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HANDS FORM HOLDINGS LIMITED
恆新豐控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1920)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board (“**Board**”) of directors (the “**Directors**”) of Hands Form Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2024 (the “**Review Period**”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Six months ended 30 June	
		2024	2023
	<i>Notes</i>	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	3A	38,368	41,235
Cost of services		<u>(52,067)</u>	<u>(56,173)</u>
Gross loss		(13,699)	(14,938)
Other income	4	93	4,073
Fair value gain on financial assets at fair value through profit or loss		–	62
Impairment losses under expected credit loss model, net of reversal	10	(7,839)	(7,551)
Administrative expenses		(3,767)	(4,403)
Finance costs	5	<u>(255)</u>	<u>(203)</u>
Loss before tax	6	(25,467)	(22,960)
Income tax expense	7	<u>–</u>	<u>–</u>
Loss and total comprehensive expense for the period		<u>(25,467)</u>	<u>(22,960)</u>
			(Restated)
Loss per share			
– Basic (HK cents)	9	<u>(8.16)</u>	<u>(8.69)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	<i>Notes</i>	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	<i>11</i>	4,002	4,935
Financial assets at fair value through profit or loss	<i>12</i>	2,702	2,702
		6,704	7,637
Current assets			
Trade receivables	<i>13</i>	7,303	5,512
Other receivables, deposits and prepayments	<i>14</i>	9,253	16,897
Contract assets	<i>15</i>	23,388	23,111
Bank balances and cash		435	18,600
		40,379	64,120
Current liabilities			
Trade and other payables	<i>16</i>	13,571	8,967
Bank borrowings	<i>17</i>	5,811	9,622
		19,382	18,589
Net current assets		20,997	45,531
Net assets		27,701	53,168
Capital and reserves			
Share capital	<i>18</i>	31,200	31,200
Reserves		(3,499)	21,968
Total equity		27,701	53,168

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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

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

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

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company.

The condensed consolidated financial statements for the six months ended 30 June 2024 have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting issued by the Hong Kong Institution of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange.

These condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2023.

The preparation of the condensed consolidated financial statements in conformity with Hong Kong Financial Reporting Standards (the “**HKFRSs**”) requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

These condensed consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSS

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following amendments to HKFRSS effective as of 1 January 2024.

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Related Amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSS in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3A. REVENUE FROM CONTRACTS WITH CUSTOMERS

(i) Disaggregation of Revenue

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Type of service		
Construction Services	38,368	40,869
Construction IT Services	–	366
	<u>38,368</u>	<u>41,235</u>
Type of customer		
Private sector projects		
– Construction Services	5,353	7,376
– Construction IT Services	–	366
Public sector projects		
– Construction Services	33,015	33,493
	<u>38,368</u>	<u>41,235</u>

(ii) Performance Obligations for Contracts With Customers

The Group derives its revenue from provision of wet trades works and other wet trades related ancillary works are recognised over time. All the Group's services are rendered directly with the customers. Contracts with the Group's customers are agreed in fixed-price with terms from 1 month to 9 months.

3B. SEGMENT INFORMATION

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

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

(i) Segment revenues and results

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

For the six months ended 30 June 2024

	Construction Services HK\$’000	Construction IT Services HK\$’000	Consolidated HK\$’000
Segment revenue			
– External	<u>38,368</u>	<u>–</u>	<u>38,368</u>
Segment results	<u>(24,078)</u>	<u>–</u>	<u>(24,078)</u>
Interest income			13
Unallocated other income			80
Unallocated corporate expenses			(1,227)
Finance costs			<u>(255)</u>
Loss before tax			<u><u>(25,467)</u></u>

For the six months ended 30 June 2023

	Construction Services <i>HK\$'000</i>	Construction IT Services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue			
– External	<u>40,869</u>	<u>366</u>	<u>41,235</u>
Segment results	<u>(26,143)</u>	<u>324</u>	<u>(25,819)</u>
Interest income			72
Unallocated other income			3,917
Unallocated corporate expenses			(989)
Fair value gain on financial assets at fair value through profit or loss ("FVTPL")			62
Finance costs			<u>(203)</u>
Loss before tax			<u><u>(22,960)</u></u>

There are no inter-segment sales for the Review Period. All of the segment revenue reported above is from external customers.

The accounting policies of the operating segments are the same as the Group's accounting policies described in Group's annual consolidated financial statements as at 31 December 2023. Segment results represents the profit/(loss) from each segment without allocation of interest income, unallocated other income, unallocated corporate expenses, fair value gain on financial assets at FVTPL and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

(ii) Segment assets and liabilities

The CODM makes decisions according to operating results of each segment. No analysis of segment assets and liabilities is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

(iii) **Other segment information**

For the six months ended 30 June 2024

	Construction Services <i>HK\$'000</i>	Construction IT Services <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Depreciation of property, plant and equipment	933	-	-	933
Impairment losses on contract assets recognised in profit or loss	<u>7,839</u>	<u>-</u>	<u>-</u>	<u>7,839</u>

For the six months ended 30 June 2023

	Construction Services <i>HK\$'000</i>	Construction IT Services <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Gain on disposal of property, plant and equipment	-	-	(3,917)	(3,917)
Depreciation of property, plant and equipment	1,399	-	-	1,399
Impairment losses on trade receivables reversed in profit or loss	(2,332)	-	-	(2,332)
Impairment losses on contract assets recognised in profit or loss	<u>9,883</u>	<u>-</u>	<u>-</u>	<u>9,883</u>

(iv) **Geographical information**

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

4. OTHER INCOME

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Interest income	13	72
Government subsidy (<i>Note</i>)	80	84
Gain on disposal of property, plant and equipment	<u>-</u>	<u>3,917</u>
	<u>93</u>	<u>4,073</u>

Note: Government grants mainly include subsidy from Construction Industry Council's Employers Subsidy Scheme, all are compensations for incurred expenses and not asset related.

5. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on:		
Bank borrowings	<u>255</u>	<u>203</u>

6. LOSS BEFORE TAX

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss before tax has been arrived at after charging:		
Depreciation of property, plant and equipment	933	1,399
Rental expense on short-term leases in respect of warehouse, office premises and machines	<u>119</u>	<u>45</u>
Staff costs (including the directors' and chief executive's remuneration):		
– Salaries and other benefits	2,452	2,979
– Contributions to Mandatory Provident Fund (“MPF”)	<u>83</u>	<u>100</u>
Total staff costs	<u>2,535</u>	<u>3,079</u>

7. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits derived from or arising in Hong Kong during the six months ended 30 June 2024 and 2023.

8. DIVIDEND

No dividends were paid, declared or proposed for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil). The directors of the Company have determined that no dividend will be paid in respect of the Review Period.

9. LOSS PER SHARE

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss		
Loss for the period for the purpose of calculation of basic loss per share	<u>(25,467)</u>	<u>(22,960)</u>
	Number of shares	
	2024	2023
	'000	'000
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculation of basic loss per share	<u>312,000</u>	<u>264,309</u>

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

No diluted loss per share is presented as there were no potential dilutive shares in issue for the six months ended 30 June 2024 and 2023.

10. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS (“ECL”) MODEL, NET OF REVERSAL

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Impairment losses recognised in respect of Contract assets	<u>7,839</u>	<u>7,551</u>

11. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

The Group did not have any addition of property, plant and equipment during the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

During the six months ended 30 June 2023, the Group disposed property, plant and equipment with net carrying amount of approximately HK\$1,183,000, resulting in a net gain on disposal of \$3,917,000 (Note 4).

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Key management personnel life insurance policy	<u>2,702</u>	<u>2,702</u>

The Group entered into a life insurance policy with an insurance company to insure against the death and permanent disability of an executive director. Under the policy, the beneficiary and policy holder are Pak Fai Engineering Limited, a subsidiary of the Company, and the total insured sum is the higher of (i) approximately US\$404,000 (equivalent to HK\$3,153,000); or (ii) guaranteed cash value and special bonus (if any); and the accumulated annual dividends and interest (if any). The contracts will be terminated on the occurrence of the earliest of the death of the key management personnel insured or other terms pursuant to the contracts. The Group has paid out the total insurance premium with an amount of approximately US\$385,000 (equivalent to approximately HK\$3,003,000) at the inception of the policy. The Group may request a surrender of the contracts at any time and receive cash back based on the cash value at the date of withdrawal, which is determined by the gross premium paid at inception plus accumulated annual dividends and interest (if any) and minus insurance charges. The fair value is based on redemption value quoted by the insurance company.

13. TRADE RECEIVABLES

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Trade receivables	7,615	5,824
Less: impairment loss allowance	<u>(312)</u>	<u>(312)</u>
	<u>7,303</u>	<u>5,512</u>

The following is an aged analysis of trade receivables, net of impairment loss allowance, presented based on the invoice date at the end of the reporting period:

	30 June 2024 <i>HK\$'000</i> (unaudited)	31 December 2023 <i>HK\$'000</i> (audited)
Within 30 days	<u><u>7,303</u></u>	<u><u>5,512</u></u>

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2024 <i>HK\$'000</i> (unaudited)	31 December 2023 <i>HK\$'000</i> (audited)
Other receivables and deposits	–	–
Prepayments	<u>9,253</u>	<u>16,897</u>
	<u><u>9,253</u></u>	<u><u>16,897</u></u>

15. CONTRACT ASSETS

The following is the analysis of the contract assets:

	30 June 2024 <i>HK\$'000</i> (unaudited)	31 December 2023 <i>HK\$'000</i> (audited)
Contract assets	84,173	76,057
Less: impairment loss allowance	<u>(60,785)</u>	<u>(52,946)</u>
	<u><u>23,388</u></u>	<u><u>23,111</u></u>

Contract Assets

Amounts represent the Group's rights to considerations from customers for the provision of Construction Services, which arise when: (i) the Group completed the relevant services under such contracts; or (ii) the customers withhold certain amounts payable to the Group as retention money to secure the due performance of the contracts for a period of generally 12 months (defect liability period) after completion of the relevant works. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it becomes unconditional.

The Group's contract assets are analysed as follows:

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Construction Services contracts – current		
Unbilled revenue*	18,083	17,810
Retention receivables	<u>5,305</u>	<u>5,301</u>
	<u>23,388</u>	<u>23,111</u>

* It represented the revenue not yet been billed to the customers which the Group has completed the relevant services under such contracts but yet certified by representatives appointed by the customers.

Changes of contract assets during the current interim period were mainly due to changes in: (1) the amount of retention receivables in accordance with the number of ongoing and completed contracts under the defect liability period during the current interim period; and (2) the size and number of contract works that the relevant services were completed but yet certified by representatives appointed by the customers at the end of each reporting period.

The Group's retention receivables included in the Group's contract assets will be settled at the expiry of the defect liability period of the relevant contracts or in accordance with the terms specified in the relevant contracts. The balances are classified as current as they are expected to be received in its normal operating cycle.

16. TRADE AND OTHER PAYABLES

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Trade payables	<u>12,352</u>	<u>7,164</u>
Payroll and MPF payables	309	418
Accrued expenses	<u>910</u>	<u>1,385</u>
	<u>1,219</u>	<u>1,803</u>
Total	<u>13,571</u>	<u>8,967</u>

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

	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)
Within 30 days	<u>12,352</u>	<u>7,164</u>

17. BANK BORROWINGS

During the Review Period, the Group has not drawn any new bank borrowings (six months ended 30 June 2023: Nil) and repaid bank borrowings of approximately HK\$3,811,000 (six months ended 30 June 2023: HK\$39,000). As at 30 June 2024 and 30 June 2023, the bank borrowings carry interest rate at 2.5% per annum below the prime lending rate for Hong Kong Dollars and 1.85% per annum over market rates of Hong Kong Interbank Offered Rate while the bank overdrafts carry effective interest rate at 2% per annum over market rates of Hong Kong Interbank Offered Rate. The bank borrowings are repayable by instalment till May 2028.

18. SHARE CAPITAL

Details of movement of the share capital of the Company are as follows:

	Number of ordinary shares	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.1 each		
<i>Authorised:</i>		
At 31 December 2023 and 30 June 2024	<u>400,000,000</u>	<u>40,000</u>
<i>Issued and fully paid:</i>		
At 31 December 2023 and 30 June 2024	<u>312,000,000</u>	<u>31,200</u>

All shares allotted and issued during the period rank pari passu in all respect with the existing issued shares.

19. SIGNIFICANT RELATED PARTY TRANSACTIONS

Key Management Personnel

The remuneration of the directors of the Company, close family members of a director of the Company and other key management personnel of the Group during the six months ended 30 June 2024 and 2023 was as follows:

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Short term benefits	390	504
Post-employment benefits	<u>9</u>	<u>13</u>
	<u>399</u>	<u>517</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is a Hong Kong-based subcontractor engaged in the provision of wet trades works and the wet trades related ancillary works in Hong Kong. Since 2021, capitalising on our expertise and experience in providing wet trades related solutions, we established an online platform for subscribers to specify the payment application in our database.

Provision of wet trades and its related ancillary works

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

As at 30 June 2024, the original contract sum of the Group’s ongoing projects (including projects that have commenced but not substantially completed as well as projects that have been awarded but not yet commenced) in aggregate amounted to approximately HK\$177.1 million. As at the date of this announcement, the Group was in the course of bidding for or pending the tender results of four projects, with an estimated total contract sum of approximately HK\$246.7 million.

Provision of construction information technology services

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

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

During the Review Period, as for the property market in Hong Kong, investors remain cautious due to the high interest rate environment, the worse-than-expected economic recovery and the oversupply in the private sector. However, opportunities may arise in light of expected interest rate cuts and the government's proactive measures in reviving the local economy. We will closely monitor the economic developments and adjust our business strategies from time to time.

Despite the tight financial condition and there is concern that the speed of new projects being rolled out for tenders might be adversely affected, it is anticipated that the Government will continue to invest in the infrastructure and create more lands through site formation and reclamation. The business environment in the construction industry of Hong Kong is now facing challenge as more Mainland China construction companies are participating in the construction market, there will be a huge pressure on the tender price and profit margin. The continued economic slowdown and slower-than-expected economic recovery have led to an increase in credit risk in this industry, with construction companies facing more cases of liquidation and closure.

The Group's tendering result, were still not satisfying. The intense market competition may lead to smaller number of successful tenders and quotations and lower value of contracts awarded to the Group. The Group's gross profit margin is also under pressure from competitive project pricing on tenders and quotations, which in turn affects financial performance of the Group.

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

The Group has been exploring other business opportunities beyond the Hong Kong market and/or expanding the geographical coverage of the principal business of the Group beyond the Hong Kong market in order to enhance our future development and to strengthen the revenue bases of the Group. We believe that such exploration would be worthy so that we will be well-prepared to dive into any opportunities as they arise or come to our attention. We expect that diversification of our business will provide a better return to the Shareholders.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately HK\$2.9 million or approximately 7.0% from approximately HK\$41.2 million for the six months ended 30 June 2023 to approximately HK\$38.4 million for the Review Period. The decrease in revenue was mainly due to (i) substantial completion of the projects on hand during the Review Period and competitive construction project pricing arising from intense market competition; and (ii) delay of certification of the Group's certain work done by the relevant customers as the relevant customers required additional time for certification of the work done involved in several variation orders of the relevant project.

Gross Loss and Gross Loss Margin

The gross loss of the Group for the Review Period amounted to approximately HK\$13.7 million, representing a decrease of approximately 8.3% as compared to approximately HK\$14.9 million gross loss for the six months ended 30 June 2023. The Group's gross loss margin for the Review Period was approximately 35.7%, as compared to gross loss margin approximately 36.2% for the six months ended 30 June 2023. The decrease in gross loss was mainly due to improving of costs control.

Other Income

Other income of the Group for the Review Period amounted to approximately HK\$93,000, representing a decrease of approximately 97.7% or HK\$4.0 million as compared to approximately HK\$4.1 million for the six months ended 30 June 2023. The decrease was primarily due to the decrease in government subsidy received and a gain on disposal of property, plant and equipment during the six months ended 30 June 2023.

Administrative Expenses

The administrative expenses of the Group for the Review Period amounted to approximately HK\$3.8 million, representing a decrease of approximately 14.4% as compared to approximately HK\$4.4 million for six months ended 30 June 2023. The decrease was mainly attributable to decreases in staff costs.

Finance Costs

Finance costs of the Group for the Review Period were approximately HK\$255,000, representing an increase of approximately 25.6% as compared to approximately HK\$203,000 for the six months ended 30 June 2023. The increase was mainly attributable to increase in the interests on bank borrowings, which was primarily driven by the increase in interest rate.

Net Loss

As a result of the foregoing, the Group reported loss attributed to owners of the Company of approximately HK\$25.5 million for the Review Period as compared to the net loss of approximately HK\$23.0 million for the six months ended 30 June 2023.

Interim Dividend

The Board did not recommend a payment of an interim dividend for the Review Period (six months ended 30 June 2023: Nil).

Liquidity, Financial Resources and Capital Structure

The ordinary shares of the Company (the “**Shares**”) were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 16 August 2019.

As at 30 June 2024, the Company’s issued capital was HK\$31,200,000 and the number of the Shares was 312,000,000 of HK\$0.1 each.

As at 30 June 2024, the Group had total bank balances and cash of approximately HK\$435,000 (31 December 2023: approximately HK\$18.6 million). The total borrowings of the Group, consisting of bank borrowings, as at 30 June 2024 were approximately HK\$5.8 million (31 December 2023: approximately HK\$9.6 million). All bank balances and borrowings were denominated in Hong Kong dollars. Interests are charged at fixed and floating rates. The Group did not carry out any interest rate hedging policy.

Treasury Policy

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

Pledge of Assets

As at 30 June 2024 and 2023, the Group had pledged financial assets at fair value through profit or loss of approximately HK\$2.7 million in order to secure bank facilities granted to the Group.

Foreign Exchange Risk

The Group mainly operates in Hong Kong. Most of the operating transactions and revenue were settled in Hong Kong dollars and the Group's assets and liabilities are primarily denominated in Hong Kong dollars. With the insignificant portion of monetary transactions and assets denominated in foreign currencies, the Group did not engage in any derivatives agreement and did not commit to any financial instrument to hedge its foreign exchange exposure during the Review Period (six months ended 30 June 2023: Nil).

Gearing Ratio

As at 30 June 2024, the gearing ratio (calculated as total bank borrowings divided by the total equity) was approximately 21.0% (31 December 2023: approximately 18.1%). The increase in gearing ratio is mainly due to increase in accumulated losses resulting in decrease in total equity at 30 June 2024.

Significant Investment Held, Material Acquisitions or Disposals of Subsidiaries, Associates and Joint Ventures

During the Review Period, the Group did not have any significant investments held or any material acquisitions or disposals of subsidiaries, associates or joint ventures.

Future Plans for Material Investments or Capital Assets

As at the date of this announcement, the Group does not have any other plans for material investments or capital assets.

Employees and Remuneration Policy

As at 30 June 2024, 14 employees fell into the Group's payroll (31 December 2023: 14 employees). Total staff costs including directors' emoluments, salaries, wages and other staff benefits, contributions to retirement schemes and untaken paid leave for the Review Period amounted to approximately HK\$2.5 million (six months ended 30 June 2023: approximately HK\$3.1 million). In order to attract and retain high quality staff and to enable smooth operation within the Group, the remuneration policy and package of the Group's employees are periodically reviewed. The salary and benefit levels of the employees of the Group are competitive (with reference to market conditions and individual qualifications and experience). The Group provides adequate job training to the employees to equip them with practical knowledge and skills. Apart from mandatory provident fund and job training programs, salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance and market situation.

Capital Commitments and Contingent Liabilities

As at 30 June 2024, the Group had no material capital commitments or contingent liabilities (31 December 2023: Nil).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company adopted the code provisions as set out in the Corporate Governance Code (the “Code”) contained in Appendix C1 to the Listing Rules.

Pursuant to code provision C.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the Review Period, Mr. Cheung Kwok Fai Adam (“**Mr. Adam Cheung**”) was both the chairman of the Board and the chief executive officer of the Company. In view of Mr. Adam Cheung’s strong expertise and insight of the wet trades works industry, role in the day-to-day management and operations of the Group and current positions as one of the directors of various members of the Group, the Board believes that it is in the best interests of the Group for Mr. Adam Cheung to take up the dual roles of chairman and chief executive officer. The Board considers that the deviation from code provision C.2.1 of the Code is appropriate in such circumstances and that there are sufficient checks and balances in place.

The Board will continue to review and consider splitting the roles of chairman and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole. The Directors are aware that we are expected to comply with the Code. Any deviation from the Code should be carefully considered and disclosed in the interim and annual reports. Save as disclosed above, the Company will continue to comply with the Code to protect the best interests of the shareholders of the Company.

Except for code provision C.2.1 of the Code, the Company complied with the Code during the Review Period.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as a code of conduct regarding the securities transactions of the Company by the Directors. Having made specific enquiries of the Directors, all Directors confirmed that they have complied with the requirements of the Model Code during the Review Period.

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

No purchase, sale or redemption of the Company’s listed securities was made by the Company or any of its subsidiaries during the Review Period.

AUDIT COMMITTEE

The Company established the audit committee (“**Audit Committee**”) on 22 July 2019 in accordance with Rule 3.21 of the Listing Rules with terms of reference aligned with the provisions of the Code as set out in Appendix C1 to the Listing Rules. The primary duties of the Audit Committee are, among other things, to make recommendations to the Board on the appointment, re-appointment and removal of external auditor; review the financial information; and oversee the financial reporting system and internal control procedures of the Company. The Audit Committee consists of three members, namely Ms. Ding Xin, Ms. Lo Yin Ping Patricia and Mr. Ho Kwok Lung. Ms. Ding Xin is the chairlady of the Audit Committee.

REVIEW OF INTERIM FINANCIAL RESULTS

The interim financial results of the Group for the Review Period are unaudited but have been reviewed and approved by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

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

Hong Kong, 28 August 2024

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