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ALLUREFEM HOLDING LIMITED

伊人壹方控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8305)

INTERIM RESULTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2024

The board of directors (the “**Directors**” and the “**Board**”, respectively) of Allurefem Holding Limited (the “**Company**”) announces the unaudited interim results of the Company and its subsidiaries for the period ended 30 June 2024.

This announcement, containing the full text of the 2024 interim report of the Company (the “**Interim Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) in relation to the information to accompany the preliminary announcement of interim results. Printed version of the Interim Report containing the information required by the GEM Listing Rules will be despatched to the shareholders of the Company in due course in the manner as required by the GEM Listing.

By order of the Board
Allurefem Holding Limited
Heung Chung Sum
Chairman

Hong Kong, 2 August 2024

As at the date of this announcement, the executive Director is Mr. Heung Chung Sum; the non-executive Director is Ms. Heung Joe Yee; and the independent non-executive Directors are Dr. Ip Wai Hung, Mr. Ko, Wilson Wai Shun and Mr. Chan Chi Hang.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk for at least 7 days from the day of its publication and on the Company’s website at www.tongkee.com.hk.

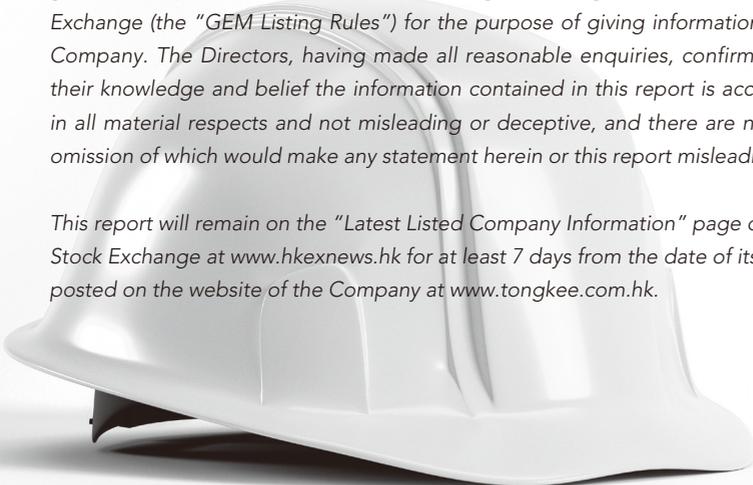
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GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors. Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “Directors”) of Allurefem Holding Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

This report will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk for at least 7 days from the date of its publication and be posted on the website of the Company at www.tongkee.com.hk.



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

Mr. Heung Chung Sum (*Chairman*)

Non-executive Director

Ms. Heung Joe Yee

Independent non-executive Directors

Dr. Ip Wai Hung

Mr. Ko, Wilson Wai Shun

Mr. Chan Chi Hang

COMPANY SECRETARY

Mr. Chau Yun Cheung

COMPLIANCE OFFICER

Mr. Heung Chung Sum

AUTHORISED REPRESENTATIVES

Mr. Heung Chung Sum

Mr. Chau Yun Cheung

AUDIT COMMITTEE

Mr. Chan Chi Hang (*Chairman*)

Dr. Ip Wai Hung

Mr. Ko, Wilson Wai Shun

REMUNERATION COMMITTEE

Dr. Ip Wai Hung (*Chairman*)

Mr. Ko, Wilson Wai Shun

Mr. Chan Chi Hang

NOMINATION COMMITTEE

Dr. Ip Wai Hung (*Chairman*)

Mr. Ko, Wilson Wai Shun

Mr. Chan Chi Hang

AUDITOR

D&Partners CPA Limited

REGISTERED OFFICE

P.O. Box 1350

Windward 3

Regatta Office Park

Grand Cayman, KY1-1108

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2502, 25/F

148 Electric Road

North Point

Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited

P.O. Box 1350

Windward 3

Regatta Office Park

Grand Cayman, KY1-1108

Cayman Islands



CORPORATE INFORMATION

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKER

The Hongkong and Shanghai Banking
Corporation Limited
DBS Bank (Hong Kong) Limited

WEBSITE ADDRESS

www.tongkee.com.hk

STOCK CODE

8305



MANAGEMENT DISCUSSION AND ANALYSIS

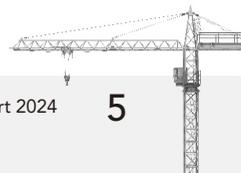
BUSINESS REVIEW AND OUTLOOK

The Company and its subsidiaries (collectively referred to as the “Group”) is an established multi-disciplinary contractor for the provision of renovation and maintenance works, alteration and addition works (“RMAA”), new construction works, and corrosion protection works in Hong Kong. The Group is responsible for the overall management, implementation and supervision of projects. The Group focuses on the management of projects, development of work programmes, procurement of works materials, operation of site works, co-ordination with the customers or their consultants and quality control of the works carried by the employees and the subcontractors.

For RMAA works, the Group provides repair, alteration and addition, maintenance, modification, rehabilitation, steel, civil and demolition works in various venues such as residential building, commercial building, carpark, road, footbridge and theme park in Hong Kong. For new construction works, the Group provides a variety of constructions and related alteration and additions works and facilities such as noise mitigation work, architectural metalwork, bus shelter, dangerous goods store building, innovative and creative structure such as air balloon. For corrosion protection works, the Group provides various of corrosion protection solution including but not limited to installation of cathodic protection systems including sacrificial anodes protection and impressed current systems.

For the six months ended 30 June 2024 (“Relevant Period”), there were 69 projects (30 June 2023: 82 projects) with revenue contribution undertaken by the Group. The demands for the Group’s RMAA and new construction works services is in an increasing trend according to the current market situation. During the six months ended 30 June 2024, the Group was awarded 32 new projects, with total contract sum of approximately HK\$68.0 million.

Looking forward, the Directors consider that the future opportunities and challenges facing the Group will continue to be affected by the macroeconomic environment, the development of the property market and expansion of the infrastructure in Hong Kong as well as factors affecting the labour costs and material costs. The Directors are of the view that the number of properties to be built and maintained in Hong Kong remains to be the key driver for the growth of the Hong Kong RMAA and new construction works industry. Also, the Group is actively seeking opportunities to expand its business outside Hong Kong.



MANAGEMENT DISCUSSION AND ANALYSIS

With the Group's experienced management team and reputation in the market, the Directors consider that the Group is well-positioned to compete against its competitors under such future challenges that are commonly faced by all competitors, and the Group will continue to strengthen the market position in the industry and expand the market share by securing more RMAA and corrosion protection works contracts.

FINANCIAL REVIEW

Revenue

The revenue decreased from approximately HK\$93.1 million for the six months ended 30 June 2023 to approximately HK\$86.1 million for the six months ended 30 June 2024, representing a decrease of approximately 7.5%. Such decrease was mainly due to the effect of decrease in RMAA and new works projects undertaken by the Group as a result of the overall environment in the construction industry in Hong Kong.

Direct Costs

The cost of sales decreased from approximately HK\$84.4 million for the six months ended 30 June 2023 to approximately HK\$75.1 million for the six months ended 30 June 2024, representing a decrease of approximately 11.0%. Such decrease was mainly attributable to the decrease in the subcontracting charges and construction material costs incurred in line with the revenue decrease and the cost control plan was implemented effectively during the period.



MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit

Gross profit of the Group increased by approximately HK\$2.4 million from approximately HK\$8.6 million for the six months ended 30 June 2023 to approximately HK\$11.0 million for the six months ended 30 June 2024. The overall gross profit margin increased from approximately 9.3% for the six months ended 30 June 2023 to 12.8% for the six months ended 30 June 2024. The increase in gross profit as well as gross profit margin is mainly due to cost control plan implemented effectively and also high gross profit margin projects were undertake during the period.

Administrative Expenses

Administrative expenses of the Group decreased by approximately HK\$3.9 million or 28.4% from approximately HK\$13.8 million for the six months ended 30 June 2023 to approximately HK\$9.9 million for the six months ended 30 June 2024.

Administrative expenses primarily consist of staff costs, depreciation, transportation and motor vehicle expense, and other costs incurred for daily operation. The decrease was mainly attributable to the cost control plan implemented during the year.

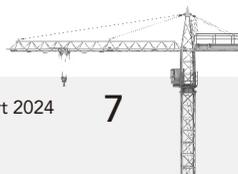
Other Income

Other income of HK\$0.6 million in prior period mainly represent Technology Voucher Programme Funding from the Hong Kong Government, since there is no such fund in current period therefore other income decreased to HK\$5,000 accordingly.

Provision for impairment of goodwill

On 19 October 2021, the Group entered into the sale and purchase agreement with an independent third party (the "Vendor"), pursuant to which the Group has agreed to purchase and the Vendor has conditionally agreed to sell the sale share, representing 100% of the issued share capital of Treasure Mark Global Limited. Pursuant to the sale and purchase agreement, the consideration shall be HK\$24.0 million satisfied (i) as to HK\$18.5 million by allotting and issuing to the Vendor an aggregate of 185,000,000 ordinary shares of the Company ("Issued shares"), credited as fully paid, at the issue price of HK\$0.10 per share; and (ii) the remaining balance of HK\$5.5 million by way of cash by the placing arrangement.

The transaction was completed on 30 December 2021. As at completion date, the fair value of the consideration was increased to HK\$56.4 million due the fair value of the issued shares prices was increased. And the goodwill arising on acquisition of the subsidiary was HK\$50.9 million.



MANAGEMENT DISCUSSION AND ANALYSIS

During the year of 2023, management has calculated that the value in use of the CGU is less than the total carrying amount of the CGU and the respective allocated goodwill, accordingly, the goodwill was fully impaired during the year of 2023.

Finance Costs

Finance costs for the Group decreased by approximately HK\$0.4 million or 80% from approximately HK\$0.5 million for the six months ended 30 June 2023 to approximately HK\$0.1 million for the six months ended 30 June 2024. Since the Group has reduced the size of bank borrowing during the six months ended 30 June 2023 when comparing with prior period, therefore the finance cost decreased accordingly.

Income Tax Expense

Income tax expense for the Group remained nil for both the six months ended 30 June 2023 and the six months ended 30 June 2024, as the Group has recorded loss before taxation for 2023 and also have sufficient tax loss to absorb the profit for the period.

Profit (loss) for the Period

As a result of foregoing, the Group recognised a profit for the period of approximately HK\$1.0 million for the six months ended 30 June 2024 which a loss of approximately HK\$15.0 million was recognised for the six months ended 30 June 2023. Such change was primarily attributable to the net effect of the increase in gross profit, and decrease in administrative expenses and finance costs, decrease in other income and provision of impairment of goodwill as discussed above.

LIQUIDITY AND FINANCIAL RESOURCES

The current ratio remain stable at approximately 1.3 times as at 31 December 2023 and at approximately 1.4 times as at 30 June 2024.

As at 30 June 2024, the Group had total borrowings of approximately HK\$5.9 million (31 December 2023: approximately HK\$7.9 million). The gearing ratio, calculated based on the total borrowings divided by total equity at the end of the year/period and multiplied by 100%, decreased mildly from approximately 19.1% as at 31 December 2023 to 14.0% as at 30 June 2024. The Group's financial position is sound and strong. With available bank balances and cash and bank credit facilities, the Group has sufficient liquidity to satisfy its funding requirements.



MANAGEMENT DISCUSSION AND ANALYSIS

The Group's borrowings and bank balances are denominated in HK\$ and there was no significant exposure to foreign exchange rate fluctuations during the Relevant Period.

For further details regarding the borrowings, please refer to notes 14 and 15.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Relevant Period. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

CAPITAL STRUCTURE

The shares of the Company were listed on the GEM of the Stock Exchange on 4 July 2018. There has been no change in the capital structure of the Group since then. The share capital of the Company only comprises of ordinary shares.

As at the date of this report, the Company's issued share capital was HK\$10,500,000 and the number of its issued ordinary shares was 1,050,000,000 of HK\$0.01 each.

COMMITMENTS

The Group has no operating lease commitments as 31 December 2023 and 30 June 2024.

SEGMENTAL INFORMATION

Segmental information is presented for the Group as disclosed in note 4.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2024, the Group did not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the six months ended 30 June 2024, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.



MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

The Group did not have any contingent liabilities.

EXPOSURE TO EXCHANGE RATE FLUCTUATION

The Group's revenue generating operations are mainly transacted in HK\$. The Directors consider the impact of foreign exchange exposure to the Group is minimal.

CHARGE OF GROUP'S ASSETS

As at 30 June 2024, the Group pledged certain amount of land and building and investments in life insurance policies to secure short-term bank borrowings and other general banking facilities granted to the Group. For details, please refer to note 16.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group employed a total of 73 employees (31 December 2023: 89 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$14.0 million for the six months ended 30 June 2024 (2023: approximately HK\$18.6 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. Apart from basic remuneration, share options may be granted to eligible employees by reference to the Group's performance as well as individual contribution.



MANAGEMENT DISCUSSION AND ANALYSIS

DISCLOSURE OF INTERESTS

A. Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

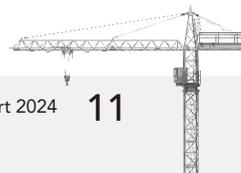
As at the date of this report, interests or short positions of the Directors, chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(i) Long position in the Company's Shares

Name of Director	Capacity	Number and class of securities	Approximate percentage of shareholding
Mr. Heung Chung Sum	Interest in a controlled corporation	535,670,000 ordinary shares	51%

(ii) Long position in the ordinary shares of associated corporations

Name of Director	Name of associated corporations	Capacity	Number and class of securities	Approximate percentage of shareholding
Mr. Heung Chung Sum	Advanced Pacific Enterprises Limited	Beneficial owner	2 ordinary shares	100%



MANAGEMENT DISCUSSION AND ANALYSIS

B. Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at the date of this report, the interest and short positions of the person (other than the Directors or chief executive of the Company) or company which was required to be recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name	Capacity	Number and class of securities	Long/short position	Approximate percentage of shareholding
Advanced Pacific Enterprises Limited	Beneficial owner	535,670,000 ordinary shares	Long	51%

Save as disclosed above, as at the date of this report and so far as is known to the Directors, no person, other than the Directors and chief executive of the Company whose interests are set out in the section "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had notified the Company of an interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

COMPETING AND CONFLICTS OF INTERESTS

The Directors are not aware of any business or interest of the Directors nor the controlling shareholder of the Company nor any of their respective associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the period ended 30 June 2024.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period ended 30 June 2024.



MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE GOVERNANCE CODE

Pursuant to the 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. The division of responsibilities between the chairman and chief executive should be clearly established.

Mr. Heung Chung Sum currently assumes the role of both chairman of the Company and chief executive of the Company. The Board considers that this structure could enhance efficiency in formulation and implementation of the Company's strategies. The Board will review the need of appointing suitable candidate to assume the role of chief executive when necessary.

As at 30 June 2024, save as disclosed above, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standards of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiries of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors throughout the Relevant Period.

DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2024.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme on 4 June 2018 ("the Scheme"). The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

No share options has been granted during the Relevant Period and there were no share options outstanding as at 30 June 2024.



MANAGEMENT DISCUSSION AND ANALYSIS

AUDIT COMMITTEE

The Company established an audit committee (“Audit Committee”) with its written terms of reference in compliance with the GEM Listing Rules, in accordance with provisions set out in the CG Code which are available on the websites of the Stock Exchange and the Company. The primary duties of the Audit Committee are to make recommendations to the Board on the appointment, reappointment and removal of the external auditor, to review and monitor the external auditor’s independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and to monitor the integrity of the Company’s annual report and interim financial reports before submission to the Board. The Audit Committee consists of three members, namely Mr. Chan Chi Hang, Dr. Ip Wai Hung, Mr. Ko, Wilson Wai Shun, all being independent non-executive Directors of the Company. Mr. Chan Chi Hang currently serves as the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024.

By order of the Board
Allurefem Holding Limited
Heung Chung Sum
Chairman and Executive Director

Hong Kong, 2 August 2024

As at the date of this report, the executive Director is Mr. Heung Chung Sum; the non-executive Director is Ms. Heung Joe Yee; and the independent non-executive Directors are Dr. Ip Wai Hung, Mr. Ko, Wilson Wai Shun and Mr. Chan Chi Hang.



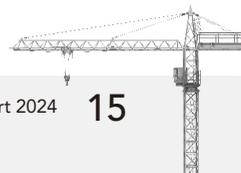
INTERIM RESULTS

The board of directors (the “Board”) of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2024, together with the unaudited comparative figures for the corresponding period in 2023, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Notes	Six months ended 30 June	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue	4	86,194	93,114
Direct costs		(75,159)	(84,480)
Gross profit		11,035	8,634
Other income		5	601
Administrative expenses		(9,859)	(13,773)
Impairment of goodwill		–	(10,000)
(Loss) gain arising from change in fair value of financial assets at fair value through profit or loss		(76)	36
Finance costs		(115)	(530)
Profit (loss) before income tax	5	990	(15,032)
Income tax expense	6	–	–
Profit (loss) and total comprehensive income (expense) for the period		990	(15,032)
Profit (loss) per share			
– Basic and diluted (HK cents)	8	0.09	(1.43)



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

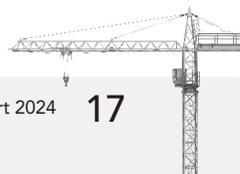
	Notes	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	4,717	5,674
Financial assets at fair value through profit or loss	10	168	135
Deferred tax assets		1,552	1,552
		6,437	7,361
Current assets			
Contract assets	12	64,323	86,496
Trade and other receivables	11	45,285	38,517
Bank balances and cash		2,268	362
		111,876	125,375
Current liabilities			
Contract liabilities	12	8,059	10,636
Trade and other payables	13	46,388	59,320
Amount due to the Controlling Shareholder		14,035	11,944
Lease liabilities	14	1,161	1,161
Bank borrowings	15	5,961	7,922
		75,604	90,983
Net current assets		36,272	34,392
Total assets less current liabilities		42,709	41,753



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Notes	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
Non-current liabilities			
Leases liabilities	14	248	282
		248	282
Net assets			
		4,261	41,471
CAPITAL AND RESERVES			
Share capital	16	10,500	10,500
Reserves		31,961	30,971
Total equity			
		4,261	41,471



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Share capital HK\$'000 (Note 17)	Share premium HK\$'000	Capital reserve HK\$'000 (Note)	Accumulated loss HK\$'000	Total HK\$'000
At 1 January 2024 (audited)	10,500	87,874	1,941	(58,844)	41,471
Profit and total comprehensive income for the period	–	–	–	990	990
At 30 June 2024 (unaudited)	10,500	87,874	1,941	(57,854)	42,461
At 1 January 2023 (audited)	10,500	87,874	1,941	(28,523)	71,792
Loss and total comprehensive expense for the period	–	–	–	(15,032)	(15,032)
At 30 June 2023 (unaudited)	10,500	87,874	1,941	(43,555)	56,760

Note: Capital reserve represents the difference between the Company's share capital and the combined share capital of the subsidiaries of the Company pursuant to a reorganisation for the listing.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
<i>Net cash from (used in) operating activities</i>	2,034	(1,148)
Investing activities		
Acquisition of financial assets at fair value through profit or loss	(109)	–
<i>Net cash used in investing activities</i>	(109)	–
Financing activities		
Proceeds from bank borrowings	–	19,500
Repayment of bank borrowings	(1,961)	(21,680)
Payment of lease liabilities	(34)	(1,317)
Advance (repayment to) from the Controlling Shareholder	2,091	(1,302)
Interest paid	(115)	(530)
<i>Net cash used in financing activities</i>	(19)	(5,329)
Net increase/(decrease) in cash and cash equivalents	1,906	(6,477)
Cash and cash equivalents at the beginning of the period	362	10,869
Cash and cash equivalents at the end of the period	2,268	4,392
Analysis of cash and cash equivalent balances		
Bank balances and cash	2,268	4,392



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 10 April 2017 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The immediate and ultimate holding company is Advanced Pacific Enterprises Limited, a company incorporated in the British Virgin Islands, which is controlled by Mr. Heung Chung Sum (“Controlling Shareholder” or “Mr. Heung”). The address of the registered office and principal place of business of the Company are at P.O. Box 1350, Windward 3, Regatta Office Park, Grand Cayman, KY1-1108, Cayman Islands and Room 2502, 25/F, 148 Electric Road, North Point, Hong Kong, respectively.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “Group”) are multi-disciplinary contractors which are principally engaged in performing repair, maintenance, alteration and addition (“RMAA”) works, new construction works and corrosion protection works in Hong Kong.

The unaudited condensed consolidated interim financial statements are presented in Hong Kong dollar (“HK\$”) which is the same as the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousands (“HK\$’000”), except where otherwise indicated.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2023 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial information for the year ended 31 December 2023.

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis. The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those used in the Group’s audited consolidated financial information for the year ended 31 December 2023, except for the adoption of the new and revised standards, amendments and interpretations issued by the HKICPA that are relevant to the Group’s operations and mandatory for accounting periods beginning on or after 1 January 2024. Except for those disclosed in note 3, the effect of the adoption of these new and revised standards, amendments and interpretations was not material to the Group’s results of operations or financial position.

The preparation of the unaudited condensed consolidated interim financial statements in conformity with the HKFRSs requires the use of certain critical accounting estimates. It also requires the management to exercise their judgments in the process of applying the Group’s accounting policies.

These condensed consolidated interim financial statements are unaudited, but has been reviewed by the Company’s audit committee.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

3. ADOPTION OF NEW OR AMENDED HKFRSs

New and amended HKFRSs that are effective for annual periods beginning or after 1 January 2024

The condensed consolidated interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with the accounting policies adopted in the Group's annual financial statements for the year ended 31 December 2023, except for the adoption of the following new and amended HKFRSs effective as of 1 January 2024. The Group has not early adopted any other standards, interpretation or amendment that has been issued but is not yet effective.

		Effective for accounting periods beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendments)	Non-current Liabilities with Covenants	1 January 2024
HKFRS 16 (Amendments)	Lease Liability in a Sales and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements	1 January 2024
HKAS 21 (Amendments)	Lack of Exchangeability	1 January 2025
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	

The adoption of the new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents receipts from the provision of performing RMAA works, new construction works and corrosion protection works in Hong Kong.

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
RMAA works	80,055	85,054
New construction works	219	6,422
Corrosion protection works	5,920	1,638
Contract revenue	86,194	93,114



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The chief operating decision-maker (“CODM”) has been identified as the executive directors of the Company. The CODM regards the Group’s business of performing RMAA works, new construction works and corrosion protection works in Hong Kong as a single operating segment and reviews the overall results of the Group as a whole to make decision about resources allocation. Accordingly, no segment analysis information is presented.

(a) Geographical information

No separate analysis of segment information by geographical segment is presented as the Group’s revenue and non-current assets are principally attributable to a single geographical region, which is Hong Kong.

(b) Major customers

Revenue from customers which individually contributed over 10% of the Group’s revenue is as follows:

	Six months ended 30 June	
	2024 HK\$’000 (unaudited)	2023 HK\$’000 (unaudited)
Customer A	40,215	43,622
Customer B	17,150	16,392

(c) Unsatisfied performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at 30 June 2023:

	As at 30 June 2024 HK\$’000 (unaudited)	As at 31 December 2023 HK\$’000 (audited)
Remaining performance obligations expected to be satisfied		
Within one year	64,351	99,410
Over one year	40,240	72,035
	104,591	171,445



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FOR THE SIX MONTHS ENDED 30 JUNE 2024

5. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(Loss) before income tax is arrived at after charging:

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
(a) Staff costs (including directors' remuneration):		
Salaries and other allowances	14,000	17,800
Retirement benefit scheme contributions	780	820
	14,780	18,620
(b) Other items		
Auditor's remuneration	–	–
Depreciation of property, plant and equipment		
– right-of-use assets	462	724
– owned	495	1,191

6. INCOME TAX EXPENSE

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and is accordingly not subject to income tax in the Cayman Islands.

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group has no estimated assessable profits for the period ended 30 June 2023 and the Group have sufficient tax losses to absorb the profit for the period ended 30 June 2024.

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Hong Kong Profits Tax		
– Current year	–	–



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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7. DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2024 and 2023.

8. PROFIT (LOSS) PER SHARE

The calculations of basic earnings per share attributable to the equity holders of the Company are based on the followings:

	Six months ended 30 June	
	2024 (unaudited)	2023 (unaudited)
Profit (loss):		
Profit (loss) for the period attributable to equity holder of the Company (HK\$'000)	990	(15,032)
Number of shares:		
Weighted average number of ordinary shares (in thousands)	1,050,000	1,050,000

Diluted earnings per share for both periods were the same as basic earning per share as there were no potential ordinary shares outstanding.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During both interim period of 30 June 2023 and 30 June 2024, the Group did not acquire any property, plant and equipment.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
Investments in life insurance policies	168	135

In April 2020, the Group's subsidiary, TKEL entered into life insurance policy with an insurance company to insure Mr. Heung, a director of the Company. Under the policy, the beneficiary and the policy holder is TKEL. The Group was required to pay an annual premium payment of HK\$208,000 for five years. The Group can terminate the policy at any time and receive cash back based on the Cash Value, which is determined by the premium payment plus accumulated interest earned minus the accumulated insurance charges, policy expense charges and a specified amount of surrender charge if the withdrawal is made between 1st to 5th policy year. The insurance company will pay the subsidiary an interest on the outstanding cash value excluding the surrender charge at the prevailing interest rate fixed by the insurance company.

Financial assets and liabilities measured at fair value in the condensed consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurements, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety based on the lowest level of input that is significant to the fair value measurement. The financial assets and liabilities measured at fair value are grouped into the fair value hierarchy as follows:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 30 June 2024 (unaudited)				
Financial assets at fair value through profit or loss				
– Investments in life insurance policies	–	168	–	168
As at 31 December 2023 (audited)				
Financial assets at fair value through profit or loss				
– Investments in life insurance policies	–	135	–	135

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

During the reporting period, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

The fair value of investments in life insurance policies are determined by reference to the Cash Value as provided by the insurance companies.

11. TRADE AND OTHER RECEIVABLES

	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
Trade and retention receivables		
Trade receivables	27,279	21,596
Retention receivables	17,109	16,679
Less: ECL allowance	(8,422)	(8,422)
	35,966	29,853
Deposits, prepayments and other receivables		
Prepayments	5,962	6,614
Deposits paid to suppliers and subcontractors	240	155
Security for issuance of performance bonds	1,302	684
Other deposits	1,815	1,211
	9,319	8,664
	45,285	38,517

As at 30 June 2024 (unaudited), retention receivables of HK\$3,100,000 (2023: HK\$1,673,000) included under current assets in the condensed consolidated statement of financial position are expected to be recovered after one year.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. The majority of the Group's trade receivables that are past due but not impaired have good credit quality with reference to respective settlement history.

The Group usually grants credit period ranging from 30 to 60 days to customers other than retention receivables. The terms and conditions in relation to the release of retention vary from contract to contract, which will be subject to the completion of the construction works and expiry of the defect liability period. In general, the retention money will be released upon the expiry of the defect liability period, which is typically one year after completion of construction works.



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The ageing analysis of trade receivables based on invoice dates is as follows:

	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
Within 30 days	11,334	12,406
31 days to 60 days	4,051	1,409
61 days to 90 days	671	1,701
91 days to 365 days	5,197	2,855
Over 365 days	6,026	3,225
	27,279	21,596

The ageing analysis of the trade receivables based on due dates is as follows:

	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
Not yet due	12,053	13,682
Less than 30 days past due	3,373	1,734
31 days to 60 days past due	630	779
61 days to 90 days past due	946	923
91 days to 365 days past due	4,251	1,495
Over 365 days past due	6,026	2,983
	27,279	21,596

The movement in the ECL allowance of trade and retention receivables are as follows:

	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
At the beginning of the period/year	8,422	7,195
Bad debt written off	–	(139)
Provision of ECL allowance recognised during the period/year	–	1,366
At the end of the period/year	8,422	8,422



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

12. CONTRACT ASSETS/CONTRACT LIABILITIES

	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
Contract assets	65,503	87,676
Less: ECL allowance	(1,180)	(1,180)
	64,323	86,496
Contract liabilities	(8,059)	(10,630)
	56,264	75,860

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. The contract liabilities primarily relate to the advanced consideration received from customers, for which revenue is recognised based on the progress of the provision of related services.

The amount of revenue recognised during the six months ended 30 June 2024 from performance obligations satisfied in previous periods, mainly due to the changes in estimate of stage of completion and modification of contracts, is HK\$3,136,000 (2023: HK\$2,692,000).

	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
Revenue recognised that was included in the contract liabilities balance at the beginning of the period	1,130	3,663
Transfers from contract assets recognised at the beginning of the period to receivables	24,013	16,301



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FOR THE SIX MONTHS ENDED 30 JUNE 2024

13. TRADE AND OTHER PAYABLES

	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
Trade and retention payables		
– Trade payables	31,379	41,228
– Retention payables	8,260	10,123
	39,639	51,351
Accrued expenses and other payable	5,348	6,495
Provision for annual leave and long service payment	1,401	1,474
	6,749	7,969
Total trade and other payables	46,388	59,320

The credit period on trade payables ranges from 30 to 60 days.

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

	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
0–30 days	12,359	17,393
31–60 days	6,085	4,779
61–90 days	1,948	2,690
91–365 days	3,963	8,216
Over 365 days	7,024	8,150
	31,379	41,228



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

14. LEASE LIABILITIES

	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
Total minimum lease payments:		
– Within one year	1,220	1,220
– After one year but within two years	165	165
– After two years but within five years	56	127
	1,441	1,512
Future finance charges on leases liabilities	(32)	(69)
Present value of leases liabilities	1,409	1,443
Present value of minimum lease payments:		
– Within one year	1,161	1,161
– After one year but within two years	157	157
– After two years but within five years	91	125
	1,409	1,443
Less: Portion due within one year included under current liabilities	(1,161)	(1,161)
Portion due after one year included under non-current liabilities	248	282

As at 30 June 2024, lease liabilities of HK\$460,000 (2023: HK\$640,000) are effectively secured by corporate guarantees from a subsidiary of the Company and the underlying assets as the rights to the leased assets would be reverted to the lessor in the event of default by repayment by the Group.

During the six months ended 30 June 2024, the total cash outflows for the leases were HK\$850,000 (six months ended 30 June 2023: HK\$850,000).



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

15. BANK BORROWINGS

	As at 30 June 2024 HK\$'000 (unaudited)	As at 31 December 2023 HK\$'000 (audited)
Bank loans, secured		
– repayable within one year	1,540	3,081
– not repayable within one year from the end of the reporting period but contain a repayable on demand clause	4,421	4,841
Amount shown under current liabilities	5,961	7,922

The bank loans were secured by:

- (a) land and building with a net book amount of HK\$3,719,000 (as at 30 June 2023: HK\$6,268,000) as at 30 June 2024;
- (b) legal charge on life insurance policies with a carrying amount of HK\$Nil (as at 30 June 2023: HK\$8,164,000) as at 30 June 2024;
- (c) corporate guarantee by the Company as at 30 June 2024 and 31 December 2023;
- (d) guarantee provided by the HKMC Insurance Limited under the Small and Medium Guarantee Scheme as at 30 June 2024 and 31 December 2023; and
- (e) personal guarantee as provided by the Controlling Shareholder as at 30 June 2024 and 31 December 2023.

16. SHARE CAPITAL

	No. of shares	HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
As at 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	10,000,000,000	100,000
Issued and fully paid:		
As at 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	1,050,000,000	10,500



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

17. RELATED PARTY DISCLOSURES

Compensation of key management personnel

Related parties	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Salaries and other allowances	2,604	2,330
Retirement benefits scheme contributions	45	52
	2,649	2,382

The remuneration of key management personnel is determined with regard to the performance of the individuals and market trends.

