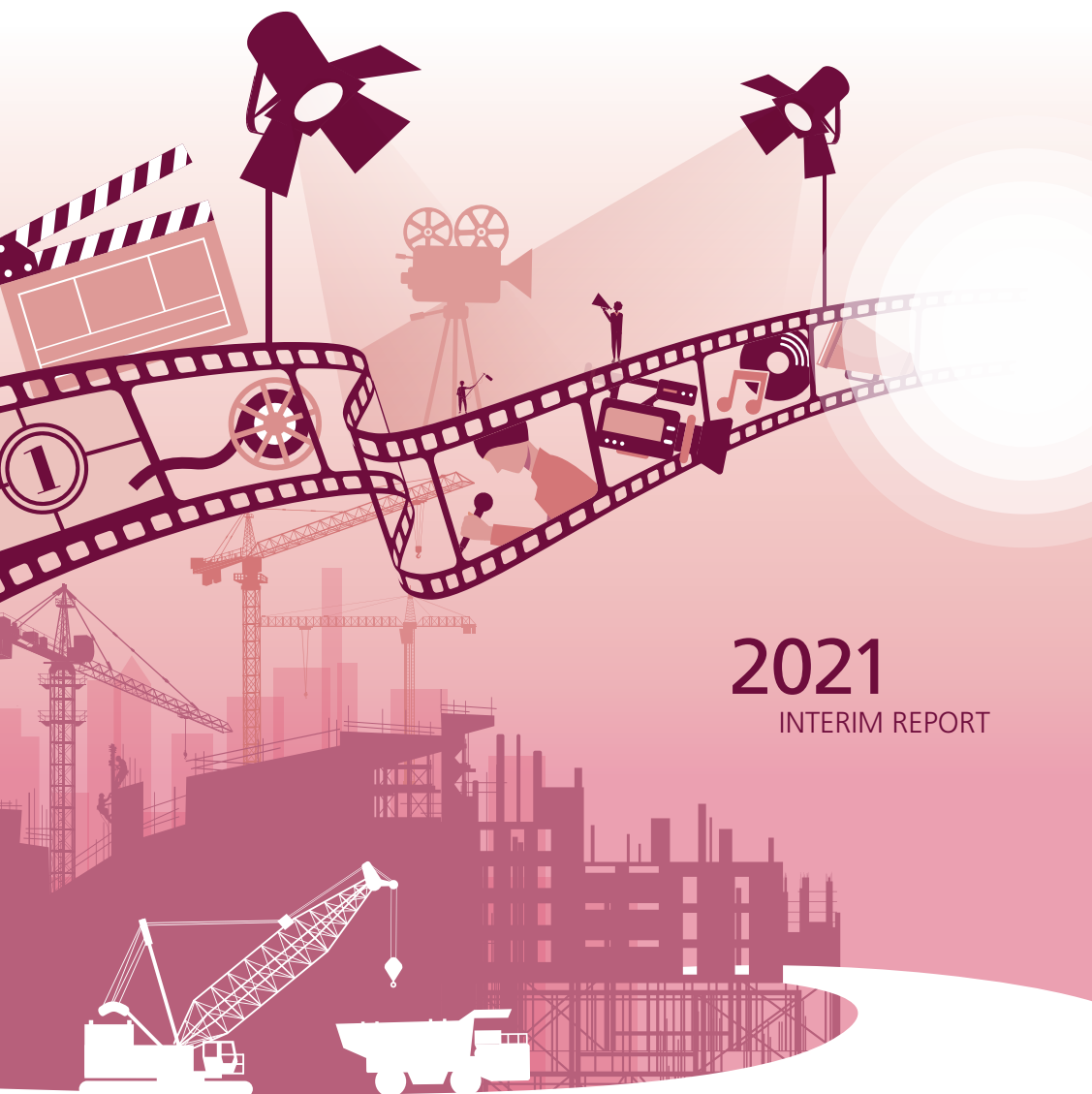


FULLWEALTH INTERNATIONAL GROUP HOLDINGS LIMITED

富匯國際集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1034

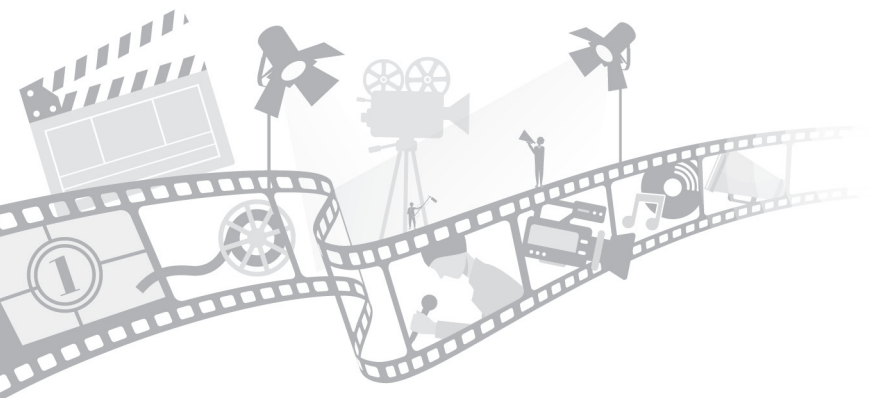


2021

INTERIM REPORT



MIX
Paper from
responsible sources
FSC® C112031



CONTENTS

Corporate Information	2
Management Discussion and Analysis	4
Corporate Governance and Other Information	11
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	15
Condensed Consolidated Statement of Financial Position	16
Condensed Consolidated Statement of Changes in Equity	17
Condensed Consolidated Statement of Cash Flows	18
Notes to the Condensed Consolidated Financial Statements	19





CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Liu Xinyi (*Chief Executive Officer*)

Mr. Wong Chun Man

Non-executive Directors

Ms. Ma Xiaoqiu (*Chairlady*)

Independent Non-executive Directors

Mr. Chen Wen

Mr. Li Siu Bun (appointed on 1 July 2021)

Mr. Leung Ho Chi (resigned on 1 July 2021)

Mr. Peng Peng

BOARD COMMITTEES

Audit Committee

Mr. Li Siu Bun (*Chairman*)

(appointed on 1 July 2021)

Mr. Leung Ho Chi (resigned on 1 July 2021)

Mr. Chen Wen

Mr. Peng Peng

Remuneration Committee

Mr. Chen Wen (*Chairman*)

Mr. Li Siu Bun (appointed on 1 July 2021)

Mr. Leung Ho Chi (resigned on 1 July 2021)

Mr. Peng Peng

Ms. Ma Xiaoqiu

Mr. Wong Chun Man

Nomination Committee

Ms. Ma Xiaoqiu (*Chairlady*)

Ms. Liu Xinyi

Mr. Chen Wen

Mr. Li Siu Bun (appointed on 1 July 2021)

Mr. Leung Ho Chi (resigned on 1 July 2021)

Mr. Peng Peng

COMPANY SECRETARY

Mr. Tam Ying Wi

AUTHORISED REPRESENTATIVES

Ms. Liu Xinyi

Mr. Wong Chun Man

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Shops 11-12, G/F

Leung Choy Building

2-44 Ping Fai Path

Yuen Long

New Territories, Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Windward 3,

Regatta Office Park

PO Box 1350

Grand Cayman

KYI-1108

Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited

Windward 3,

Regatta Office Park

PO Box 1350

Grand Cayman

KYI-1108

Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited

Level 54

Hopewell Centre

183 Queen's Road East

Hong Kong



CORPORATE INFORMATION

LEGAL ADVISER AS TO HONG KONG LAW

CFN Lawyers in association with Broad & Bright
Units 4101-4104, 41st Floor
Sun Hung Kai Centre
30 Harbour Road
Wan Chai, Hong Kong

PRINCIPAL BANKS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
Chiyu Banking Corporation Limited
Industrial and Commercial Bank of China (Asia) Limited
United Overseas Bank Limited, Hong Kong Branch

AUDITOR

Crowe (HK) CPA Limited
9th Floor
Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong

COMPANY'S WEBSITE

www.fullwealth.hk

STOCK CODE

1034



MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “**Board**”) of directors (the “**Directors**”) of Fullwealth International Group Holdings Limited (the “**Company**”) is pleased to present the interim report of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2021 (the “**Reporting Period**”).

BUSINESS REVIEW AND OUTLOOK

In Hong Kong

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

During the Reporting Period, no new construction projects were awarded. As at 30 June 2021, the Group had 3 projects on hand and the total initial contract sum of which amounted to approximately HK\$111.9 million.

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

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



MANAGEMENT DISCUSSION AND ANALYSIS

In Mainland China

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

FINANCIAL REVIEW

Revenue

The Group’s revenue increased from approximately HK\$127.2 million for the six months ended 30 June 2020 to approximately HK\$169.2 million for the Reporting Period, representing an increase of 33.0%. Such increase in revenue was mainly due to the chased back of progress in lots of the resulted delays caused by the outbreak of COVID-19 in last year 2020 regarding the work schedule of construction projects of the Group on hand and under construction during the Reporting Period. In addition, the Group started the new education and training business related to performing arts and culture in the Mainland China during the Reporting Period.

Gross profit and gross profit margin

An increase from gross loss of approximately HK\$32.2 million for the six months ended 30 June 2020 to gross profit of approximately HK\$29.0 million for the Reporting Period. An increase from gross loss margin of 25.3% for the six months ended 30 June 2020 to gross profit margin of 17.2% for the Reporting Period. The increase in gross profit and gross profit margin was mainly due to:

- (1) chased back of progress in lots of the resulted delays caused by the outbreak of COVID-19 in last year 2020 regarding the work schedule of construction projects of the Group on hand and under construction in Hong Kong which resulted in reduction of segment loss from civil engineering and building works for the six months ended 30 June 2021; and
- (2) the new education and training business related to performing arts and culture in the Mainland China started during the Reporting Period is in high profit margin.



MANAGEMENT DISCUSSION AND ANALYSIS

Other income

Other income decreased by 78.0% from approximately HK\$4.7 million for the six months ended 30 June 2020 to approximately HK\$1.0 million for the Reporting Period. The decrease in other income was mainly due to the decrease in COVID-19 government subsidy and profit from leasing of plant and equipment as a decreasing number of plant and equipment has been rented out during the Reporting Period.

General and administrative expenses

General and administrative expenses decreased from approximately HK\$15.9 million for the six months ended 30 June 2020 to approximately HK\$12.0 million for the six months ended 30 June 2021. It was mainly due to the decrease of impairment loss of other receivables and retention receivables.

Finance costs

Finance costs of the Group decreased from HK\$0.4 million for the six months ended 30 June 2020 to approximately HK\$0.07 million for the six months ended 30 June 2021. The decrease was attributable to the significant decrease in the average borrowings during the Reporting Period.

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

As a result of the aforesaid and in particular the increase in gross profit, the Group recorded an earnings attributable to the equity shareholders of the Company of approximately HK\$13.1 million for the Reporting Period (six months ended 30 June 2020: loss of approximately HK\$43.8 million).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

As at 30 June 2021, the Group had cash and cash equivalents of approximately HK\$74.4 million (31 December 2020: HK\$34.9 million). The borrowings (sum of lease liabilities and bank loans) of the Group as at 30 June 2021 amounted to approximately HK\$1.9 million (31 December 2020: HK\$9.1 million). The Group's cash and cash equivalents and borrowings (including lease liabilities) are denominated in Hong Kong dollars and Renminbi. The Board closely monitors its liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements at all times.

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



MANAGEMENT DISCUSSION AND ANALYSIS

GEARING RATIO

As at 30 June 2021, the gearing ratio of the Group, calculated as the total debt (sum of lease liabilities and bank loans) divided by the total equity and multiplied by 100%, was approximately 1.6% (31 December 2020: 8.1%).

TREASURY POLICY

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

CHARGES ON ASSETS

The Group's plant and equipment with an aggregate carrying values of approximately HK\$Nil (31 December 2020: HK\$38.2 million) as at 30 June 2021 were pledged under the Group's bank borrowings.

As at 30 June 2021, deposits with the value of approximately HK\$8.9 million (31 December 2020: HK\$8.0 million) were placed with an insurance company as collateral to secure the main contractor's surety bonds issued by an insurance company in relation to the Group's construction projects.

FOREIGN EXCHANGE EXPOSURE

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

EMPLOYEES AND EMOLUMENT POLICY

As at 30 June 2021, the Group employed a total of 79 (31 December 2020: 122) employees (including executive Directors and independent non-executive Directors). Total staff costs including directors' remuneration for the Reporting Period was approximately HK\$19.6 million (six months ended 30 June 2020: HK\$26.5 million). The remuneration offered to employees generally includes salaries and bonus and are determined with reference to market norms and individual employees' performance, qualification and experience. The Company has adopted a share option scheme under which options may be granted to Directors and eligible employees as an incentive.



MANAGEMENT DISCUSSION AND ANALYSIS

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

SIGNIFICANT INVESTMENTS HELD

The Group did not hold any significant investments during the Reporting Period.

MATERIAL ACQUISITIONS AND DISPOSALS

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed under the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 15 October 2018 (the "**Prospectus**"), the Group did not have any other plans for material investments or capital assets as at 30 June 2021.

CONTINGENT LIABILITIES

Litigation

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

CAPITAL COMMITMENTS

As at 30 June 2021, the Group did not have any capital commitments (31 December 2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

EVENTS AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Company or the Group after 30 June 2021 and up to the date of this interim report.

USE OF PROCEEDS

The net proceeds of the share offer received by the Company in relation to the Listing were approximately HK\$94.2 million, after deducting listing and related expenses. These proceeds are intended to be applied in accordance with the proposed application set out in the section headed "Future plans and use of proceeds" in the Prospectus. The below table sets out the proposed application and usage of the net proceeds as at 30 June 2021:

	Planned use of net proceeds as at 30 June 2021 <i>HK\$'million</i>	Utilised amount of the net proceeds as at 30 June 2021 <i>HK\$'million</i>	Unutilised amount of the net proceeds as at 30 June 2021 <i>HK\$'million</i>
Acquisition of machinery and equipment	42.7	29.4	13.3
Financing construction projects	29.5	29.5	–
Strengthening of project management team	11.1	10.8	0.3
Repayment of finance lease obligations	5.3	5.3	–
General working capital	5.6	5.6	–
	<hr/>	<hr/>	<hr/>
	94.2	80.6	13.6



MANAGEMENT DISCUSSION AND ANALYSIS

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

As at 30 June 2021, approximately HK\$80.6 million out of the net proceeds from the Listing had been used. The remaining unutilised net proceeds of approximately HK\$13.6 million were deposited in licensed banks in Hong Kong. As at the date of this interim report, there has not been any material change to the plan as to the use of the net proceeds except that in light of the material change in market and economic condition, the Group will utilise the balance of fund in a conservative manner. The Directors will continuously monitor the outbreak of COVID-19 and its impact to the global economy to evaluate the Group's business objectives and may change or modify the Group's plans against the changing market condition to attain sustainable business growth of the Group. The unutilised net proceeds are expected to be fully utilised on or before 31 December 2022, depending on the market and economic condition.

DIVIDEND

The Board does not recommend the payment of a dividend for the Reporting Period (six months ended 30 June 2020: Nil).



CORPORATE GOVERNANCE AND OTHER INFORMATION

The Board is committed to achieving and maintaining high standards of corporate governance as the Board believes that an effective corporate governance framework is fundamental to promoting and safeguarding interests of shareholders and other stakeholders and enhancing shareholders' value.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") under Appendix 14 to the Listing Rules as its own code of corporate governance. The Company has complied with the provisions set out in the CG Code during the Reporting Period and up to the date of this interim report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the guidelines for the Directors' dealing in the securities of the Company. Having made specific enquiries of all Directors, the Company confirmed that all Directors have fully complied with the required standard set out in the Model Code during the Reporting Period and up to the date of this interim report.

SHARE OPTION SCHEME

A share option scheme (the "**Scheme**") was conditionally adopted by the written resolution of the Company's then sole shareholder on 8 October 2018. No share option has been granted, exercised, cancelled or lapsed under the Scheme since its adoption on 8 October 2018 and there is no outstanding share option as at 30 June 2021.

COMPETING BUSINESS

None of the controlling shareholders or the Directors of the Company and their respective associates is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business during the Reporting Period.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2021, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were (a) 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 (b) recorded in the register required to be kept under section 352 of the SFO; or (c) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(a) Long position in ordinary shares of the Company

Name of director/ chief executive	Nature of interest	Number of shares held/ interested	Percentage of shareholding in the Company
Ms. Liu Xinyi (Note 1)	Interest of a controlled corporation	1,200,000,000	75%

Notes:

- Ms. Liu beneficially owns the entire issued share capital of Victory Way Global Company Limited ("Victory Way"). Therefore, Ms. Liu is deemed, or taken to be, interested in the shares held by Victory Way for the purpose of SFO.

(b) Long position in shares of the associated corporation of the Company

Name of director/ chief executive	Name of the associated corporation	Nature of interest	Number of shares held/ interested	Percentage of shareholding in the associated corporation of the Company
Ms. Liu Xinyi (Note 1)	Victory Way	Beneficial owner	100	100%

Notes:

- The issued share capital of Victory Way is fully owned by Ms. Liu.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at 30 June 2021, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2021, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interest or short position in shares and underlying shares of the Company which fell 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 as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Nature of interest	Number of shares held/ interested	Percentage of shareholding in the Company
Victory Way Global Company Limited	Beneficial owner	1,200,000,000	75%

Save as disclosed above, as at 30 June 2021, none of the substantial or significant shareholders or other persons, other than the Directors and chief executive of the Company whose interests are set out in the paragraph headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above, had any interests or short positions in the shares or underlying shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

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

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



CORPORATE GOVERNANCE AND OTHER INFORMATION

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules during the Reporting Period and up to the date of this interim report.

AUDIT COMMITTEE

The audit committee of the Board (the “**Audit Committee**”) was established on 8 October 2018 with written terms of reference in compliance with the CG code. The Audit Committee consists of three members who are all independent non-executive Directors, namely Mr. Li Siu Bun (Chairman), Mr. Chen Wen and Mr. Peng Peng. The Audit Committee is delegated with the authority from the Board primarily to oversee the Group’s financial reporting and internal control systems, and the adequacy of the external and internal audits.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements of the Group for the Reporting Period have not been audited, but have been reviewed by the Audit Committee.

On behalf of the Board

Fullwealth International Group Holdings Limited

Liu Xinyi

Chief Executive Officer and Executive Director

Hong Kong, 27 August 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

		Six months ended 30 June	
	Note	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	4	169,188	127,227
Direct costs		(140,159)	(159,416)
Gross profit/(loss)		29,029	(32,189)
Other income	5	1,030	4,673
General and administrative expenses		(11,972)	(15,861)
Profit/(loss) from operations		18,087	(43,377)
Finance costs	6(a)	(72)	(403)
Profit/(loss) before taxation	6	18,015	(43,780)
Income tax	7	(4,962)	–
Profit/(loss) for the period		13,053	(43,780)
Other comprehensive income for the period			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		12	–
Total comprehensive income/(expense) for the period		13,065	(43,780)
Earnings/(loss) per share (HK Cents)			
– Basic	8(a)	0.82	(2.74)
– Diluted	8(b)	0.82	(2.74)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

	Note	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	10	48,070	50,866
Current assets			
Inventories and other contract costs		–	7,542
Contract assets	11	28,572	42,804
Trade and other receivables	12	44,054	38,789
Tax recoverable		2,742	2,742
Deposit with bank with original maturity date over three months		–	2,632
Cash and cash equivalents		74,417	34,925
		149,785	129,434
Current liabilities			
Trade and other payables	13	25,498	48,866
Contract liabilities		27,402	4,303
Amounts due to directors		6,168	–
Current taxation		5,711	–
Bank loans	14	–	6,665
Lease liabilities		854	1,136
		65,633	60,970
Net current assets		84,152	68,464
Total assets less current liabilities		132,222	119,330
Non-current liabilities			
Lease liabilities		1,081	1,254
Deferred tax liabilities		6,890	6,890
		7,971	8,144
NET ASSETS		124,251	111,186
CAPITAL AND RESERVES			
Share capital	15	16,000	16,000
Reserves		108,251	95,186
TOTAL EQUITY		124,251	111,186

The notes on pages 19 to 34 form part of this interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

At 30 June 2021

	Share capital	Share premium	Other reserve	Exchange reserve	Retained earnings/ (accumulated losses)	Total equity
	HK\$'000	HK\$'000	HK\$'000 (Note (i))	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2020 (Audited)	16,000	99,206	5,760	-	63,623	184,589
Loss and other comprehensive expense for the period (Unaudited)	-	-	-	-	(43,780)	(43,780)
Balance at 30 June 2020 (Unaudited)	16,000	99,206	5,760	-	19,843	140,809
Balance at 1 January 2021 (Audited)	16,000	99,206	5,760	-	(9,780)	111,186
Profit and other comprehensive income for the period (Unaudited)	-	-	-	12	13,053	13,065
Balance at 30 June 2021 (Unaudited)	16,000	99,206	5,760	12	3,273	124,251

Note (i): The other reserve represents the deemed contribution from and distributions to the controlling shareholders of the Company as a result of a group reorganisation completed on 6 February 2018.

The notes on pages 19 to 34 form part of this interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Operating activities		
Cash generated from/(used in) operations	44,666	(14,777)
Hong Kong Profits tax refund	–	6,031
Net cash generated from/(used in) operating activities	44,666	(8,746)
Investing activities		
Interest received	29	389
Decrease in deposit with bank with original maturity date over three months	2,632	–
Payment for acquisitions of property, plant and equipment	(668)	(1,407)
Proceeds from disposals of property, plant and equipment	3	–
Advance to an immediate holding company	–	(17)
Net cash generated from/(used in) investing activities	1,996	(1,035)
Financing activities		
Repayment of bank loans	(6,665)	(7,725)
Capital element of lease rentals paid	(455)	(973)
Interest element of lease rentals paid	(11)	(65)
Interest on bank loans paid	(61)	(338)
Net cash used in financing activities	(7,192)	(9,101)
Net increase/(decrease) in cash and cash equivalents	39,470	(18,882)
Cash and cash equivalents at the beginning of the period	34,925	47,451
Effect of foreign exchange rate changes	22	–
Cash and cash equivalents at the end of the period	74,417	28,569

The notes on pages 19 to 34 form part of this interim financial statements.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1. GENERAL INFORMATION

Fullwealth International Group Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 19 January 2018 and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 30 October 2018 (the “**Listing**”). The registered office of the Company is located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KYI-1108, Cayman Islands. The principal place of business of the Company is located at Shops 11-12, G/F., Leung Choy Building, 2-44 Ping Fai Path, Yuen Long, New Territories, Hong Kong.

The Company is an investment holding company and the Group is principally engaged in the civil engineering and building works in Hong Kong. During the Reporting Period, the Group has developed a new education and training business related to performing arts and culture in the Mainland China.

2. BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). It was authorised for issue on 27 August 2021.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report is unaudited, but has been reviewed by the Company’s audit committee (the “**Audit Committee**”).



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

3. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA to this interim financial report for the current accounting period:

- Amendment to HKFRS 16, *Covid-19-related rent concessions beyond 30 June 2021*
- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform – phase 2*

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

4. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable from construction contracts for civil engineering and building works rendered by the Group to customers and service contracts for provision of education and training courses, which are recognised over time.

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows: (a) Civil engineering and building works segment engages in the provision of civil engineering and building works to contract customers; and (b) Entertainment education business segment engages in the provision of education and training courses related to performing arts services.

The Group’s chief operating decision maker, which has been identified as the executive directors of the Company who review the Group’s internal reporting in order to assess performance and allocate resources. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before taxation. The adjusted profit/(loss) before taxation is measured consistently with the Group’s profit/(loss) before taxation except that interest income, other income as well as head office and corporate expenses are excluded from such measurement. Segment assets exclude other assets and other unallocated head office and corporate assets as these assets are managed on a Group basis. Segment liabilities exclude other unallocated head office and corporate liabilities as these liabilities are managed on a Group basis. Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) Disaggregation of revenue

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

(i) Disaggregation of revenue by nature

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major service lines		
– Revenue from construction contracts	131,549	127,227
– Revenue from service contracts for provision of education and training course	37,639	–
	169,188	127,227
Disaggregated by geographical location of customers		
– Hong Kong	131,549	127,227
– Mainland China	37,639	–
	169,188	127,227

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in Note 4(b).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment revenue and results

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

	Civil Engineering and Building Works HK\$'000	Entertainment Education Business HK\$'000	Total HK\$'000
Six months ended 30 June 2021 (unaudited)			
Disaggregated by timing of revenue recognition, revenue from external customers and reportable segment revenue			
Over time	131,549	37,639	169,188
Reportable segment (loss)/profit	(11,928)	32,952	21,024
Corporate and other unallocated expenses, net			(3,009)
Profit before taxation			18,015

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment revenue and results (continued)

	Civil Engineering and Building Works HK\$'000	Entertainment Education Business HK\$'000	Total HK\$'000
Six months ended 30 June 2020 (unaudited)			
Disaggregated by timing of revenue recognition, revenue from external customers and reportable segment revenue			
Over time	127,227	–	127,227
Reportable segment loss	(40,938)	–	(40,938)
Corporate and other unallocated expenses, net			(2,842)
Loss before taxation			(43,780)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(c) Segment assets and liabilities

As at 30 June 2021 (Unaudited)

	Civil Engineering and Building Works HK\$'000	Entertainment Education Business HK\$'000	Total HK\$'000
ASSETS			
Segment assets	130,544	66,931	197,475
Unallocated items:			
Trade and other receivables			327
Cash and cash equivalents			53
Total assets			197,855
LIABILITIES			
Segment liabilities	31,454	38,931	70,385
Unallocated items:			
Trade and other payables			3,219
Total liabilities			73,604

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(c) Segment assets and liabilities (continued)

As at 31 December 2020

	Civil Engineering and Building Works HK\$'000	Entertainment Education Business HK\$'000	Total HK\$'000
ASSETS			
Segment assets	179,913	-	179,913
Unallocated items:			
Trade and other receivables			327
Cash and cash equivalents			60
Total assets			180,300
LIABILITIES			
Segment liabilities	67,558	-	67,558
Unallocated items:			
Trade and other payables			1,556
Total liabilities			69,114

5. OTHER INCOME

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Bank interest income	29	389
Compensation received	70	30
Profit from leasing of plant and equipment	-	1,340
Government subsidies (Note)	-	1,930
Sundry income	931	984
	1,030	4,673

Note: Being the subsidies received/receivable from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme and other subsidy schemes as promulgated by the Government of the Hong Kong Special Administrative Region of the People's Republic of China.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

6. PROFIT/(LOSS) BEFORE TAXATION

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

(a) Finance costs

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest on bank loans	61	338
Interest on lease liabilities	11	65
	72	403

(b) Staff costs

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Directors' emoluments	1,748	1,445
Other staff costs:		
Contributions to defined contribution retirement plans	627	822
Salaries, wages and other benefits	17,176	24,185
	19,551	26,452

(c) Other items

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Depreciation charge	3,460	3,980
Loss on disposal of property, plant and equipment	1	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

7. INCOME TAX

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax – Mainland China Corporate Income Tax	4,962	–

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.
- (ii) The provision for Mainland China Corporate Income Tax is calculated by applying the flat tax rate of 15% for a subsidiary of the Group which is a qualifying corporation under the Hainan province in Mainland China.
- (iii) The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2020: 16.5%) to the six months ended 30 June 2021, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2020.

No Hong Kong Profits Tax has been provided for in the unaudited consolidated financial statements for the six months ended 30 June 2021 as the subsidiary in Hong Kong had no estimated assessable profits for the six months ended 30 June 2021.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

8. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on (i) the profit attributable to ordinary equity shareholders of the Company for the six months ended 30 June 2021 of approximately HK\$13,053,000 (six months ended 30 June 2020: loss of approximately HK\$43,780,000); and (ii) weighted average of 1,600,000,000 ordinary shares (six months ended 30 June 2020: 1,600,000,000 ordinary shares) of the Company in issue during the six months ended 30 June 2021.

(b) Diluted earnings/(loss) per share

These were no potential dilutive ordinary shares in existence during the six months ended 30 June 2021 and 2020, therefore, diluted earnings/(loss) per share are the same as the basic earnings/(loss) per share for both periods.

9. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

10. PROPERTY, PLANT AND EQUIPMENT

(a) Acquisitions and disposals of owned assets

During the six months ended 30 June 2021, the Group acquired items of property, plant and equipment with a cost of approximately HK\$668,000 (six months ended 30 June 2020: approximately HK\$1,807,000).

(b) Pledge of property, plant and equipment

At 30 June 2021, the Group's property, plant and equipment with carrying amounts of approximately HK\$Nil (31 December 2020: approximately HK\$38,210,000) were pledged to secure the Group's banking facilities.

11. CONTRACT ASSETS

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Contract assets		
Arising from performance under construction contracts	28,572	42,804
Receivables from contracts with customers within the scope of HKFRS 15, which are included in "Trade and other receivables" (Note 12)	20,879	21,682

As at 30 June 2021, the amount of contract assets that is expected to be recovered after more than one year is approximately HK\$1,624,000 (31 December 2020: approximately HK\$6,125,000), all of which relates to retention receivables.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

12. TRADE AND OTHER RECEIVABLES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Trade receivables	20,879	21,682
Deposits for surety bonds	8,878	8,046
Other receivables	4,033	4,142
Deposits and prepayments	10,178	4,833
Amounts due from related companies	86	86
	44,054	38,789

(a) Ageing analysis

As of the end of the Reporting Period, the ageing analysis of trade receivables, based on the revenue recognition date, is as follows:

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Within 1 month	12,286	10,629
1 to 2 months	5,670	4,319
2 to 3 months	465	–
Over 3 months	2,458	6,734
	20,879	21,682

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

13. TRADE AND OTHER PAYABLES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Trade payables	2,853	14,720
Accrued construction costs	–	5,703
Other payables	3,530	3,917
Other accrued expenses	2,944	5,277
Retention payables	16,171	19,249
	25,498	48,866

As at 30 June 2021, the amounts of retention payables expected to be settled after more than one year is approximately HK\$4,143,000 (31 December 2020: approximately HK\$8,011,000). All of the other trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

(a) Ageing analysis

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

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Within 1 month	1,026	5,433
1 to 2 months	543	3,619
2 to 3 months	778	172
Over 3 months	506	5,496
	2,853	14,720

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

14. BANK LOANS

The bank loans were secured by certain of the Group's machinery with an aggregate carrying amount of approximately HK\$Nil (31 December 2020: approximately HK\$38,210,000) as at 30 June 2021 and corporate guarantee provided by the Company in favour of the bank.

The bank loans carried interest at 1.75% per annum below the Bank's Prime Lending Rate prevailing from time to time and will be repayable monthly by installments, and the bank loans have been fully repaid during the six months ended 30 June 2021.

15. SHARE CAPITAL

	30 June 2021		31 December 2020	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each	3,000,000,000	30,000	3,000,000,000	30,000
Issued and fully paid:				
Ordinary shares of HK\$0.01 each	1,600,000,000	16,000	1,600,000,000	16,000

16. CONTINGENT LIABILITIES

Litigation

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

17. MATERIAL RELATED PARTY TRANSACTIONS

During the reporting period, the transactions with the following parties are considered to be related party transactions of the Group:

Name of related party	Relationship with the Group
Ms LIU Xinyi (“ Ms. Liu ”)	The controlling shareholder of the Company and Director of the Company
Ms MA Xiaoqiu (“ Ms. Ma ”)	A Non-Executive Director of the Company
Mr. WONG Chun Man (“ Mr. Wong ”)	The Executive Director of the Company
Mr. LAW Fu Keung (“ Mr. Law ”)	The former director of the Company (resigned on 14 Jan 2021)
Ms. CHENG Fung Yi (“ Ms. Cheng ”)	Spouse of Mr. Law and the former director of the Company (resigned on 14 Jan 2021)

In addition to the transactions and balances disclosed elsewhere in these condensed consolidated financial statements, particulars of significant transactions between the Group and the above related parties during the reporting period are as follows:

(a) Key management personnel remuneration

All members of key management personnel of the Group are the Directors and their remuneration is as follows:

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Directors' fees	893	225
Salaries, allowances and benefits in kind	–	1,200
Contributions to defined contribution retirement plan	–	20
Total remuneration is included in “staff costs” (see note 6(b))	893	1,445

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

17. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Recurring transactions with other related parties

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Lease payments made to Mr. Law and Ms. Cheng (including capital element and interest element of lease rentals paid)	150	150

The Directors consider that the above related party transactions during the periods were conducted on mutually agreed terms in the ordinary course of the Group's business.