

ANCHORSTONE

Anchorstone Holdings Limited
基石控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1592

2023

INTERIM REPORT

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CONTENT

Page	
2	/ Corporate Information
3	/ Management Discussion and Analysis
8	/ Directors', Chief Executive's and Substantial Shareholder's Interests
10	/ Corporate Governance and Other Information
12	/ Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income
13	/ Condensed Consolidated Interim Statement of Financial Position
15	/ Condensed Consolidated Interim Statement of Changes in Equity
16	/ Condensed Consolidated Interim Statement of Cash Flows
17	/ Notes to the Condensed Consolidated Interim Financial Information

CORPORATE INFORMATION

REGISTERED OFFICE

Cricket Square Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1501-02, Delta House
No. 3 On Yiu Street
Shatin
New Territories
Hong Kong

COMPANY WEBSITE

www.anchorstone.com.hk

BOARD OF DIRECTORS

Executive Directors

Mr. Lui Yue Yun Gary (*Chairman*)
Mr. Lui Edwin Wing Yiu
Mr. Fung Wai Hang

Non-Executive Director

Ms. Lui Natalie Po Wai (appointed on 23 September 2022 and retired on 28 June 2023)

Independent Non-Executive Directors

Mr. Ko Tsz Kin
Mr. Ng Yau Wah Daniel (resigned on 1 July 2023)
Mr. Nie Kin Kwok Kevin (appointed on 23 September 2022 and retired on 28 June 2023)

BOARD COMMITTEE

Audit Committee

Mr. Ko Tsz Kin (*Chairman*)
Mr. Ng Yau Wah Daniel (resigned on 1 July 2023)
Mr. Nie Kin Kwok Kevin (appointed on 23 September 2022 and retired on 28 June 2023)

Remuneration Committee

Mr. Lui Yue Yun Gary (*Chairman*)
Mr. Ng Yau Wah Daniel (resigned on 1 July 2023)
Mr. Ko Tsz Kin

Nomination Committee

Mr. Lui Yue Yun Gary (*Chairman*)
Mr. Ko Tsz Kin
Mr. Ng Yau Wah Daniel (resigned on 1 July 2023)

COMPANY SECRETARY

Mr. Fung Wai Hang (FCPA, FCG, FCS)

AUTHORISED REPRESENTATIVES

Mr. Lui Yue Yun Gary
Mr. Fung Wai Hang

AUDITOR

CL Partners CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL BANKS

Hang Seng Bank Limited
Chong Hing Bank Limited
Nanyang Commercial Bank

SHAREHOLDER INFORMATION

The shares of the Company are listed on the main board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”)

STOCK CODE

1592

SHARE REGISTRAR

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

INVESTOR RELATIONSHIP

For enquiries, please contact:
Mr. Fung Wai Hang
Company Secretary
Email: ricofung@anchorstone.com.hk
Telephone: (852) 2511 6668

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Anchorstone Holdings Limited (the “**Company**”), together with its subsidiaries (the “**Group**”), is a leading and well-established subcontractor in Hong Kong specialising primarily in the stone sales and supply and installation of marble projects in Hong Kong and Macau. The Group and its subsidiaries have undertaken various sizeable stone supply projects and stone supply and installation projects in Hong Kong and Macau for over 30 years.

Despite the recovery at the “post-COVID-19” period, the surging interest rates, the recession of the property market in Hong Kong, the continuous rising costs of material and logistics and the general shortage of workforce created uncertainties and complexities in the Group’s construction project executions and tendering activities.

The Group recorded a revenue of approximately HK\$27.1 million in the six months ended 30 June 2023, representing a decrease of 50.6% compared with the same period last year. The Group recorded a loss attributable to owners of the Company of approximately HK\$3.6 million for the period ended 30 June 2023. The loss for the period attributed to owners of the Company has increased from approximately HK\$1.8 million for the period ended 30 June 2022 to approximately HK\$3.6 million for the period ended 30 June 2023.

Based on the understanding of the board (the “**Board**”) of directors (the “**Directors**”), the decrease was mainly due to the adverse impact of slowing down of the local economic momentum, which resulted in the deferral of the work status for most of the Group’s supply and installation projects for a few months. Although the overall progress of our projects slowed down, it does not pose a systematic risk to the Group since most of our projects have resumed normal operations. The Group has successfully awarded certain new tenders and most of them would be commenced in late 2023. The Group also remains proactive in seeking for new business opportunities, including but not limited to develop new geographical markets and extending our business scope.

INTERIM DIVIDEND

In order to retain resources for the Group’s future development, the Directors have resolved not to pay any interim dividend for the six months ended 30 June 2023 (30 June 2022: Nil).

BUSINESS REVIEW AND OUTLOOK

The Group’s profitabilities and liquidities were significantly declined in these few years. Due to the overdue bank borrowings records since 2020, it is difficult for the Group to obtain new bank facilities to support the further construction projects. As a result, the Group has to rely on its internal resources, the financial supports from the Company’s Executive Directors and other sources of funds to support its operations.

The US Federal Reserve continued to raise interest rate during the period. Most business sectors in Hong Kong have been adversely affected as a result. The property markets in both Hong Kong and the Mainland China have shown decline during the period. At the same time, global economic growth is predicted to fall from 3.5% in 2022 to 3% in both 2023 and 2024, according to the World Economic Outlook report published by International Monetary Fund. Despite the uncertainties in both the global and local economies, there is still strong potential demand for the high quality marble and granite products in Hong Kong property markets and Macau recreation buildings. The management would try the best to get the operations back on track as effectively and efficiently by closely working with its consumers, suppliers and subcontractors.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

During the six months ended 30 June 2023, the Group generated revenue from the its supply and installation projects and stone sales projects in Hong Kong and Macau. It recorded a decrease in revenue for approximately HK\$27.7 million or 50.6% compared with last period, mainly due to the decrease of revenue generated from supply and installation service. The volume of the construction project works were much lower than the last six months ended 30 June 2022.

Gross profit and gross profit margin

Cost of sales mainly includes the cost of marble, raw materials, fabrication expenses, transportation and subcontracting costs. The Group's overall gross profit margin has improved from around 25.6% to 28.5% mainly due to the difference in project mix and the impact of variation orders certified or confirmed.

Moreover, the gross profit of the Group decreased by approximately HK\$6.3 million or approximately 45.1% from approximately HK\$14.0 million for the period ended 30 June 2022 to approximately HK\$7.7 million for the period ended 30 June 2023.

Administrative expenses

The administrative expenses of the Group for the current period amounted to approximately HK\$8.7 million, representing a decrease of approximately HK\$0.9 million, or 9.3% compared to approximately HK\$9.6 million for the last period.

The decrease was mainly due to the decrease in depreciation for the Group's right-of-use assets and legal and professional fees compared with last period.

Finance costs

Finance costs were mainly arisen from the bank borrowings and the Directors' loan for the operation purposed. The finance costs decreased from approximately HK\$3.7 million for the period ended 30 June 2022 to approximately HK\$2.6 million for the period ended 30 June 2023. The decrease was mainly due to the settlement of certain outstanding bank borrowings in both year 2022 and during the period.

Income tax expense

Income tax expense represents the tax expense incurred in relation to the operation of the Group in Hong Kong.

No provision for income tax expense has been made in current period as the Group (and its subsidiaries) recognised loss for the current period.

No provision for deferred taxation has been made in current period since no significant deferred taxation liability was expected to crystallise.

MANAGEMENT DISCUSSION AND ANALYSIS

Loss attributable to owners of the Company

Loss attributable to owners of the Company was approximately HK\$3.6 million for the current period, as compared to a loss attributable to owners of the Company of approximately HK\$1.8 million for the last period.

Liquidity and financial resources

The Group has funded the liquidity and capital requirements primarily through retained profits, borrowings and cash inflows from operating activities. As at 30 June 2023, the capital structure of the Group consisted of equity of approximately HK\$62.0 million (31 December 2022: HK\$53.6 million) and bank borrowings of approximately HK\$33.6 million (31 December 2022: HK\$36.6 million). For details, please refer to the paragraph headed "Bank borrowings" below.

Due to the difficult operation environment in the past few years, most of our construction projects were delayed and thus the receivables collection cycle of the Group had unexpectedly procrastinated. As a result, the Group failed to repay certain bank borrowings (mainly trust receipt loans) by the due date since year 2020. These trust receipt loans were secured by the assets of the Group, including the trade and retention receivables, pledged deposits and contract assets, and were cross guaranteed by the Group's subsidiaries to the relevant banks. As at the report date, the Group is negotiating with the relevant banks for different settlement plans for the outstanding bank borrowings.

The Directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, and to remediate certain delayed repayments to the banks, including but not limited to speeding up the project status and receivables collection cycle, repayment of trust receipts loan principal and interest based on the discussions with the relevant banks and actively discussions the repayment plans with the relevant banks to extend the principal subsequent to the due date. At the same time, the Group had made effort to reduce its overdue bank borrowings in accordance with the repayment plans. In addition, the Group continues to make effort in speeding up the receivable collection period in the current period. As at 30 June 2023, the overdue bank borrowings had been significantly reduced. The Group remains committed to a high degree of financial control, a prudent risk management and a full utilisation of financial resources.

Cash position and fund available

The Group maintained the liquidity position by managing its gearing ratio and its current ratio. As at 30 June 2023, the Group's cash and cash equivalents were approximately HK\$0.5 million (31 December 2022: HK\$1.4 million). As at 30 June 2023, the current ratio of the Group was approximately 2.0 times (31 December 2022: 1.9 times).

Bank borrowings

As at 30 June 2023, the Group had total bank borrowings of approximately HK\$33.6 million (31 December 2022: HK\$36.6 million). As at 30 June 2023, the Group has not renewed its banking facilities since its last report date in 2022.

Gearing ratio

As at 30 June 2023, the Group's gearing ratio was approximately 58% (31 December 2022: 65%), calculated as the net debts (loans from Executive Directors, bank borrowings and convertible bonds less the bank balance and cash) divided by the total equity as at the end of the respective periods and multiplied by 100%.

MANAGEMENT DISCUSSION AND ANALYSIS

Net current assets

As at 30 June 2023, the Group had net current assets of approximately HK\$110.1 million (31 December 2022: approximately HK\$108.7 million). The Group's policy is to regularly monitor its liquidity requirements and its compliance with covenants in relation to banking facility agreements, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from the banks to meet its liquidity requirements. Please also refer to the "Liquidity and financial resources" section as stated above.

Pledge of assets

Except for the pledged bank deposits stated in the paragraph headed "Cash position and fund available" above, certain trade and retention receivables and contract assets for obtaining the banking facilities, the Group has no other pledged assets.

Capital commitments

The Group has no material capital commitments as at 30 June 2023.

Contingencies

As at 30 June 2023 and 31 December 2022, the Group has issued performance bond in respect of construction contracts through bank which amounted to HK\$3.7 million. These performance bond was secured by bank facilities.

During the period ended 30 June 2023, there were several legal cases concerning claims for personal injuries against certain subsidiaries of the Company. As at the date of this report, two cases had developed to legal proceedings while the other two cases were still at their initial stage. The amount being claim for in these cases was still being determined, and the amount of the possible obligation cannot be ascertained with reliability.

A previous subcontractor of the Group initiated a claim for payment for services rendered in the sum of HK\$6.5 million. The Group actively defended against the claim and the liability of the Group cannot be ascertained with reliability as at the date of this report. The Directors consider the likelihood of the plaintiff succeeding in the claim to be remote based on the current available information and legal advice from lawyer.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the six months ended 30 June 2023 and 2022, there was no significant acquisition and disposal of subsidiaries and associated companies.

FOREIGN EXCHANGE RISK

The Group operates in Hong Kong and its business activities and construction contracts were mainly carried out in Hong Kong and Macau. Most of the operating transactions such as revenue, expenses, monetary assets and liabilities are denominated in Hong Kong dollars.

As such, the Directors are of the view that the Group's risk in foreign exchange is insignificant and that we should have sufficient resources to meet foreign exchange requirements as and if they arise. Therefore, the Group has not engaged in any derivative contract to hedge its exposure to foreign exchange risk during the six months ended 30 June 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2023, the Group had 22 full-time employees who were directly employed by the Group. The Group conducts annual review on salary increase, discretionary bonuses and promotions based on the performance of each employee. During the six months ended 30 June 2023, there has not been any incident of strike or labour shortage which adversely affected the Group's operations. In addition, the Group has not experienced any significant problem with its employees due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff.

USE OF PROCEEDS FROM SHARE OFFER

On 4 July 2018, the Company issued a total of 300,000,000 shares by way of public offering and placing at a price of HK\$0.4 each, and successfully listed its share on the Hong Kong Stock Exchange Limited. The net proceeds of the share offer received by the Company in relation to the listing of its share were approximately HK\$73.2 million, after deduction of underwriting fee, commissions and all related expenses. The table below sets out the proposed application of the net proceeds and its utilisation status as at 30 June 2023.

	Percentage of net proceeds %	Net proceeds HK\$'million	Amount utilised HK\$'million	Amount remaining HK\$'million	Expected timeline
Financing the start-up costs for awarded or potential projects submitted	79.5	58.2	(58.2)	–	Not applicable
Strengthening project management team	3.6	2.6	(2.6)	–	Not applicable
Enhancing services and increasing sales and marketing efforts	6.0	4.4	(4.4)	–	Not applicable
Implementing a computerised ERP system and recruiting additional technology staff to support the ERP system	3.0	2.2	(2.0)	0.2	By the end of year 2023
Repaying outstanding trust receipt loan	7.9	5.8	(5.8)	–	Not applicable
Total	100.0	73.2	(73)	0.2	

As at the report date, the Directors consider that these proceeds have been applied in accordance with the proposed application set out in the Prospectus dated 20 June 2018. The unutilised amount of the net proceeds have been deposited in the bank accounts of the Company and certain of its subsidiaries.

USE OF PROCEEDS FROM THE GENERAL MANDATE

On 17 April and 27 April 2023, the Company had completed two subscriptions of new shares under general mandate (62,351,914 shares and 48,414,427 shares respectively). The gross proceeds from the subscriptions were HK\$5.0 million and HK\$4.0 million respectively. The net proceeds were HK\$4.8 million and HK\$3.8 million respectively. The fund raised were fully used in repayments of outstanding loans and borrowings.

DIRECTORS', CHIEF EXECUTIVE'S AND SUBSTANTIAL SHAREHOLDER'S INTERESTS

A. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at the date of the report, the interests or short positions of the Company's Directors and the chief executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) required: (a) 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); (b) pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange under the Model Code are as follows:

Long position in shares and underlying shares of the Company as at the date of this report:

Name of Directors and/or the chief executive	Capacity/nature of interest	Total number of share(s) held	Percentage of interest in our Company's issued capital
Mr. Lui Yue Yun Gary	Interest of controlled corporation (PMG Investments Limited)	784,210,000 shares	50.33%
Mr. Lui Yue Yun Gary	Beneficial owner	784,770,000 shares	50.37%

Short position in shares and underlying shares of the Company as at the date of this report:

Name of Director and the chief executive	Capacity/nature of interest	Total number of share(s) held	Percentage of interest in our Company's issued capital
Mr. Lui Yue Yun Gary	Interest of controlled corporation (PMG Investments Limited)	72,515,000 shares	4.65%
Mr. Lui Yue Yun Gary	Beneficial owner	560,000 shares	0.036%

Save as disclosed above, as at the date of this report, none of the other Directors has any interests or short positions in the shares, underlying shares or 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 or Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short positions which he was taken or deemed to have under provision of the SFO) or as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange under the Model Code.

DIRECTORS', CHIEF EXECUTIVE'S AND SUBSTANTIAL SHAREHOLDER'S INTERESTS

B. SUBSTANTIAL SHAREHOLDER'S INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at the date of this report, so far as known by the Directors, the following persons (not being a director or chief executive of the Company) had interest or short position in shares or underlying shares and debentures of Company and its associated corporation which would be required 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:

Long position in shares and underlying shares of the Company as at the date of this report:

Name of substantial shareholder	Capacity/nature of interest	Total number of share(s) held	Percentage of interest in our Company's issued capital
Mr. Lui Yue Yun Gary	Interest of controlled corporation (PMG Investments Limited)	784,210,000 shares	50.33%
Mr. Lui Yue Yun Gary	Beneficial owner	784,770,000 shares	50.37%
Mr. Choi Hok Ya	Beneficial owner	122,786,341 shares	6.28%

Short position in shares and underlying shares of the Company as at the date of this report:

Name of substantial shareholder	Capacity/nature of interest	Total number of share(s) held	Percentage of interest in our Company's issued capital
Mr. Lui Yue Yun Gary	Interest of controlled corporation (PMG Investments Limited)	72,515,000 shares	4.65%
Mr. Lui Yue Yun Gary	Beneficial owner	560,000 shares	0.036%

Save as disclosed above, as at the date of this report, no other shareholder had any interest or short position in the Shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

CORPORATE GOVERNANCE AND OTHER INFORMATION

OVERVIEW OF CORPORATE GOVERNANCE

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control and to enhance the transparency and accountability of the Board to all shareholders of the Company. The Company has complied with the applicable code provisions of the Corporate Governance Code ("**CG Code**") from the listing date of the shares of the Company and up to the date of this report, except for the deviations as mentioned below.

- (1) The roles of the chairman and chief executive of the Company have not been segregated as required by the code provision A.2.1 of the Code. As Mr. Lui is the chairman of the Company and the founder of the Group, the Board considers that vesting the roles of both chairman and chief executive officer in the same person is beneficial to the business prospects and management of the Group. The balance of power and authority is adequately ensured by the Board which comprise experienced and high caliber individuals with a sufficient number of them being Independent Non-executive Directors of the Company. Therefore has a strong independent element in its composition.
- (2) As disclosed in the announcement of the Company dated 23 September 2022, Ms. Lui Natalie Po Wai (former Non-Executive Director) and Mr. Nie Kin Kwok Kevin (former Independent Non-Executive Director) were appointed as Directors with effect from 23 September 2022 and shall hold office until the first general meeting of the Company after their respective appointments, at which they shall be eligible for re-election. However, as the relevant resolutions for the re-election had not been included in the notice and the circular of Annual General Meeting that held on 28 June 2023 ("**AGM**") for the consideration of the Shareholders at the AGM, the two Directors shall therefore retire from office at the conclusion of the AGM. As Mr. Nie Kin Kwok retired on 28 June 2023, the Company has only two Independent Non-Executive Directors. Further on 1 July 2023, Mr. Ng Yau Wah Daniel resigned as an Independent Non-Executive Director. As a result, the number of the Independent Non-Executive Directors falls below the minimum number (i.e. at least three Independent Non-executive Directors) required under Rule 3.10(1) of the Listing Rules and the number of Independent Non-Executive Directors does not represent at least one-third of the Board under Rule 3.10A of the Listing Rule. Besides, the Audit Committee of the Company has only one Independent Non-Executive Director as at the report date, which fails to comply with Rule 3.21 of the Listing Rules that the Audit Committee should have at least three members.

Pursuant to Rules 3.11 and 3.23 of the Listing Rules, the Company should appoint the Independent Non-Executive Directors and members of the Audit Committee within three months after failing to meet the requirements under Rules 3.10(1), 3.10A and 3.21 of the Listing Rules. The Company will endeavour to identify suitable candidates as to comply with the requirements as set out in Rules 3.10(1) and 3.21 of the Listing Rules respectively.

Compliance with Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules. All Directors have confirmed that they have complied with the required standard of dealings and code of conduct regarding securities dealings by Directors as set out in the Model Code for the six months ended 30 June 2023.

Non-compliance with requirements under the Listing Rules

Following the retirement of Mr. Nie Kin Kwok Kevin on 28 June 2023 and the resignation of Mr. Ng Yau Wah Daniel on 1 July 2023, the Board comprises of three Executive Directors and one Independent Non-Executive Director. As a result of the foregoing, the Company is not in compliance with the requirements of (i) Rule 3.10(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") that the Board must include at least three Independent Non-Executive Directors; (ii) Rule 3.10A of the Listing Rule that the Company must appoint Independent Non-Executive Directors representing at least one-third of the board; and (iii) Rule 3.21 of the Listing Rules that the Audit Committee of the Company must comprise a minimum of three members.

The Company is in the process of identifying suitable candidate(s) to fill the vacancies of Independent Non-Executive Director, the members of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company in order to meet the aforementioned Listing Rules requirements, and will use its best endeavors to ensure a suitable candidate is appointed as soon as practicable, in any event within three months from the date hereof. Further announcement(s) will be made by the Company as and when appropriate.

CORPORATE GOVERNANCE AND OTHER INFORMATION

BOARD COMMITTEE

Audit Committee

The Audit Committee, with its terms of reference established in compliance with the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), was composed of two Independent Non-Executive Directors (Mr. Ko Tsz Kin and Mr. Ng Yau Wah Daniel) of the Company as at 30 June 2023. The Audit Committee has reviewed with management the accounting policies adopted by the Group and discussed auditing, risk management and internal control system, and financial reporting matters. This unaudited condensed consolidated interim financial information has not been audited by the Company's auditors, but has been reviewed by the Audit Committee of the Company. The Audit Committee was satisfied that the unaudited condensed interim consolidated financial information was prepared in accordance with applicable accounting standards and requirements as well as the Listing Rules and relevant adequate disclosures have been made.

On 1 July 2023, Mr. Ng Yau Wah Daniel resigned as an Independent Non-Executive Director of the Company and a member of the Audit Committee. As at the report date, Mr. Ko Tsz Kin is the sole member of the Audit Committee.

Remuneration Committee

The Remuneration Committee, with its terms of reference established in compliance with the Listing Rules, was set up with the responsibility of recommending to the Board the remuneration policy of all the Directors and the senior management. The Remuneration Committee was composed of the Chairman of the Board (Mr. Lui Yue Yun Gary) and two Independent Non-Executive Directors (Mr. Ng Yau Wah Daniel and Mr. Ko Tsz Kin) of the Company.

On 1 July 2023, Mr. Ng Yau Wah Daniel resigned as a member of the Remuneration Committee. As at the report date, the Remuneration Committee is composed of the Chairman and one INED.

Nomination Committee

The Nomination Committee, with its terms of reference established in compliance with the Listing Rules, was composed of the Chairman of the Board (Mr. Lui Yue Yun Gary) and two Independent Non-Executive Directors (Mr. Ng Yau Wah Daniel and Mr. Ko Tsz Kin) of the Company. The principal duties of the Nomination Committee include reviewing the structure, size and composition of the Board on a regular basis and making recommendations to the Board regarding any proposed changes.

On 1 July 2023, Mr. Ng Yau Wah Daniel resigned as a member of Nomination Committee. As at the report date, the Nomination Committee is composed of the Chairman and one INED.

On behalf of the Board

Anchorstone Holdings Limited

Lui Yue Yun Gary

Chairman

Hong Kong, 31 August 2023

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

For the six months ended 30 June 2023

	Note	Six months ended 30 June	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue from contract with customers	4	27,053	54,757
Cost of sales	5	(19,336)	(40,723)
Gross profit		7,717	14,034
Other income and other gains, net		–	1,308
Impairment losses on contract assets		–	(3,820)
Administrative expenses		(8,737)	(9,633)
Operating (loss)/profit		(1,020)	1,889
Finance costs, net	6	(2,570)	(3,725)
Loss before income tax	5	(3,590)	(1,836)
Income tax expense	7	–	–
Loss and total comprehensive expenses for the period attributable to owners of the Company		(3,590)	(1,836)
Loss per share attributed to owners of the Company for the period:			
Basic and diluted loss per share (HK cent)	8	(0.24)	(0.15)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	As at	
		30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
ASSETS			
Non-current assets			
Property and equipment		679	1,014
Right-of-use assets	9	889	1,270
Total non-current assets		1,568	2,284
Current assets			
Inventories	12	64,040	66,583
Trade and retention receivables	10	19,413	18,301
Contract assets		138,911	142,432
Deposits, prepayments and other receivables	11	934	884
Tax recoverable		194	194
Bank balance and cash		537	1,140
Total current assets		224,029	229,534
Total assets		225,597	231,818
EQUITY			
Share capital	15	14,834	13,315
Accumulated losses		(94,824)	(91,234)
Reserves		142,015	131,534
Total equity		62,025	53,615

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	As at	
		30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
LIABILITIES			
Non-current liabilities			
Loans from Directors		49,570	56,890
Lease liabilities		111	440
		49,681	57,330
Current liabilities			
Trade and retention payables	13	42,031	43,657
Accruals and other payables	13	29,468	31,389
Contract liabilities		3,072	3,476
Lease liabilities	9	650	635
Amount due to a related company		330	–
Bank borrowings	14	33,619	36,555
Convertible bonds		4,708	5,148
Income tax payables		13	13
Total current liabilities		113,891	120,873
Total liabilities		163,572	178,203
Total equity and liabilities		225,597	231,818

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the Company				
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
For the six months ended 30 June 2023 (unaudited)					
At 1 January 2023	13,315	117,534	14,000	(91,234)	53,615
Loss for the period	–	–	–	(3,590)	(3,590)
Shares issued upon conversion of convertible bonds (Note 15(a))	411	2,589	–	–	3,000
Shares issued under general mandate (Note 15(b))	1,108	7,892	–	–	9,000
Balance at 30 June 2023 (unaudited)	14,834	128,015	14,000	(94,824)	62,025
For the six months ended 30 June 2022 (unaudited)					
At 1 January 2022	12,472	103,377	14,000	(46,827)	83,022
Loss for the period	–	–	–	(1,836)	(1,836)
Balance at 30 June 2022 (unaudited)	12,472	103,377	14,000	(48,663)	81,186

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Cash flows from operating activities		
Net cash (used in)/generated from operations	(616)	3,517
Income tax paid	–	(705)
Net cash (used in)/generated from operating activities	(616)	2,812
Cash flows from investing activities		
Purchase of fixed assets	–	(21)
Net cash used in investing activities	–	(21)
Cash flows from financing activities		
Interest paid	(894)	(250)
Proceeds from issuance of new shares under general mandate	9,000	–
Proceeds from issuance of convertible bonds	2,500	–
Repayments of loans and borrowings	(2,110)	(3,499)
Repayments of Directors' loans	(7,320)	(270)
Lease liabilities payment	(337)	(336)
Net cash generated from/(used in) financing activities	839	(4,355)
Net increase/(decrease) in cash and cash equivalents	223	(1,564)
Cash and cash equivalents at beginning of period	(9,177)	(7,562)
Cash and cash equivalents at end of period	(8,954)	(9,126)
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	537	923
Bank overdrafts	(9,491)	(10,049)
Cash and cash equivalents at end of period	(8,954)	(9,126)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 2 February 2016 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in the stone sales and supply and installation of marble products in Hong Kong (“**HK**”) and Macau. It is a subsidiary of PMG Investments Limited.

The ultimate holding company of the Company is PMG Investments Limited, a company incorporated in the British Virgin Islands. Mr. Lui Yue Yun Gary (“**Mr. Lui**”), the sole director and shareholder of PMG Investments Limited, is the ultimate beneficial owner of PMG Investments Limited.

The condensed consolidated interim financial information are presented in Hong Kong dollars (“**HK\$**”), which is the Company’s functional currency and the Group’s presentation currency.

2 BASIS OF PRESENTATION AND ACCOUNTING POLICIES

2.1 Basis of presentation

The unaudited condensed consolidated financial statements for the six months ended 30 June 2023 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The interim financial statements should be read in conjunction with the 2022 annual report, which has been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA.

The financial information relating to the financial year ended 31 December 2022 that is included in this interim report as comparative information does not constitute the Company’s statutory annual consolidated accounts for that financial year but is derived from those accounts. The unaudited interim results should be read in conjunction with the 2022 annual report.

2.2 Going concern

The outbreak of Coronavirus Disease (the “**COVID-19 outbreak**”) in early 2020 has caused a severe slowdown of property development and construction industries in Hong Kong and Macau. It has therefore adversely affected the work progress of the Group’s ongoing project orders as well as the future customers’ demand of the Group’s products and services and thereby affecting the Group’s ability to generate adequate cash from its operations to meet its bank borrowings repayment obligations since the COVID-19 outbreak. Such adverse impact on the status of the Group’s supply and installation projects has become worse since 2020. As disclosed in the 2020 annual report, certain bank borrowings with a total principal amount of HK\$91,703,000 were overdue. In addition, default interests have been charged to the unsettled overdue borrowings by the respective banks. As at 30 June 2023, the overdue bank borrowings decreased significantly to approximately HK\$33,619,000.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

2 BASIS OF PRESENTATION AND ACCOUNTING POLICIES *(Continued)*

2.2 Going concern *(Continued)*

Due to the overdue bank borrowings, the Group has not been able to draw down new borrowings from its bank facilities since 20 November 2020. The total bank borrowings would be immediately repayable if requested by the banks in accordance with the underlying bank facilities letters. Accordingly, all the aforementioned bank borrowings have been classified as current liabilities as at 30 June 2023. Furthermore, performance bonds issued through a bank aforementioned of approximately HK\$3,705,000 (31 December 2022: approximately HK\$3,705,000) might be cancelled by the bank, which might result in non-compliance with the relevant construction contracts if the Group is not able to replace them with other equivalent performance bonds. The aforementioned conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

In view of such circumstances, the Directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve its financial position, including:

- (i) The Group had continued to negotiate with the relevant banks for extension of the overdue bank borrowings and to waive their rights arising from the events of default. Up to the date of this report, the Group has not received any formal demand letters from the relevant banks. Based on the information available, the Directors are of the view that, these banks will not enforce their rights of requesting for immediate repayment of its outstanding bank borrowings nor cancellation of the performance bonds.
- (ii) As at 30 June 2023, the Group has further reduced its overdue bank borrowings from approximately HK\$33,619,000.
- (iii) The Group had obtained certain loans from the Company's Executive Directors Mr. Lui Yue Yun Gary, Mr. Lui Edwin Wing Yiu and Mr. Fung Wai Hang, in total of approximately HK\$46.7 million, HK\$0.7 million and HK\$2.1 million, respectively as at 30 June 2023. These loans are unsecured and repayable after twelve months from the date of draw down and interest rate on these loans ranged from 2% to 5% per annum. These loans could be extended upon the agreements of those Directors and the approval of the Board.
- (iv) The Group is actively looking for other sources of financing including other debt or equity financing to enhance the capital structure and reduce the overall financing expenses. On 10 June 2022, the Company entered into a subscription agreement ("**Subscription Agreement**") with the third parties (the "**Subscribers**"), pursuant to which the Company has conditionally agreed to issue, and the Subscribers have conditionally agreed to subscribe for, the convertible notes (the "**Convertible Notes**") in an aggregate nominal value of up to HK\$200 million. On 17 April 2023 and 27 April 2023, the Company had completed the subscriptions of new shares under general mandate and raised HK\$9 million in total. The net proceeds were HK\$8.6 million in total.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

2 BASIS OF PRESENTATION AND ACCOUNTING POLICIES *(Continued)*

2.2 Going concern *(Continued)*

The Directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 30 June 2023. They are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 30 June 2023. Accordingly, the Directors are satisfied that it is appropriate to prepare the condensed consolidated interim financial information on a going concern basis.

2.3 Application of new and amendments to HKFRSs

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

3 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risk: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2022 annual report. There have been no changes in the risk management or any risk management policies since the year end.

3.2 Fair value estimation

The carrying amount of the Group's financial assets and liabilities, including trade and retention receivables, contract assets, deposits and other receivables, pledged bank deposits, bank balances and cash, trade and retention payables, other payables, contract liabilities and bank borrowings approximate their fair values, which either due to their short-term maturities, or that they are subject to floating rates.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4 REVENUE FROM CONTRACT WITH CUSTOMERS AND SEGMENT INFORMATION

Revenue from contract with customers

Revenue represents the total value of contract works completed and the stone sales during the periods as follows:

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Supply and installation services	11,416	51,109
Stone sales	15,637	3,648
	27,053	54,757
Timing of revenue recognition:		
Over time	11,416	51,109
At a point in time	15,637	3,648
	27,053	54,757

Segment information

The Executive Directors are the Group's chief operating decision-makers. The Executive Directors consider the segment from a business perspective and regards the Group's business as a single operating segment and reviews financial information accordingly.

The Group's revenue attributed to geographical areas based on the location of customers is presented as follows:

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Hong Kong	27,053	54,531
Macau	–	226
	27,053	54,757

The Company was incorporated in the Cayman Islands while the Group operates its business primarily in Hong Kong. During the six months ended 30 June 2023 and 2022, no revenue was generated from the Cayman Islands and no assets were located in the Cayman Islands.

No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the Executive Directors.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4 REVENUE FROM CONTRACT WITH CUSTOMERS AND SEGMENT INFORMATION *(Continued)*

Information about major customers

Revenue attributed from customers that accounted 10% or more of the Group's total revenue during the current period and the last period is as follows:

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Customer A (Note)	7,971	N/A
Customer B (Note)	6,051	N/A
Customer C (Note)	3,025	N/A
Customer D (Note)	2,931	25,329
Customer E (Note)	N/A	25,329
Customer F (Note)	N/A	13,392
Customer G (Note)	N/A	6,730

Note: The revenue was generated from the marble supply and installation projects in Hong Kong.

N/A: The revenue of the particular customer for the particular period was less than 10% of the Group's revenue of the particular period.

5 LOSS BEFORE INCOME TAX

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Loss before income tax has been arrived at after charging:		
Construction cost recognised in cost of sales	9,772	39,476
Depreciation — plant and equipment	335	371
Depreciation — right-of-use assets	381	381
Employee benefit expenses, including Directors' emoluments	5,703	5,118
Auditor's remuneration	540	540
Legal and professional fees	610	888

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 FINANCE COSTS, NET

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Finance costs		
Interests on:		
— Bank overdrafts	287	250
— Trust receipt loans interest	1,007	1,477
— Loans from Directors	1,193	1,961
— Lease liability interest	23	37
— Other	60	–
Finance costs, net	2,570	3,725

7 INCOME TAX EXPENSE

No provision for Hong Kong profits tax for the six months ended 30 June 2023 and 2022 has been made for the Company and its Hong Kong subsidiaries as they had no estimated assessable profit for the both period.

8 LOSS PER SHARE

For the six months ended 30 June 2023 and 2022, basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue. Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Loss

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss attributable to owners of the Company used in this basic and diluted loss per share calculation	(3,590)	(1,836)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

8 LOSS PER SHARE *(Continued)*

	As at 30 June 2023 (unaudited)	2022 (unaudited)
Weighted average number of ordinary shares used in the basic loss per share calculation <i>(in thousand)</i>	1,483,354	1,247,200
Total basic and diluted loss per share <i>(HK cents)</i>	(0.24)	(0.15)

No diluted earnings per share for the six months ended 30 June 2023 and 2022 was presented as there was no potential ordinary shares in issue during the period.

9 LEASES

	As at 30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Right-of-use assets		
Properties	889	1,270
Lease liabilities		
Current lease liabilities	650	635
Non-current lease liabilities	111	440
	761	1,075

Amounts recognised in the consolidated interim statement of profit or loss and other comprehensive income

	Six months ended 30 June 2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Depreciation charges of right-of-use assets		
Properties	381	381
Interest expense (included in finance cost)	23	37

The Group leased for the office premise under rental contract is made for a fixed period of 3 years. The lease agreement does not impose any covenants and are not used as security for borrowing purposes.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 TRADE AND RETENTION RECEIVABLES

	As at	
	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Trade receivables	7,792	7,048
Retention receivables	21,712	21,344
	29,504	28,392
Less: provision for loss allowance	(10,091)	(10,091)
	19,413	18,301

The Group's credit terms granted to third-party trade customers other than retention receivables generally ranged from 30 to 90 days. The terms and conditions in relation to the release of retention vary from contract to contract, which is subject to practical completion or the expiry of the defect liability period ranging from 12 to 24 months.

As at 30 June 2023 and 31 December 2022, the ageing analysis of the third-party trade receivables, based on invoice date, is as follows:

	As at	
	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Up to 30 days	1,369	729
31–60 days	476	148
61–90 days	46	151
Over 90 days	5,901	6,020
	7,792	7,048

Retention receivables in respect of the supply and installation business are settled in accordance with the terms of the respective contracts. In the condensed consolidated statement of financial position, retention receivables were classified as current assets based on the operating cycle.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

11 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at	
	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Prepayments	57	274
Insurance compensation receivables	275	275
Other receivables	602	335
	934	884

12 INVENTORIES

	As at	
	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Finished goods — marble and granite	64,040	66,583

13 PAYABLES

Trade and retention payables at the end of the reporting period comprise amounts outstanding for trade purposes. The average credit period taken for trade purchase is 30 to 90 days.

	As at	
	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Contract creditors and suppliers	26,066	27,062
Retention payables	15,965	16,595
	42,031	43,657
Accruals and other payables	29,468	31,389

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14 BANK BORROWINGS

	As at	
	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Bank overdraft	9,491	10,317
Term loans — secured	3,500	3,500
Trust receipt loans — secured	19,528	21,088
Revolving loans — secured	1,100	1,650
	33,619	36,555

As at 30 June 2023 and 31 December 2022, bank facilities granted to the Group are secured by the followings:

- (a) Trade and retention receivables of HK\$4,260,000 (31 December 2022: HK\$3,963,000);
- (b) Contract assets of HK\$93,648,000 (31 December 2022: HK\$124,964,000); and
- (c) Cross guarantees by the Company's subsidiaries (31 December 2022: same) and certain related parties of the Group.

As at 30 June 2023 and 31 December 2022, the carry amounts of bank borrowings are denominated in HK\$ and approximate their fair values.

The overall effective interest rates of bank borrowings as at 30 June 2023 was 10.79% per annum (31 December 2022: 3.38% to 7.35% per annum).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15 SHARE CAPITAL

	Notes	Issued and fully paid Number of shares	Amounts HK\$'000
Authorised:			
At 31 December 2022, 1 January 2023 and 30 June 2023		3,000,000,000	30,000
Issued and fully paid:			
As 31 December 2022 and 1 January 2023		1,331,469,661	13,315
Shares issued upon conversion of convertible bonds	(a)	41,118,481	411
Shares issued under general mandate	(b)	110,766,341	1,108
At 30 June 2023		1,483,354,483	14,834

Notes:

- (a) On 3 April 2023 and 30 May 2023, the holders of convertible bonds exercised the conversion right for conversion of HK\$2,000,000 and HK\$1,000,000 convertible bonds into 26,954,176 and 14,164,305 ordinary shares of the Company of HK\$0.01 each at the conversion price determined at the date of conversion as at HK\$0.0742 and HK\$0.0706 per each share respectively.
- (b) On 12 April 2023 and 24 April 2023, the Company entered into the Subscription Agreement with a third-party investor, pursuant to which the Company has conditionally agreed to allot and issue to the Subscriber, and the Subscriber has conditionally agreed to subscribe for, 62,351,914 and 48,414,427 Subscription Shares at the HK\$0.08019 and HK\$0.08262 per Subscription Share respectively, representing approximately 7.46% of the issued share capital of the Company as enlarged by the Subscription Shares. As at 30 June 2023, the Subscription Shares had been issued by the Company and the Company has received the subscription price of HK\$9,000,000 in total. The subscriptions were completed on 17 April 2023 and 27 April 2023 respectively.

All the shares rank pari passu with the other shares in all respects.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

16 DIVIDEND

The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2023 (30 June 2022: Nil).

17 CONTINGENT LIABILITIES

Performance bonds

As at 30 June 2023 and 31 December 2022, the Group has issued performance bond in respect of construction contracts through bank which amounted to HK\$3.7 million.

Legal cases

During the period ended 30 June 2023, there were several legal cases concerning claims for personal injuries against certain subsidiaries of the Company. As at the date of this report, two cases had developed to legal proceedings while the other two cases were still at their initial stage. The amount being claim for in these cases was still being determined, and the amount of the possible obligation cannot be ascertained with reliability.

A previous subcontractor of the Group initiated a claim for payment for services rendered in the sum of HK\$6.5 million. The Group actively defended against the claim and the liability of the Group cannot be ascertained with reliability as at the date of this report. The Directors consider the likelihood of the plaintiff succeeding in the claim to be remote based on the current available information and legal advice from lawyer.

18 EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 28 July 2023, the holder of convertible bonds exercised the conversion right for conversion of HK\$4,500,000 into 74,611,858 ordinary shares of the Company at a conversion price HK\$0.0401 per share. The total issued share after the allotment and issue of conversion shares is 1,557,966,341.