



廣駿
集團

Grand Talents Group Holdings Limited
廣駿集團控股有限公司

(Incorporated In The Cayman Islands With Limited Liability)
Stock Code: 8516

INTERIM REPORT 2020



CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

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 Grand Talents Group Holdings Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) 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.*

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ha Chak Hung (*Chairman*)
Mr. Ip Chu Shing (*Chief Executive Officer*)
Ms. Tang Minzhen
(*appointed on 10 September 2020*)

Non-executive Director

Mr. Chen Tao
(*appointed on 28 August 2020*)

Independent Non-executive Directors

Ms. Tang Shui Man
Dr. Fok Wai Sun
Mr. Yuk Kai Yao

AUDIT COMMITTEE

Ms. Tang Shui Man (*Chairman*)
Dr. Fok Wai Sun
Mr. Yuk Kai Yao

REMUNERATION COMMITTEE

Dr. Fok Wai Sun (*Chairman*)
Ms. Tang Shui Man
Mr. Yuk Kai Yao
Mr. Ha Chak Hung

NOMINATION COMMITTEE

Mr. Yuk Kai Yao (*Chairman*)
Ms. Tang Shui Man
Dr. Fok Wai Sun
Mr. Ha Chak Hung

COMPANY SECRETARY

Ms. Chow Yuk Yin, Ivy, FCS, FCIS

AUTHORISED REPRESENTATIVES

Mr. Ha Chak Hung
Ms. Chow Yuk Yin, Ivy

COMPLIANCE OFFICER

Mr. Ha Chak Hung

REGISTERED OFFICE IN THE CAYMAN ISLANDS

P.O. Box 1350, Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands



CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong

LEGAL ADVISOR

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Clifton House, 75 Fort Street
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Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKER

Fubon Bank (Hong Kong) Limited

COMPLIANCE ADVISER

Pulsar Capital Limited
Room 1204, Jubilee Centre
18 Fenwick Street, Wanchai
Hong Kong

AUDITOR

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111 Connaught Road Central
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COMPANY'S WEBSITE

www.grandtalentsgroup.com.hk

STOCK CODE

8516



HIGHLIGHTS

HIGHLIGHTS

- The revenue of the Group was approximately HK\$25.5 million for the six months ended 30 September 2020 representing a decrease of approximately HK\$20.5 million from approximately HK\$46.0 million for the same period ended 30 September 2019. Such decrease was mainly due to (i) the completion of six repair and maintenance works projects; (ii) the negative impact arising from the outbreak of novel coronavirus disease (“**COVID-19**”) which affected the progress of several on-going construction projects and the number of available tenders in the industry; and (iii) the overall economic recession in Hong Kong.
- The Group recorded a gross profit of approximately HK\$2.4 million for the six months ended 30 September 2020, as compared to a gross profit of approximately HK\$7.5 million for the six months ended 30 September 2019. Such decrease was mainly due to the decrease in revenue.
- The Group recorded a net loss of approximately HK\$2.9 million for the six months ended 30 September 2020, as compared to a loss of approximately HK\$0.2 million recorded for the corresponding period in 2019. Such loss was mainly due to the decrease in revenue partially offset by the increase in other income and the decrease in administrative expenses and cost of sales.
- The board of directors of the Company (the “**Board**”) does not recommend the payment of an interim dividend for the six months ended 30 September 2020 (2019: Nil).



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

For the six months ended 30 September 2020

The Board is pleased to announce the unaudited condensed consolidated financial results of the Group for the six months ended 30 September 2020 (together with the comparative unaudited figures for the corresponding period in 2019) as follows:

	Notes	Six months ended 30 September	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	4	25,499	45,979
Cost of sales		(23,088)	(38,500)
Gross profit		2,411	7,479
Other income		1,844	265
Administrative expenses		(6,328)	(7,642)
Finance costs	5	(873)	(316)
Loss before taxation		(2,946)	(214)
Income tax expense	6	—	—
Loss for the period attributable to owners of the Company	7	(2,946)	(214)
Other comprehensive expense, after tax:			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		(19)	—
Total comprehensive expenses for the period attributable to owners of the Company		(2,965)	(214)
		HK cents	HK cents
Loss per share:			
Basic and diluted	9	0.62	0.04



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	Notes	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
ASSETS			
Non-current asset			
Property, plant and equipment	10	5,093	5,974
Right-of-use assets		318	1,070
Deferred tax assets		2,285	2,285
		7,696	9,329
Current assets			
Contract assets	11	36,516	20,429
Trade and other receivables	12	54,914	65,080
Amount due from a related company	13	2	2
Tax recoverable		930	1,742
Bank balances and cash		11,770	11,525
		104,132	98,778
Current liabilities			
Trade and other payables	14	14,123	10,510
Amounts due to directors	13	12,016	12,102
Bank and other borrowings	15	15,017	12,000
Lease liabilities	16	533	533
Tax payable		470	—
Bank overdraft		9,922	10,198
		52,081	45,343
Net current assets		52,051	53,435
Total assets less current liabilities		59,747	62,764



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	<i>Notes</i>	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Non-current liabilities			
Lease liabilities	16	410	462
Obligations under finance leases	16	—	—
Deferred tax liabilities		207	207
		617	669
Net assets		59,130	62,095
Capital and reserves			
Share capital		4,800	4,800
Reserves		54,330	57,295
Total equity		59,130	62,095



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

	Attributable to owners of the Company					Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (Note i)	Exchange Reserve HK\$'000 (Note ii)	Retained profits HK\$'000 (Note iii)	
At 31 March 2019 (audited)	4,800	35,187	15,457	—	23,286	78,730
Loss and total comprehensive expenses for the period	—	—	—	—	(214)	(214)
At 30 September 2019 (unaudited)	4,800	35,187	15,457	—	23,072	78,516
At 31 March 2020 (audited)	4,800	35,187	15,457	(110)	6,761	62,095
Loss for the period	—	—	—	—	(2,946)	(2,946)
Other comprehensive expenses for the period	—	—	—	(19)	—	(19)
Total comprehensive expenses for the period	—	—	—	(19)	(2,946)	(2,965)
At 30 September 2020 (unaudited)	4,800	35,187	15,457	(129)	3,815	59,130

Notes:

- (i) Other reserve represents (a) the deemed distribution to Ms. Wang Shen ("**Ms. Wang**"), mother of Mr. Ha Chak Hung ("**Mr. Ha**"), executive Director and one of the Controlling Shareholders, and Mr. Ha and Mr. Ip Chu Shing ("**Mr. Ip**"), the directors of Talent Mark Development Limited ("**TMD**"), which arises from the differences between the fair values of the lower-than-market advances to each of them and the nominal amounts of the advances at initial recognition; (b) share of deemed contribution of HK\$1,011,000 by the non-controlling interest of Talent Tren Construction Limited ("**Talent Tren**") in respect of a waiver of the amount due to TMD in the amount of HK\$3,062,000 pursuant to a debt waiver agreement entered into between TMD and Talent Tren on 10 October 2016; and (c) the consideration in acquiring the entire equity interests of Talent Mart Construction Co., Ltd. ("**TMC**") and TMD by allotment and issuance of 4,000 and 4,200 ordinary shares with par value of US\$1 each of China Talents Group Limited ("**China Talents**") to Talent Prime Group Limited ("**Talent Prime**") and the reclassification of share capital of TMD and TMC to other reserve, (d) the reclassification of share capital of China Talents of HK\$78,000 (equivalent of US\$10,000) and share premium of China Talents of HK\$13,994,000 to other reserve upon completion of the reorganisation on 21 September 2018 (please refer to the Annual Report 2020 of the Company for the year ended 31 March 2020 for further details of reorganisation).
- (ii) The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong which were dealt with in accordance with the accounting policy as set out in Note 4(d) in the Annual Report 2020.
- (iii) It represents cumulative net profits recognised in the unaudited condensed consolidated statement of profit or loss and other comprehensive income.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2020

(Unaudited)

Six months ended 30 September

	2020	2019
	HK\$'000	HK\$'000
Net cash (used in)/from operating activities	(660)	1,652
Investing activities		
Advance from a director	—	3,400
Purchase of property, plant and equipment	(1,238)	(4,858)
Proceeds from disposal of property, plant and equipment	430	113
Interest received	110	108
Net cash used in investing activities	(698)	(1,237)
Financing activities		
Repayment of bank borrowings	(983)	(4,763)
Repayment of obligation under finance leases	—	(217)
Capital element of lease liabilities paid	(160)	(30)
Interest element of lease liabilities paid	(21)	(5)
Interest paid for bank borrowings	(852)	(316)
New bank borrowings raised	4,000	—
New finance leases	—	1,020
Advances from directors	(86)	—
Net cash from/(used in) financing activities	1,898	(4,311)
Net increase/(decrease) in cash and cash equivalents	540	(3,896)
Cash and cash equivalents at the beginning of the period	1,327	8,517
Effect of foreign exchange rate changes on cash and cash equivalents	(19)	—
Cash and cash equivalents at the end of the period	1,848	4,621



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law of the Cayman Islands as an exempted company with limited liability on 23 October 2017. Its parent and ultimate holding company is Talent Prime, a limited liability company incorporated in the British Virgin Islands (the “**BVI**”) on 5 July 2017 which are wholly owned by Mr. Ha and Mr. Ip.

The Company is an investment holding company. The Group is principally engaged in provision of civil engineering construction works and repair and maintenance works for structures of roads and highways.

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (HKAS 34) *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”).

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

2. BASIS OF PREPARATION AND PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”), all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as the “**HKFRSs**”), issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

The unaudited condensed consolidated interim financial statements have been prepared under historical cost convention.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

2. BASIS OF PREPARATION AND PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

The principal accounting policies used in the unaudited condensed consolidated interim financial statements for the six months ended 30 September 2020 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2020 as stated in the Annual Report 2020, except for the new and revised HKFRSs issued by the HKICPA that are adopted for the first time for the current accounting period of the Group.

3. APPLICATION OF NEW AND REVISED HKFRSs

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current period:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The adoption of these new and revised HKFRSs has had no material effect on the amounts reported in these unaudited condensed consolidated interim financial statements and/or disclosures set out in these unaudited condensed consolidated interim financial statements.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

4. REVENUE AND SEGMENT INFORMATION

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
The Group's revenue is analysed as follows:		
Repair and maintenance works	25,499	41,380
Civil engineering construction works	—	4,599
	25,499	45,979

Segment reporting

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker (“CODM”), Mr. Ha and Mr. Ip, the Controlling Shareholders, for the purposes of resource allocation and assessment of segment performance focuses on types of services delivered or provided. Information reported to CODM is based on business line operated by the Group. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 Operating Segments are as follows:

- (i) Civil engineering construction works — Provision of civil engineering construction works of road and highway related infrastructures
- (ii) Repair and maintenance works — Provision of repair and maintenance works for structures of roads and highways

The Group's CODM makes decisions according to the operating results of each segment. No analysis of segment asset and segment liability is presented as the Group's CODM does not regularly review such information for the purpose of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

4. REVENUE AND SEGMENT INFORMATION *(continued)*

Segment reporting *(continued)*

Six months ended 30 September 2020 (Unaudited)

	Civil engineering construction works HK\$'000	Repair and maintenance works HK\$'000	Total HK\$'000
Segment revenue			
External sales	—	25,499	25,499
Segment results	—	2,411	2,411
Other income			1,844
Administrative expenses			(6,328)
Finance costs			(873)
Loss before taxation			(2,946)

Six months ended 30 September 2019 (Unaudited)

	Civil engineering construction works HK\$'000	Repair and maintenance works HK\$'000	Total HK\$'000
Segment revenue			
External sales	4,599	41,380	45,979
Segment results	966	6,513	7,479
Other income			265
Administrative expenses			(7,642)
Finance costs			(316)
Loss before taxation			(214)



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

5. FINANCE COSTS

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interests on bank borrowings and bank overdraft	852	282
Interest elements on lease liabilities	21	34
	873	316

6. INCOME TAX EXPENSE

No Hong Kong Profits Tax is provided as the Group had no estimated assessable profits for both periods. Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax regime (for the six months ended 30 September 2019: at the rate of 16.5%) for the six months ended 30 September 2020. During the six months ended 30 September 2020 and 2019, the subsidiary in the People's Republic of China was subject to statutory tax rate of 25%.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

7. LOSS AND TOTAL COMPREHENSIVE EXPENSES FOR THE PERIOD

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Loss and total comprehensive expenses for the period has been arrived at after charging/(crediting):		
Directors' remunerations	1,027	1,395
Other staff costs:		
Salaries and other allowances	10,468	16,687
Retirement benefit scheme contributions	467	791
Total staff costs	11,962	18,873
Expenses relating to short-term leases and leases of low value assets	—	82
Depreciation on property, plant and equipment	1,439	270
Depreciation on right-of-use assets	80	55
Bank interest income	(110)	(108)
Government subsidies (<i>note 1</i>)	(1,869)	—
Loss/(gain) on disposal of property, plant and equipment	170	(113)

Note 1:

The Group has received government subsidies mainly for Employment Support Scheme and Anti-epidemic Fund for the six months ended 30 September 2020.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2020 (for the six months ended 30 September 2019: Nil).

9. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company and the weighted average number of ordinary shares in issue during the six months ended 30 September 2020 of 480,000,000 (for the six months ended 30 September 2019: 480,000,000):

	Six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
Loss:		
Loss attributable to owners of the Company for the purpose of basic loss per share (HK\$'000)	(2,946)	(214)
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic loss per share	480,000,000	480,000,000

Diluted loss per share is the same as the basic loss per share of the Company for both periods as there were no dilutive potential ordinary shares for the six months ended 30 September 2020 and 2019.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2020, the Group acquired approximately HK\$1.2 million (six months ended 30 September 2019: approximately HK\$4.9 million) of property, plant and equipment. The Group disposed certain property, plant and equipment with aggregate carrying amounts of approximately HK\$260,000 (for the six months ended 30 September 2019: nil) for cash proceeds of approximately HK\$430,000 (for the six months ended 30 September 2019: HK\$113,000).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

11. CONTRACT ASSETS

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Unbilled revenue	25,519	14,112
Retention receivables	6,868	6,941
Deposit for surety bond (<i>note 1</i>)	5,000	—
	37,387	21,053
Less: impairment loss	(871)	(624)
	36,516	20,429

Note 1:

In order to guarantee satisfactory completion of a project by contractor, it is common for customers of sizeable projects to request for surety bonds issued by a financial institution in favour of the customers. The Group is normally required to pay up to a certain percentage of the amount of the surety bond to the financial institutions as collateral security in return for the issuance of the surety bond in favour of our customer and such deposit will be refunded to the Group after project completion or at the end of the defect liability period of the relevant project.

The significant increase in contract assets of the Group during the period is primarily due to completion of contract work during the period but not yet certified by the customers, which resulted in an increase in unbilled revenue at end of the period.

Allowance for impairment

During the six months ended 30 September 2020, 12-month ECL of HK\$247,000 was recognised (six months ended 30 September 2019: Nil).



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

12. TRADE AND OTHER RECEIVABLES

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Trade receivables	48,600	59,881
Less: impairment loss	(3,234)	(3,377)
	45,366	56,504
Other receivables, deposits and prepayments	9,548	8,576
	54,914	65,080

The Group recognises trade receivables upon obtaining the completion of work certificates/issuance of invoices. The payment certificates will generally be issued by project employer one month to ten months after obtaining the completion of work certificates/issuance of invoices for billing purpose and the credit term granted to customers is generally 30 to 45 days from the date of invoice.

Trade receivables

The following is an ageing analysis of trade receivables, net of impairment loss, presented based on date of completion of work certificate/invoice at the end of each reporting period:

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
0–30 days	3,000	10,090
31–180 days	3,774	10,638
> 180 days	38,592	35,776
	45,366	56,504

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

12. TRADE AND OTHER RECEIVABLES *(continued)*

Allowance for impairment

During the six months ended 30 September 2020, 12-month ECL of HK\$143,000 was reversed (six months ended 30 September 2019: HK\$2,000 was reversed).

13. AMOUNTS DUE FROM A RELATED PARTY/(TO) DIRECTORS

The Group

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Amount due from a related party		
Talent Prime <i>(note a)</i>	2	2
Amounts due to directors <i>(note b)</i>		
Mr. Ha	8,996	6,750
Mr. Ip	3,020	3,000
Mr. Han Shengjun (resigned on 31 August 2020)	—	2,352
	12,016	12,102

Notes:

- a. Talent Prime is the ultimate holding company of the Company. The amount is non-trade in nature, unsecured, interest free and repayable on demand.
- b. The amounts are non-trade in nature, unsecured, interest-free and repayable on demand.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

14. TRADE AND OTHER PAYABLES

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Trade payables	10,698	5,145
Retention payables	816	816
Accrued expenses	1,029	1,771
Accrued payroll expenses	1,580	2,778
	14,123	10,510

Trade payables

The average credit period on trade payables is 30 days. The following is an ageing analysis of trade payables presented based on the date of invoices/payment certificates at the end of each reporting period:

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
0–30 days	2,341	1,275
31 to 60 days	240	1,218
61 to 90 days	151	565
Over 90 days	7,966	2,087
	10,698	5,145



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

14. TRADE AND OTHER PAYABLES *(continued)*

Retention payables

The retention payables are to be settled within 1 year, based on the expiry of defects liability period, at the end of each reporting period.

The following is an ageing analysis of retention payables presented based on the dates of invoices/payment certificates at the end of each reporting period:

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Within one year	816	816

15. BANK AND OTHER BORROWINGS

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Secured variable-rate bank loans (a)	7,017	4,000
Unsecured fixed-rate other borrowings (b)	8,000	8,000
	15,017	12,000
Carrying amounts repayable within one year	15,017	12,000
Amounts shown under current liabilities	15,017	12,000



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

15. BANK AND OTHER BORROWINGS *(continued)*

- (a) At 30 September 2020, the Group had two revolving loans with principal amounts of HK\$7,017,000 (as at 31 March 2020: HK\$4,000,000) advanced from a local bank in Hong Kong. The bank loans were obtained to finance the Group's operations. The loans are secured by a time deposit, carrying interest at 4.9% (31 March 2020: 4.9%) per annum and repayable in one year.
- (b) It represents an unsecured loan from a financial institution (other than a bank), interest bearing at 14.0% per annum and repayable in March 2021.
- (c) The Group's banking facilities are secured by way of:
 - (i) unlimited personal guarantees executed by certain directors of the Company;
 - (ii) pledge of a time deposit of HK\$10 million.

During the six months ended 30 September 2020, the Group had repaid bank loans amounting to approximately HK\$1.0 million (for the six months ended 30 September 2019: HK\$4.8 million).

16. LEASE LIABILITIES/OBLIGATIONS UNDER FINANCE LEASES

The Group leases office premises and certain motor vehicles in Hong Kong, which comprise only fixed payments over the lease terms.

The Group leased its motor vehicles under finance leases with originated terms of five years. The effective interest rate was 5.03% per annum during the year ended 31 March 2020. Interest rates are fixed at respective contract dates.

During the six months ended 30 September 2020, the Group had paid capital and interest elements of lease liabilities amounting to approximately HK\$181,000 (for the six months ended 30 September 2019: HK\$327,000).

Note: The balance which previously disclosed under obligations under finance leases was reclassified to lease liabilities upon initial application of HKFRS 16 on 1 April 2019 without restatement of comparative figures. Explanation of the transitional requirements that were applied as at April 2019 is set out in Note 2(a) in the Annual Report 2020. The accounting policies applied subsequent to the date of initial application of 1 April 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

The Group is an established subcontractor engaged in civil engineering construction works with over nine years of experience. The Group principally repairs and maintains structures of roads and highways in Hong Kong, with focus in Kowloon and Hong Kong Island. Since 2013, the Group has extended its services to civil engineering construction works including construction of barrier-free access facilities and drainage systems in Hong Kong.

The Group has undertaken (i) repair and maintenance projects for roads and highways and other infrastructures such as construction of pavilion and seawall; and (ii) civil engineering construction projects. During the period under review, the Company operated under a challenging atmosphere as public demonstrations and the outbreak of COVID-19 in Hong Kong adversely impacted the Group's construction activities. In addition, the Group witnessed a decrease in the number of available tenders in the industry. Despite this, the Group has continued to focus on developing its business of undertaking repair and maintenance works and civil engineering construction works in Hong Kong.

Looking forward, there are certain risks that the Group will face in its future development such as the overall political stability and the development of COVID-19 outbreak in Hong Kong, and the ability to control and manage the performance of the subcontractors as directly and efficiently as with our own staff. However, the Group remains cautiously optimistic of the 2021 prospects, and believes that the Group has to retain existing labour and/or ensure sufficient labour. Of the four submitted tenders of civil engineering construction projects mentioned in the Outlook section of the Annual Report 2020, one was successfully accepted, two were rejected and the remaining one is still pending.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue principally represented income derived from civil engineering works such as management and maintenance of roads and highways in Hong Kong and construction projects.

The revenue of the Group decreased by approximately 44.5% from approximately HK\$46.0 million for the six months ended 30 September 2019, to approximately HK\$25.5 million for the six months ended 30 September 2020. Such decrease was mainly attributable to (i) the completion of six repair and maintenance works projects during the period ended 30 September 2020; (ii) the negative impact arising from the outbreak of COVID-19 which affected the progress of several on-going construction projects and the number of available tenders in the industry; and (iii) the overall economic recession in Hong Kong.

Cost of sales

The cost of sales primarily consists of staff costs, sub-contracting fees, and construction materials and supplies. The cost of sales decreased by approximately 40.0% from approximately HK\$38.5 million for the six months ended 30 September 2019 to approximately HK\$23.1 million for the six months ended 30 September 2020, which was mainly due to the decrease in payroll and material costs in line with the decrease in revenue.



MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

The gross profit was approximately HK\$7.5 million and approximately HK\$2.4 million for the six months ended 30 September 2019 and 2020 respectively. The gross profit margin was approximately 16.3% and approximately 9.5% respectively for the same periods. The decrease in our gross profit was primarily due to the decrease in revenue.

Other income

The Group recorded other income of approximately HK\$1.8 million during the six months ended 30 September 2020 (six months ended 30 September 2019: HK\$265,000). Such increase was mainly due to receipt of government subsidies.

Administrative expenses

Administrative expenses consist primarily of auditors' remunerations, depreciation, directors' remuneration, entertainments, legal and professional fee, motor vehicles expenses, and staff costs. The administrative expenses decreased by approximately 17.2% from approximately HK\$7.6 million for the six months ended 30 September 2019 to approximately HK\$6.3 million for the six months ended 30 September 2020. The decrease was mainly due to decreases in the legal and professional fee of approximately HK\$0.7 million, motor vehicle expenses of approximately HK\$0.3 million and sundry expenses of approximately HK\$0.3 million.

Finance costs

The finance costs increased by approximately 176.3% from approximately HK\$316,000 for the six months ended 30 September 2019 to approximately HK\$873,000 for the six months ended 30 September 2020. The increase was mainly due to the increase in bank and other borrowings.

Income tax

Income tax represents income tax paid or payable by the Group, at the applicable tax rates in accordance with the relevant laws and regulations in each tax jurisdiction the Group operates or domiciles. The Group had no tax payable in jurisdiction other than Hong Kong during the six months ended 30 September 2019 and 2020. The Group's operations in Hong Kong are subject to the two-tiered profits tax regime, which the first HK\$2 million of profits of qualifying entity will be taxed at 8.25% and profits above HK\$2 million will be taxed at 16.5%. No Hong Kong Profit Tax is provided during the six months ended 30 September 2020 and 2019 as the Group has no estimated assessable profit for both periods.



MANAGEMENT DISCUSSION AND ANALYSIS

Loss for the period

As a result of the foregoing, the Group recorded a loss of approximately HK\$2.9 million for the six months ended 30 September 2020 as compared to a loss of approximately HK\$0.2 million for the six months ended 30 September 2019, which is mainly due to the decrease in revenue, partially offset by the increase in other income and the decrease in administrative expenses and cost of sales.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has been maintaining its capital adequacy ratios during the period under review.

As at 30 September 2020, the Group had net current assets of approximately HK\$52.1 million (as at 31 March 2020: approximately HK\$53.4 million), of which the cash and cash equivalents were approximately HK\$11.8 million (as at 31 March 2020: approximately HK\$11.5 million). The Group's current ratio as at 30 September 2020 is approximately 2.0 times (as at 31 March 2020: approximately 2.2 times). The gearing ratio as at 30 September 2020 was approximately 43.8% (as at 31 March 2020: approximately 37.4%) which is calculated on the basis of the Group's all interest-bearing borrowings, lease liabilities, obligations under finance leases and bank overdraft over the total equity.

Total bank overdraft, bank and other borrowings, lease liabilities and obligations under finance leases for the Group amounted to approximately HK\$25.9 million as at 30 September 2020 (as at 31 March 2020: approximately HK\$23.2 million). As at 30 September 2020, all bank and other borrowings are due within one year.

The Group adopts centralized financing and treasury policies in order to ensure its funding is utilized efficiently. The Group also regularly monitors its liquidity requirements, its compliance with lending covenants and its relationship with bankers to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.



MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL EXPENDITURE

Capital expenditure primarily comprised of purchase of construction equipment, furniture fixtures and equipment, computers and motor vehicles. The capital expenditure was funded by net proceeds from the Listing, internal resources, finance leases and bank borrowings during the six months ended 30 September 2020.

The following sets forth the Group's capital expenditure as at the dates indicated:

	As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
Property, plant and equipment	1,246	3,977

CAPITAL STRUCTURE

There was no change in the Company's capital structure for the six months ended 30 September 2020.

CONTINGENT LIABILITIES

Save as disclosed under the paragraph headed "Contingent Liabilities" in the "Management Discussion and Analysis" section of the Annual Report 2020 of the Company, the Group did not have any significant contingent liability as at 30 September 2020.

PLEDGE OF ASSETS

As at 30 September 2020, other than those disclosed in note 15(c) to the unaudited condensed consolidated financial statements, the Group did not have any pledged assets.



MANAGEMENT DISCUSSION AND ANALYSIS

COMMITMENTS

Upon initial application of HKFRS 16, it is not required to disclose operating lease commitments for the six months ended 30 September 2020 and 2019.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2020, the Group had 62 employees in total (as at 31 March 2020: 88).

The Directors and senior management receive compensation in the form of director fees, salaries, benefits in kind and/or discretionary bonuses with reference to those paid by comparable companies, time commitment and the performance of the Group. The Group also reimburses the Directors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to the Group or executing their functions in relation to the operations of the Group. The Group regularly reviews and determines the remuneration and compensation packages of the Directors and senior management by reference to, among other things, market level of remuneration and compensation paid by comparable companies, the respective responsibilities of the Directors and the performance of the Group.

SIGNIFICANT INVESTMENTS OR MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not make any significant investments or material acquisition and disposal of subsidiaries, associated companies or joint ventures during the six months ended 30 September 2020.

EVENTS AFTER THE REPORTING PERIOD

The Group does not have material events after the end of the reporting period.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed under the paragraph headed "Use of Proceeds" in this section, the Company did not have other plans for material investments or capital assets.



MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS

Based on the Offer Price of HK\$0.40 per Offer Share and 120,000,000 Shares offered by the Company, the net proceeds from the Share Offer received by the Company, after deducting the underwriting fees and commissions and estimated expenses paid and payable by the Company in relation to the Share Offer, are approximately HK\$23.5 million. Such net proceeds are intended to be or have been applied for the purposes of (i) acquisition of additional machinery and equipment; (ii) strengthening our manpower; (iii) strengthening our financial capabilities; and (iv) working capital.

Details of the Group's intended use of the net proceeds from the Share Offer are set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus.

The use of net proceeds from the Listing as at 30 September 2020 was as follows:

	Planned use of the net proceeds up to 30 September 2020 (HK\$'000)	Actual use of the net proceeds up to 30 September 2020 (HK\$'000)	Unutilised net proceeds up to 30 September 2020 (HK\$'000)
Acquisition of additional machinery and equipment	8,800	8,800	—
Strengthening our manpower	9,300	9,300	—
Strengthening our financial capabilities:			
(i) Surety bond for the tender of new projects	3,000	3,000	—
(ii) Surety bond for a project	2,000	2,000	—
Working capital	400	400	—
Total:	23,500	23,500	—



MANAGEMENT DISCUSSION AND ANALYSIS

COMPARISON BETWEEN BUSINESS OBJECTIVES AND ACTUAL BUSINESS PROGRESS

The business objectives, implementation plans and planned use of proceeds were based on the estimation and assumption of future market conditions made by the Group for the purpose of Listing. The actual use of proceeds was based on the Group's business operations and development. The net proceeds had been fully utilised up to 30 September 2020 as previously disclosed in the Prospectus.

The following is the comparison of the business objectives as stated in the Prospectus and the Group's actual business progress up to 30 September 2020:

Business objectives	Actual business progress up to 30 September 2020
Acquisition of additional machinery and equipment	Fully utilised for acquisition of additional machinery and equipment
Strengthening our manpower	Fully utilised for recruitment of more staff
Strengthening our financial capabilities:	
(i) Surety bond for the tender of new projects	Fully utilised for payment of surety bond
(ii) Surety bond for a project	Fully utilised for payment of surety bond
Working capital	Fully utilised for general working capital

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2020 (for the six months ended 30 September 2019: Nil).

FOREIGN CURRENCY EXPOSURE

Since the Group's business activities are solely operated in Hong Kong and mainly denominated in Hong Kong dollars, the Directors consider that the Group's risk in foreign exchange is insignificant.

DISCLOSURE OF INTERESTS

(a) Interests and/or short positions of Directors and chief executive in the Shares, underlying shares and debentures of the Company and its associated corporations

As at 30 September 2020, the Directors and chief executive of the Company had the following interests and/or short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”)) which will have 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 in which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein, or pursuant to Rule 5.46 of the GEM Listing Rules relating to securities transactions by the Directors, will be required to be notified to the Company and the Stock Exchange:



OTHER INFORMATION

(i) *Interests in the Company*

Name of Director	Capacity	Number of shares held (Note 1)	Percentage of interest in the Company
Mr. Ha (Note 2)	Interest of a controlled corporation	201,300,000 (L)	41.94%
Mr. Ip (Note 2)	Interest of a controlled corporation	201,300,000 (L)	41.94%

Notes:

1. The letter "L" denotes the person's long positions in the Shares.
2. Each of Mr. Ha and Mr. Ip beneficially owns 50% of the issued share capital of Talent Prime Group Limited. Therefore, Mr. Ha and Mr. Ip are deemed to be interested in all the Shares held by Talent Prime Group Limited for the purpose of the SFO. Mr. Ha, Mr. Ip and Talent Prime Group Limited are regarded as a group of Controlling Shareholders acting in concert to exercise their voting rights in the Company and they together will be interested in a total of 69.75% of the issued share capital of the Company upon completion of Share Offer. Mr. Ha and Mr. Ip are directors of Talent Prime Group Limited.



OTHER INFORMATION

(ii) *Interests in associated corporation of the Company*

Name of Director	Name of associated corporation	Capacity	Number of shares held	Percentage of shareholding interest
Mr. Ha	Talent Prime Group Limited	Beneficial owner	50	50%
Mr. Ip	Talent Prime Group Limited	Beneficial owner	50	50%

Save as disclosed above, as at 30 September 2020, none of the Directors or chief executives of the Company had any interests and/or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which will have 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 are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein or pursuant to Rule 5.46 of the GEM Listing Rules relating to securities transactions by the Directors.



OTHER INFORMATION

(b) Interests and/or short position of substantial shareholders in the Shares which are discloseable under Divisions 2 and 3 of Part XV of the SFO

So far as is known to the Directors, as at 30 September 2020, the following persons (not being a Director or chief executive of the Company) had, or were deemed to have, an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who was, directly or indirectly interested in 5% or more of the issued share capital of the Company.

Name of substantial shareholder	Capacity	Number of Shares (Note 1)	Percentage of interest in our Company
Talent Prime	Beneficial owner	201,300,000 (L)	41.94%
Ms. Chung Ching Yan (Note 2)	Interest of spouse	201,300,000 (L)	41.94%
Ms. Lee Ming Ho (Note 3)	Interest of spouse	201,300,000 (L)	41.94%
Mr. Li Bin	Beneficial owner	90,000,000 (L)	18.75%
Ms. Yi Huan (Note 4)	Interest of spouse	90,000,000 (L)	18.75%

Notes:

1. The letter "L" denotes the person's long positions in the Shares.
2. Ms. Chung Ching Yan is the spouse of Mr. Ha. Under the SFO, Ms. Chung is deemed, or taken to be, interested in the same number of Shares in which Mr. Ha is interested.
3. Ms. Lee Ming Ho is the spouse of Mr. Ip. Under the SFO, Ms. Lee is deemed to be interested in the same number of Shares in which Mr. Ip is interested.
4. Ms. Yi Huan is the spouse of Mr. Li Bin. Under the SFO, Ms. Yi Huan is deemed, or taken to be, interested in the same number of Shares in which Mr. Li Bin is interested.



OTHER INFORMATION

Save as disclosed above, so far as is known to the Directors, as at 30 September 2020, there are no other person (not being a Director or chief executive of the Company) who had an interest or a short position in the Shares or underlying shares or debentures of the Company or any of its associated corporations which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under Section 336 of the SFO, or who was, directly or indirectly interested in 5% or more of the issued share capital of the Company.

CORPORATE GOVERNANCE PRACTICE

The Board is responsible for performing the corporate governance duties as set out in the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) contained in Appendix 15 of the GEM Listing Rules, which includes developing and reviewing the Company’s policies and practices on corporate governance, training and continuous professional development of Directors, and reviewing the Company’s compliance with the code provision in the CG Code and disclosures in this interim report.

The Board is of the view that the Company has complied with all the principles and applicable code provisions of the CG Code throughout the six months ended 30 September 2020.

The Board acknowledge its responsibility for preparing the unaudited financial statements for the six months ended 30 September 2020.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings (“**Model Code**”) as set out in Rules 5.48 to 5.67 of the GEM Listing Rules in respect of directors’ securities transactions (“**Required Standard of Dealing**”). Specific enquiry has been made with all the Directors and the Directors have confirmed that they have complied with the Required Standard of Dealing throughout the six months ended 30 September 2020.

The Company has adopted a compliance manual for securities transactions by senior management as written guidelines no less exacting than the Required Standard of Dealing for relevant employees (“**Written Guidelines**”) in respect of dealing in the Company’s shares. During the six months ended 30 September 2020, the Company is not aware of any incident of non-compliance of the Model Code and Written Guidelines by the relevant employees.



OTHER INFORMATION

INDEPENDENT NON-EXECUTIVE DIRECTORS

In compliance with Rules 5.05A, 5.05(1) and (2) of the GEM Listing Rules, the Company has appointed three INEDs representing at least one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. As such, there is a strong element in the Board to provide independent judgment.

In accordance with code provision A.4.1 of the CG Code, the Company has entered into a letter of appointment with each of the INEDs for initially a fixed term of three years commencing from the Listing Date and will continue thereafter until terminated by either party giving not less than three months' written notice to the other party.

CHANGE IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVES

Mr Chen Tao was appointed as non-executive Director of the Company with effect from 28 August 2020.

Mr. Han Shengjun resigned as executive director of the Company with effect from 31 August 2020.

Ms. Tang Minzhen was appointed as executive director of the Company with effect from 10 September 2020.

Save as disclosed above and upon specific enquiry by the Company, there is no change in the information of the Directors required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules since the Company's last published annual report.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 21 September 2018 (the "**Scheme**"), the principal terms of which are summarised in the sub-section headed "Appendix IV — Statutory and General Information — D. Share Option Scheme" in the Prospectus. The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

No share option has been granted or exercised under the Scheme during the six months ended 30 September 2020. No share option was outstanding as at 30 September 2020.



OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF THE SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Shares for the six months ended 30 September 2020.

COMPETING BUSINESS

Other than members of the Group, none of the Directors nor the controlling shareholder of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) has interest in any business which competes or is likely to compete, directly or indirectly, with the business of the Group.

INTERESTS OF COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Pulsar Capital Limited ("**Pulsar Capital**"), as at 30 September 2020, save as the compliance adviser agreement entered into between the Company and Pulsar Capital, neither Pulsar Capital nor its directors, employees or close associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.



OTHER INFORMATION

AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) on 21 September 2018 with its written terms of reference in compliance with the Rules 5.28 and 5.29 of the GEM Listing Rules. The Audit Committee comprises of three members, namely Ms. Tang Shui Man (Chairman), Mr. Yuk Kai Yao and Dr. Fok Wai Sun, all of them being independent non-executive Directors with written terms of reference in accordance with code provision C.3.3 and C.3.7 of the CG code.

The unaudited financial information for the six months ended 30 September 2020 in this interim report has not been audited by the Company’s independent auditors, but have been reviewed by the Audit Committee. The Audit Committee is of the opinion that such unaudited financial results have been prepared in compliance with the applicable accounting standards and the requirements under the GEM Listing Rules, and that adequate disclosures have been made.

APPRECIATION

The Board would like to take this opportunity to express its sincere gratitude to the Group’s customers, business partners and shareholders for their continuous support for and trust in the Group. The Board also wishes to express its heartfelt appreciation to all of the staff of the Group for their dedication and hard work throughout the period.

By order of the Board of
Grand Talents Group Holdings Limited
Ha Chak Hung
Chairman and Executive Director

Hong Kong, 13 November 2020

As at the date of this report, the executive Directors are Mr. Ha Chak Hung, Mr. Ip Chu Shing and Ms. Tang Minzhen; the non-executive Director is Mr. Chen Tao; and the independent non-executive Directors are Ms. Tang Shui Man, Dr. Fok Wai Sun and Mr. Yuk Kai Yao.

