
Other deposits and prepayments	10,556	1,145
Amounts due from companies controlled by a director of a subsidiary	1,906	86
	<u>57,767</u>	<u>38,789</u>

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables, based on the date of progress certificate or the date of billing, is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 1 month	12,382	10,629
1 to 2 months	3,204	4,319
2 to 3 months	183	–
Over 3 months	4,056	6,734
	<u>19,825</u>	<u>21,682</u>

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

10. TRADE AND OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	24,362	14,720
Accrued construction costs	1,430	5,703
Other payables	2,875	3,917
Other accrued expenses	3,980	5,277
Other tax payable	570	–
Retention payables	17,704	19,249
	<u>17,704</u>	<u>19,249</u>
	50,921	48,866

(a) Ageing analysis

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 1 month	19,214	5,433
1 to 2 months	3,103	3,619
2 to 3 months	610	172
Over 3 months	1,435	5,496
	<u>1,435</u>	<u>5,496</u>
	24,362	14,720

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

In Mainland China

The board (the “**Board**”) of directors (the “**Directors**”) from time to time reviews its existing businesses and explores other business opportunities with a view to diversify the business of the Group. During the year ended 31 December 2021 (the “**Year**”), Hainan Fullwealth International Art Education Co., Ltd. (海南富匯國際藝術教育有限公司) (“**Fullwealth International Art Education**”), a new indirect wholly-owned subsidiary of the Company in Mainland China has obtained the relevant licenses for the education business from Hainan Province of the Mainland China, enabling it to engage in the education and training business related to performing arts and culture in the Mainland China (collectively referred to as “**New Business Activities**”). Fullwealth International Art Education has officially operated and launched its education and training course related to performing arts and culture from May 2021. The Board believes that the New Business Activities will be an important step in the diversification and expansion of the Group’s business, which is expected to benefit the Company and its shareholders as a whole in the long run.

In Hong Kong

The Group has a long history of undertaking civil engineering works in Hong Kong with operation history since 1997. The Group’s civil engineering works can be broadly categorized as (i) site formation; (ii) excavation and lateral support works and pile cap construction; and (iii) roads and drainage and waterworks. The Group is able to undertake civil engineering works as either a main contractor or a subcontractor. The Group is also qualified to carry out private sector building works as well as alteration and additions works as a main contractor.

During the Year, one new construction project was awarded. As at 31 Dec 2021, the Group had three projects on hand and the total initial contract sum of which amounted to approximately HK\$181.2 million.

The construction industry was still full of challenges during the Year. The global outbreak of the COVID-19 pandemic has been lasting for over two years since Jan 2020 and caused unprecedented disruptions in business operations and the Hong Kong economy as a whole seriously in last year 2020. By the one-heart effort within the Group, in the Year, the Group recovered rapidly and chased back of progress in lots of the resulted delays caused by the outbreak of COVID-19 in last year 2020 regarding the work schedule of construction projects of the Group on hand and under construction.

The Board has been actively monitoring market conditions and taking appropriate measures to mitigate any negative impact on the business and performance of the Group. The Group will continue to strengthen its cost control measures and resources management policies, and actively participate in tendering and bidding to maintain its market competitiveness. Despite the difficulties encountered, the Board is conservatively optimistic that the Group's construction business would gradually recover as a result of the long-term housing development and land policy in Hong Kong.

FINANCIAL REVIEW

Revenue

The Group's revenue increased from approximately HK\$271.4 million for the year ended 31 December 2020 to approximately HK\$351.6 million for the Year, representing an increase of approximately 29.5%. Such increase in revenue was mainly due to the chased back of progress in lots of the resulted delays caused by the outbreak of COVID-19 in last year 2020 regarding the work schedule of construction projects of the Group on hand and under construction during the Year. In addition, the Group started the new education and training business related to performing arts and culture in the Mainland China during the Year.

Gross profit and gross profit margin

An increase from gross loss of approximately HK\$54.9 million for the year ended 31 December 2020 to gross profit of approximately HK\$108.0 million for the Year. An increase from gross loss margin of 20.2% for the year ended 31 December 2020 to gross profit margin of 30.7% for the Year. The increase in gross profit and gross profit margin was mainly due to:

- (1) chased back of progress in lots of the resulted delays caused by the outbreak of COVID-19 in last year 2020 regarding the work schedule of construction projects of the Group on hand and under construction in Hong Kong which resulted in reduction of segment loss from civil engineering, building and other works for the Year; and
- (2) the new education and training business related to performing arts and culture in the Mainland China started during the Year is in high profit margin.

Other income

Other income was decreased by 16.9% from approximately HK\$6.4 million for the year ended 31 December 2020 to approximately HK\$5.3 million for the Year. The decrease in other income was mainly due to the decrease in COVID-19 government subsidy during the Year.

General and administrative expense

General and administrative expenses increased from approximately HK\$19.9 million for the year ended 31 December 2020 to approximately HK\$25.1 million for the year ended 31 December 2021. It was mainly due to increase in marketing expense in the new education and training business related to performing arts and culture in the Mainland China during the Year.

Finance costs

Finance costs decreased from approximately HK\$0.7 million for the year ended 31 December 2020 to approximately HK\$0.1 million for the Year. The decrease was attributable to the significant decrease in the average borrowings during the Year.

Profit/(loss) and total comprehensive income/(expenses) for the year

As a result of the aforesaid and in particular the increase in gross profit, the Group recorded an earnings attributable to the equity shareholders of the Company of approximately HK\$80.5 million for the Year (2020: loss of approximately HK\$73.4 million).

Key financial ratios

		As at/For the year ended 31 December	
	Notes	2021	2020
Current ratio (times)	1	3.0	2.1
Quick ratio (times)	2	3.0	2.1
Gearing ratio	3	8.5%	8.1%
Debt to equity ratio	4	Net cash	Net cash
Profit/(Loss)/Return on equity	5	41.3%	(66.0%)
Profit/(Loss)/Return on total assets	6	29.5%	(40.7%)
Interest coverage (times)	7	729.1	N/A

Notes:

1. Current ratio is total current assets divided by total current liabilities.
2. Quick ratio is total current assets less inventories divided by total current liabilities.
3. Gearing ratio is total debt (i.e. sum of lease liabilities, amounts due to directors and bank loans) divided by total equity and multiplied by 100%.

4. Debt to equity ratio is total debt (i.e. sum of lease liabilities, amounts due to directors and bank loans) less cash and cash equivalents divided by total equity and multiplied by 100%.
5. Profit/(Loss)/Return on equity is profit/(loss) for the year divided by total equity and multiplied by 100%.
6. Profit/(Loss)/Return on total assets is profit/(loss) for the year divided by total assets and multiplied by 100%.
7. Interest coverage is profit before interest and tax divided by finance costs.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group finances its working capital requirements through a combination of funds generated from operations, borrowings and capital contribution from shareholders.

As at 31 December 2021, the Group had cash and cash equivalents of approximately HK\$110.5 million (31 December 2020: approximately HK\$34.9 million). The borrowings (including lease liabilities, amounts due to directors and bank loans) of the Group as at 31 December 2021 amounted to approximately HK\$16.3 million (31 December 2020: approximately HK\$9.1 million). The Group's cash and cash equivalents and borrowings (including lease liabilities) are all denominated in Hong Kong dollars and Renminbi. The Board closely monitors its liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements at all times.

There has been no change in the capital structure of the Group during the Year. The capital of the Group comprises ordinary shares and other reserves.

GEARING RATIO

As at 31 December 2021, the gearing ratio of the Group, calculated as the total debt (including amounts due to directors and lease liabilities) divided by the total equity, was approximately 8.5% (31 December 2020: approximately 8.1%).

TREASURY POLICY

The Group's financing and treasury activities are centrally managed and controlled at the corporate level. It is the Group's policy not to enter into derivative transactions for speculative purposes.

CHARGES ON ASSETS

The Group's plant and equipment with an aggregate carrying value of approximately HK\$nil (31 December 2020: approximately HK\$38.2 million) as at 31 December 2021 were pledged to secure the Group's bank loans.

As at 31 December 2021, deposits with the value of approximately HK\$3.7 million (31 December 2020: approximately HK\$8.0 million) were placed with an insurance company as collateral to secure the main contractor's surety bonds issued by an insurance company in relation to the Group's construction projects and the deposit with the value of approximately HK\$2.4 million (31 December 2020: HK\$nil) was placed with an insurance company for issuance of the Group's surety bond in favour of the Group's customer.

FOREIGN EXCHANGE EXPOSURE

During the Year, the Group undertook certain transactions in foreign currencies, which exposed the Group to foreign currency risk, primarily relating to the Renminbi against Hong Kong dollars. The Group did not use any derivative contracts to hedge against its exposure to currency risk. The management manages the currency risk by closely monitoring the movement of the foreign currency rates and will consider hedging against significant foreign exchange exposure when the need arises.

EMPLOYEES AND EMOLUMENT POLICY

As at 31 December 2021, the Group employed a total of 106 (31 December 2020: 122) employees (including executive Directors and independent non-executive Directors). Total staff costs including directors' remuneration for the Year was approximately HK\$36.4 million (2020: approximately HK\$47.4 million). The remuneration offered to employees generally includes salaries and bonus and are determined with reference to market norms and individual employees' performance, qualifications and experience. The Company has adopted a share option scheme under which options may be granted to Directors and eligible employees as an incentive.

The remuneration of the Directors is decided by the Board upon recommendation from the Remuneration Committee of the Company, taking into account the Group's operating results, responsibilities and individual performance of the Directors.

SIGNIFICANT INVESTMENTS HELD

The Group did not hold any significant investments during the Year.

MATERIAL ACQUISITIONS AND DISPOSALS

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed under the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 15 October 2018 (the “**Prospectus**”), the Group did not have any other plans for material investments or capital assets as at 31 December 2021.

CONTINGENT LIABILITIES

(a) Guarantees issued

As at 31 December 2021, surety bond of HK\$9.67 million (31 December 2020: HK\$nil) was given by an insurance company to the Group in favour of the Group’s customer as security for the due performance and observance of the Group’s obligation under the contract entered into between the Group and their customer. The Group has provided guarantee of the above surety bond. If the Group fails to provide satisfactory performance to its customer to whom the surety bond was given, such customer may demand the insurance company to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate the insurance company accordingly. The surety bond will be released upon completion of the contract work.

As at 31 December 2021, the Directors did not consider it is probable that a claim will be made against the Group.

(b) Litigation

In the ordinary course of the Group’s business, the Group has been subject to a number of claims due to personal injuries suffered by third parties, employees of the Group or the Group’s subcontractors in accidents arising out of and in the course of their employment. The Directors are of the opinion that such claims are well covered by insurance and will not result in any material adverse impact on the financial position or results of operations of the Group. No provision has been made in respect of these claims in the consolidated financial statements.

SEGMENT INFORMATION

The Group is principally engaged in the civil engineering, building and other works in Hong Kong and education and training business related to performing arts and culture in the Mainland China. Details of the segment information of the Group are set out in note 3 to the consolidated financial statements.

EVENTS AFTER THE REPORTING PERIOD

There is no other material subsequent event undertaken by the Company or the Group after 31 December 2021 and up to the date of this announcement.

USE OF PROCEEDS

The net proceeds of the share offer received by the Company in relation to the listing were approximately HK\$94.2 million, after deducting listing and related expenses. These proceeds are intended to be applied in accordance with the proposed application set out in the section headed “Future plans and use of proceeds” in the Prospectus. The below table sets out the proposed application and usage of the net proceeds as at 31 December 2021:

	Planned use of net proceeds as at 31 December 2021 <i>HK\$'million</i>	Utilised amount of the net proceeds as at 31 December 2021 <i>HK\$'million</i>	Unutilised amount of the net proceeds as at 31 December 2021 <i>HK\$'million</i>
Acquisition of machinery and equipment	42.7	29.4	13.3
Financing construction projects	29.5	29.5	–
Strengthening of project management team	11.1	11.1	–
Repayment of finance lease obligations	5.3	5.3	–
General working capital	5.6	5.6	–
	<u>94.2</u>	<u>80.9</u>	<u>13.3</u>

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

As at 31 December 2021, approximately HK\$80.9 million out of the net proceeds from the listing had been used. The remaining unutilised net proceeds of approximately HK\$13.3 million were deposited in licensed banks in Hong Kong. As at the date of this announcement, there has not been any material change to the plan as to the use of the net proceeds except that in light of the material change in market and economic condition, the Group will utilise the balance of fund in a conservative manner. The Directors will continuously monitor the outbreak of COVID-19 and its impact to the global economy to evaluate the Group's business objectives and may change or modify the Group's plans against the changing market condition to attain sustainable business growth of the Group. The unutilised net proceeds are expected to be fully utilised on or before 31 December 2022, depending on the market and economic condition.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2020: Nil).

SCOPE OF WORK OF CROWE (HK) CPA LIMITED

The financial figures in this announcement of the Group's results for the year ended 31 December 2021 have been agreed by the Group's external auditor, Crowe (HK) CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2021. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and consequently no assurance has been expressed by Crowe (HK) CPA Limited on this announcement.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed the annual results for the year ended 31 December 2021 in conjunction with the Company's external auditors. Based on this review and discussions with management, the Audit Committee was satisfied that the consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the year ended 31 December 2021.

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

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the guidelines for the Directors’ dealing in the securities of the Company. Having made specific enquiry of all Directors, the Company confirmed that all Directors have fully complied with the required standard set out in the Model Code during the Year and up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code (the “**CG Code**”) under Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”) as its own code of corporate governance. Save for the deviation below, the Company has complied with the provisions set out in the CG Code during the Year and up to the date of this announcement.

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Year, Mr. Law Fu Keung (“**Mr. Law**”) is the Chairman and chief executive officer of the Company (the “**Chief Executive Officer**”), responsible for overall strategic development, project management and client management of the Group. The Board believed that vesting the roles of both Chairman and Chief Executive Officer in Mr. Law had the benefit of ensuring consistent and continuous leadership within the Group and also maximised the effectiveness and efficiency of overall planning and execution of the Group’s strategies. The Board considered that the balance of power and authority, accountability and independent decision-making under the present arrangement would not be impaired in light of the diverse background and experience of the independent non-executive Directors, and the composition of the Board which comprises more number of independent non-executive Directors than executive Directors also provides added independence to the Board.

On 14 January 2021, the Company has appointed Ms. Liu Xinyi as the executive Director and the Chief Executive Officer of the Company and Ms. Ma Xiaoqiu as the non-executive Director and the Chairlady. Upon which, Mr. Law has resigned from the position as the executive director, the chairman and the chief executive officer of the Company. Upon the effective date of such change (i.e. 14 January 2021), the CG Code Provision A.2.1 is being complied with.

Following sustained development and growth of the Company, the Company will continue to monitor and revise the Company’s corporate governance policies in order to ensure that such policies can meet the general rules and standards required by the Stock Exchange.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the “AGM”) will be held on Wednesday, 25 May 2022 and the notice of AGM will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Friday, 20 May 2022 to Wednesday, 25 May 2022, both dates inclusive, during which period no transfer of shares will be registered, in order to ascertain shareholders’ entitlement to attend the forthcoming AGM which is scheduled to be held on 25 May 2022. In order to be eligible for attending and voting at the forthcoming AGM, non-registered shareholders must lodge all duly completed and stamped transfer forms accompanied by the relevant shares certificates with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 pm on Thursday, 19 May 2022.

PUBLICATION OF INFORMATION ON THE WEBSITES OF HONG KONG EXCHANGES AND CLEARING LIMITED AND THE COMPANY

The results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company’s website at www.fullwealthgroup.com. The announcement for the year ended 31 December 2021 of the Company containing all information required by the Listing Rules will be dispatched to shareholders and published on above websites in due course.

By order of the Board of
Fullwealth International Group Holdings Limited
Liu Xinyi
Executive Director

Hong Kong, 31 March 2022

As at the date of this announcement, the Board comprises:

Executive Directors: Ms. Liu Xinyi (Chief Executive Officer)
Mr. Wong Chun Man

Non-executive Director: Ms. Ma Xiaoqiu (Chairlady)

Independent non-executive Directors: Mr. Chen Wen
Mr. Li Siu Bun
Mr. Peng Peng