HANDS FORM HOLDINGS LIMITED
恒新豐控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1920)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board (the "**Board**") of directors (the "**Directors**") of Hands Form Holdings Limited (the "**Company**") is pleased to present the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2021 (the "**Review Period**").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

		Six months ended 30 June	
		2021	2020
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	*3A*	**62,340**	207,422
Cost of services		**(68,257)**	(189,501)
Gross (loss) profit		**(5,917)**	17,921
Other income	*4*	**52**	238
Reversal of (allowance for) impairment losses	*10*	**375**	(507)
Administrative expenses		**(4,326)**	(4,497)
Finance costs	*5*	**(216)**	(161)
(Loss) profit before tax	*7*	**(10,032)**	12,994
Income tax credit (expense)	*6*	**34**	(1,988)
(Loss) profit and total comprehensive (expense) income for the period		**(9,998)**	11,006
(Loss) earnings per share			
— Basic *(HK cents)*	*9*	**(0.38)**	0.42

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

	NOTES	30 June 2021 HK$'000 (unaudited)	31 December 2020 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	*11*	**10,672**	11,540
Deferred tax assets		**75**	75
Financial assets at fair value through profit or loss	*12*	**3,003**	—
		13,750	11,615
Current assets			
Trade receivables	*13*	**5,119**	9,898
Other receivables, deposits and prepayments	*14*	**41,384**	41,788
Contract assets	*15*	**175,463**	179,152
Tax recoverable		**120**	120
Pledged bank deposit		**5,000**	5,000
Bank balances and cash		**8,582**	5,945
		235,668	241,903
Current liabilities			
Trade and other payables	*16*	**5,107**	6,697
Contract liabilities	*15*	**87**	87
Bank overdrafts	*17*	**10,457**	21
Bank borrowings	*17*	**14,871**	17,785
		30,522	24,590
Net current assets		**205,146**	217,313
Total assets less current liabilities		**218,896**	228,928

	NOTES	**30 June 2021** **HK$'000** **(unaudited)**	31 December 2020 HK$'000 (audited)
Non-current liabilities			
Deferred tax liabilities		**88**	122
Net assets		**218,808**	228,806
Capital and reserves			
Share capital	*18*	**26,000**	26,000
Reserves		**192,808**	202,806
		218,808	228,806

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 30 January 2019. Its immediate and ultimate holding company is Wonderful Renown Limited ("**Wonderful Renown**"), a private limited company incorporated in the British Virgin Islands ("**BVI**"). The controlling shareholders of the Company are Mr. Cheung Kwok Fai Adam ("**Mr. Adam Cheung**"), Ms. Cheung Lai Chun and Wonderful Renown.

The shares of the Company have been listed on the Main Board of the Stock Exchange on 16 August 2019.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("**HKAS 34**") *Interim Financial Reporting* issued by the Hong Kong Institution of Certified Public Accountants (the "**HKICPA**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

These condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020.

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

The Company is an investment holding company and the principal activities of the operating subsidiaries are provision of wet trades works (including plastering on floors, walls and ceilings, tile laying on internal and external walls and floors, brick laying and marble works) and other wet trades related ancillary works in Hong Kong.

The functional currency of the Company is Hong Kong dollars ("**HK$**").

2. ADOPTION OF NEW OR AMENDED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amended HKFRSs that are effective for annual periods beginning 1 January 2021

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following new and amended HKFRSs effective as of 1 January 2021.

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The adoption of these new and amended HKFRSs in the current period has had no material impact on the Group's financial performance and position for the current and prior periods and/or disclosure set out in these condensed consolidated financial statements.

Issued but not yet effective HKFRSs

The Group has not early adopted the following new and amended HKFRSs that have been issued but are not yet effective.

HKFRS 17	Insurance Contracts and the related Amendments[1]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[4]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]

2. ADOPTION OF NEW OR AMENDED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Issued but not yet effective HKFRSs *(Continued)*

Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[2]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 April 2021

The Group is in the process of making an assessment of the impact of these new and amended HKFRSs upon initial application. The directors of the Company consider that the adoption of these new and amended HKFRSs is unlikely to have a material impact on the Group's results of operations and financial position.

3A. REVENUE FROM CONTRACTS WITH CUSTOMERS

(i) Disaggregation of revenue

	Six months ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Type of services		
Construction services	**62,340**	207,422
Type of customer		
Private sector projects	**54,705**	207,422
Public sector projects	**7,635**	—

3A. REVENUE FROM CONTRACTS WITH CUSTOMERS *(Continued)*

(ii) Performance obligations for contracts with customers

The Group derives its revenue from provision of wet trades works and other wet trades related ancillary works are recognised over time. All the Group's services are rendered directly with the customers. Contracts with the Group's customers are agreed in fixed-price with terms from 1 month to 33 months.

3B. SEGMENT INFORMATION

(i) Segment information

Information is reported to the executive directors of the Company, who are also the chief operating decision maker ("**CODM**") of the Group, for the purposes of resource allocation and performance assessment. The CODM reviews the overall results and financial performance of the Group as a whole. No analysis of the Group's results, assets or liabilities and no discrete financial information is regularly provided to the CODM. Accordingly, only entity-wide disclosures on revenue, is presented in accordance with HKFRS 8 *Operating Segments*.

(ii) Geographical information

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

4. OTHER INCOME

	Six months ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest income	**1**	45
Rental income	**28**	77
Government subsidy *(Note)*	**20**	50
Sundry income	**3**	66
	52	238

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

5. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interests on:		
Bank overdrafts	**12**	11
Bank borrowings	**204**	150
	216	161

6. INCOME TAX (CREDIT) EXPENSE

	Six months ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Income tax (credit) expenses comprises:		
Hong Kong Profits Tax		
— Current tax	**—**	1,896
Deferred tax	**(34)**	92
	(34)	1,988

The provision for Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rate regime for the six months ended 30 June 2020. Under the two-tiered profits tax rate regime, the first HK$2 million of assessable profits of qualifying group entity is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The profits of the group entities not qualifying for the two-tiered tax rates regime will continue to be taxed at a flat rate of 16.5%. No provision for Hong Kong profits tax has been made as the Group did not have estimated assessable profit in Hong Kong for the six months ended 30 June 2021.

7. (LOSS) PROFIT BEFORE TAX

	Six months ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
(Loss) profit before tax has been arrived at after charging:		
Depreciation of property, plant and equipment	**868**	875
Rental expenses on short-term leases in respect of warehouse, office premises and machines	**478**	698
Staff costs (including the directors' and chief executive's remuneration):		
— Salaries and other benefits	**4,565**	7,708
— Contributions to Mandatory Provident Fund ("**MPF**")	**217**	269
Total staff costs	**4,782**	7,977

8. DIVIDEND

No dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

9. (LOSS) EARNINGS PER SHARE

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

	Six months ended 30 June	
	2021	2020
	(unaudited)	(unaudited)
(Loss) earnings for the purpose of basic (loss) earnings per share ((loss) profit for the period) *(HK$'000)*	**(9,998)**	11,006
	Number of shares	
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share *(in thousand)*	**2,600,000**	2,600,000

9. (LOSS) EARNINGS PER SHARE *(Continued)*

The weighted average number of ordinary shares for the purpose of basic (loss) earnings per share for the six months ended 30 June 2021 and 2020 was derived from 2,600,000,000 ordinary shares in issue.

No diluted (loss) earnings per share is presented as there were no potential dilutive shares in issue for the six months ended 30 June 2021 and 2020.

10. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO EXPECTED CREDIT LOSS ("ECL") MODEL

	Six months ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Impairment loss reversed (recognised) in respect of		
Contract assets	**111**	(704)
Trade receivables	**264**	197
	375	(507)

11. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

The Group did not have any addition of machinery and equipment during the six months ended 30 June 2021 (six months ended 30 June 2020: HK$2,652,000).

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June	31 December
	2021	2020
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Investments in life insurance policies	**3,003**	—

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

In April 2021, the Group's subsidiary, Pak Fai Engineering Limited ("**Pak Fai**") entered into a life insurance policy with an insurance company to insure Mr. Adam Cheung, a director of the Company. Under the policy, the beneficiary and the policy holder is Pak Fai and the total insured sum is US$404,000 (equivalent to approximately HK$3,153,000). The Group was required to pay a one-off premium payment of US$385,000 (equivalent to approximately HK$3,003,000). The Group can terminate the policy at any time and receive cash back based on the cash value of the policy at the date of withdrawal ("**Cash Value**"), which is determined by the premium payment plus accumulated interest earned minus the accumulated insurance charges, policy expense charges and a specified amount of surrender charge.

13. TRADE RECEIVABLES

	As at 30 June 2021	As at 31 December 2020
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade receivables	**5,121**	10,164
Less: impairment loss allowance	**(2)**	(266)
	5,119	9,898

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

	As at 30 June 2021	As at 31 December 2020
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Within 30 days	**5,119**	8,898
31 to 60 days	**—**	291
Over 90 days	**—**	709
	5,119	9,898

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June 2021	As at 31 December 2020
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Other receivables and deposits	**594**	604
Prepayments	**40,790**	41,184
	41,384	41,788

15. CONTRACT ASSETS/LIABILITIES

The following is the analysis of the contract assets and contract liabilities:

	As at 30 June 2021	As at 31 December 2020
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Contract assets	**176,656**	180,456
Less: impairment loss allowance	**(1,193)**	(1,304)
	175,463	179,152
Contract liabilities	**(87)**	(87)

15. CONTRACT ASSETS/LIABILITIES *(Continued)*

Contract assets

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

The Group's contract assets are analysed as follows:

	As at 30 June 2021	As at 31 December 2020
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Construction contracts — current		
Unbilled revenue*	**147,201**	149,035
Retention receivables	**28,262**	30,117
	175,463	179,152

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

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

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

16. TRADE AND OTHER PAYABLES

	As at 30 June 2021	As at 31 December 2020
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade payables	**3,867**	4,174
Payroll and MPF payables	**229**	606
Accrued expenses	**1,011**	1,892
Others	**—**	25
	1,240	2,523
Total	**5,107**	6,697

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

	As at 30 June 2021	As at 31 December 2020
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Within 30 days	**3,867**	4,174

17. BANK OVERDRAFTS AND BORROWINGS

During the current interim period, the Group has no new bank borrowings (six months ended 30 June 2020: HK$19,871,000) and repaid bank borrowings of HK$2,914,000 (six months ended 30 June 2020: repaid banking borrowings and bank overdrafts of HK$3,904,000 and HK$3,815,000, respectively). As at 30 June 2021 and 30 June 2020, the bank borrowings carry interest rate at 2.5% per annum below the prime lending rate for Hong Kong Dollars and 1.85% per annum over market rates of Hong Kong Interbank Offered Rate while the bank overdrafts carry effective interest rate at 2% per annum over market rates of Hong Kong Interbank Offered Rate. The bank borrowings and bank overdrafts are repayable by instalment till May 2028 and repayable on demand, respectively.

18. SHARE CAPITAL

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

	Number of shares	Amount
		HK$
Ordinary shares of HK$0.01 each		
Authorised:		
At 31 December 2020 and 30 June 2021	4,000,000,000	40,000,000
Issued and fully paid:		
At 31 December 2020 and 30 June 2021	2,600,000,000	26,000,000

Note: All shares issued rank pari passu therewith.

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

19. RELATED PARTY TRANSACTIONS

Apart from disclosure elsewhere in the condensed consolidated financial statements, the Group entered into the following transactions and balances with related parties during the six months ended 30 June 2021:

		Six months ended 30 June	
		2021	2020
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Rental expenses paid to			
Mr. Adam Cheung	*(i)*	**—**	70
Ma Do Success Limited	*(i) & (ii)*	**84**	87
		84	157

Notes:

(i) The rental expenses were charged based on the terms agreed between the parties involved.

(ii) A company directly owned as to approximately 40% and 30% by Mr. Adam Cheung and Ms. LC Cheung, respectively. In addition, Mr. Adam Cheung and Ms. LC Cheung are the directors of the company.

Key management personnel

The remuneration of the directors of the Company, close family members of a director of the Company and other key management personnel of the Group during the six months ended 30 June 2021 was as follows:

	Six months ended 30 June	
	2021	2020
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Short term benefits	**1,501**	1,342
Post-employment benefits	**41**	41
	1,542	1,383

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is an established subcontractor in Hong Kong and is principally engaged in the provision of wet trades works and other wet trades related ancillary works. Wet trades works include plastering on floors, walls and ceilings, tile laying on internal and external walls and floors, brick laying and marble works.

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

As at 30 June 2021, the original contract sum of the Group's ongoing projects (including projects that have commenced but not substantially completed as well as projects that have been awarded but not yet commenced) in aggregate amounted to approximately HK$276.9 million. As at the date of this announcement, the Group was in the course of bidding for or pending the tender results of two projects, with an estimated total contract sum of approximately HK$194.8 million.

For the Review Period, the Group recorded a net loss of approximately HK$10.0 million as compared to a net profit of approximately HK$11.0 million for the same period in 2020. The Directors are of the view that the significant decrease in net profit was primarily due to an increase in overall construction costs. The delay in site progress due to the outbreak of Novel Coronavirus Disease 2019 (COVID-19) (the "**Outbreak**") has resulted in an increase in subcontracting costs owing to the prolonged need for maintaining the required site workforce.

The Directors are aware that the ongoing Outbreak added substantial uncertainty to the Hong Kong economy and further contributes to a downward trend in the Hong Kong construction market. The intense market competition may lead to smaller number of successful tenders and quotations and lower value of contracts awarded to the Group. The Group's gross profit margin is also under pressure from competitive project pricing on tenders and quotations, which in turn affects financial performance of the Group. In order to maintain its market share in the wet trades works industry, the Group will continue to closely monitor the market and respond to changes in market conditions. The Directors are confident that with the Group's reputation in the wet trades works industry and its experienced management team, the Group is in a good position to compete with its competitors. The Group will continue to improve its competitiveness in the market by continuing to provide quality works to its customers. The Group will also continue to proactively seek opportunities to expand its customer base and its market share and undertake more wet trades projects which will enhance value to the shareholders of the Company.

The Group may consider exploring other business opportunities and/or expanding the geographical coverage of the principal business of the Group beyond the Hong Kong market in order to enhance our future development and to strengthen the revenue bases of the Group. We will be ready to dive into any opportunities as they arise or come to our attention. We expect that diversification of our business will provide a better return to the shareholders of the Company.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately HK$145.1 million or approximately 70.0% from approximately HK$207.4 million for the six months ended 30 June 2020 to approximately HK$62.3 million for the Review Period. The decrease in revenue was mainly driven by substantial completion of the projects on hand during the Review Period.

Gross (Loss) Profit and Gross (Loss) Profit Margin

The gross loss of the Group for the Review Period amounted to approximately HK$5.9 million, representing a decrease of approximately 133.0% as compared to approximately HK$17.9 million gross profit for the six months ended 30 June 2020. The Group's gross loss margin for the Review Period was approximately 9.5%, as compared to gross profit margin approximately 8.6% for the six months ended 30 June 2020. The decrease in gross profit and gross profit margin were primarily attributable to (i) an increase in overall construction costs owing to the prolonged need for maintaining the required site workforce as a result of the Outbreak; (ii) unexpected additional subcontracting costs incurred to deal with unexpected changes to the on-site arrangements of a project undertaken by the Group at Tseung Kwan O during the Review Period; and (iii) adoption of a more competitive project pricing strategy by the Group in response to the intense market competition during the Review Period.

Other Income

Other income of the Group for the Review Period amounted to approximately HK$52,000, representing a decrease of 78.2% or HK$186,000 as compared to approximately HK$238,000 for the six months ended 30 June 2020. The decrease was primarily due to the decrease in government subsidy and rental income received during the Review Period.

Administrative Expenses

The administrative expenses of the Group for the Review Period amounted to approximately HK$4.3 million, representing a decrease of approximately 3.8% as compared to approximately HK$4.5 million for six months ended 30 June 2020. The decrease was mainly attributable to (i) the decrease in professional costs; and (ii) the decrease in administrative staff costs (including directors' emoluments).

Finance Costs

Finance costs of the Group for the Review Period were approximately HK$216,000, representing an increase of approximately 34.2% as compared to approximately HK$161,000 for the six months ended 30 June 2020. The increase was mainly attributable to an increase in the interests on bank borrowings, which was primarily driven by the Group's business growth and increasing working capital for sustaining its business operation.

Income Tax Credit (Expense)

Income tax expense decreased by approximately 101.7% from approximately HK$2.0 million for the six months ended 30 June 2020 to income tax credit of approximately HK$34,000 for the Review Period. The decrease was primarily due to the Group's loss before tax as a result of all of the aforesaid factors and in particular the decrease in revenue and gross profit for the Review Period.

Net (Loss) Profit

As a result of the foregoing, the Group reported loss attributed to owners of the Company of approximately HK$1.0 million for the Review Period as compared to the net profit of approximately HK$11.0 million for the six months ended 30 June 2020.

Interim Dividend

The Board did not recommend a payment of an interim dividend for the Review Period (six months ended 30 June 2020: nil).

Liquidity, Financial Resources and Capital Structure

The ordinary shares of the Company (the "**Shares**") were successfully listed (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 16 August 2019 (the "**Listing Date**") and there has been no change in share capital of the Company since then.

As at 30 June 2021, the Company's issued capital was HK$26,000,000 and the number of its issued Shares was 2,600,000,000 of HK$0.01 each.

As at 30 June 2021, the Group had total bank balances and cash of approximately HK$8.6 million (31 December 2020: approximately HK$5.9 million). The total borrowings of the Group, consisting of bank overdrafts and bank borrowings, as at 30 June 2021 were approximately HK$25.3 million (31 December 2020: approximately HK$17.8 million). All bank balances and borrowings were denominated in Hong Kong dollars. Interests are charged at fixed and floating rates. The Group did not carry out any interest rate hedging policy.

Treasury Policy

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

Pledge of Assets

As at 30 June 2021, the Group had approximately HK$6.2 million of net book value of its leasehold land and buildings pledged for banking facilities (31 December 2020: HK$6.3 million).

Foreign Exchange Risk

The Group mainly operates in Hong Kong. Most of the operating transactions and revenue were settled in Hong Kong dollars and the Group's assets and liabilities are primarily denominated in Hong Kong dollars. With the insignificant portion of monetary transactions and assets denominated in foreign currencies, the Group did not engage in any derivatives agreement and did not commit to any financial instrument to hedge its foreign exchange exposure during the Review Period (six months ended 30 June 2020: nil).

Gearing Ratio

As at 30 June 2021, the gearing ratio (calculated as total bank borrowing (i.e. bank overdrafts and bank borrowings) divided by the total equity) was approximately 11.6% (31 December 2020: approximately 7.8%). The increase in gearing ratio is mainly due to increase in borrowings due to increasing working capital for sustaining its business operation.

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

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

Future Plans for Material Investments or Capital Assets

Save as disclosed under the section headed "Future Plans and Use of Proceeds" to the prospectus of the Company dated 6 August 2019 ("**Prospectus**"), the Group does not have any other plans for material investments or capital assets.

Employees and Remuneration Policy

As at 30 June 2021, 18 employees fell into the Group's payroll (31 December 2020: 21 employees). Total staff costs included directors' emoluments for the Review Period amounted to approximately HK$4.8 million (six months ended 30 June 2020: approximately HK$8.0 million), salaries, wages and other staff benefits, contributions to retirement schemes, provisions for staff long service payment and untaken paid leave. In order to attract and retain high quality staff and to enable smooth operation within the Group, the remuneration policy and package of the Group's employees are periodically reviewed. The salary and benefit levels of the employees of the Group are competitive (with reference to market conditions and individual qualifications and experience). The Group provides adequate job training to the employees to equip them with practical knowledge and skills. Apart from mandatory provident fund and job training programs, salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance and market situation.

Capital Commitments and Contingent Liabilities

As at 30 June 2021, the Group had no material capital commitments or contingent liabilities (31 December 2020: nil).

Use of Net Proceeds from the Listing

The amount of the proceeds, net of listing expenses (including underwriting fee) either recognised in the consolidated statement of profit or loss and other comprehensive income or deducted from the share premium, from the Listing ("**Net Proceeds**") was approximately HK$90.0 million.

Pursuant to the announcement of the Company dated 26 August 2021 (the "**Change in Net Proceeds Announcement**"), the Company clarified that approximately HK$70.8 million (instead of approximately HK$39.9 million as originally disclosed) of the Net Proceeds was utilised for payment for upfront costs for projects of the Group. The change in the use of the Net Proceeds was decided on the basis of, among others, (i) the uncertainty as to the development of the Outbreak and the time for full recovery of the Hong Kong's economy and the Hong Kong construction market; (ii) the need to solidify the Company's financial position to enable itself to maintain its reputation in the wet trades works industry and market competitiveness and achieve long-term and sustainable development; (iii) the increase in upfront costs for awarded projects; and (iv) certain business strategies can be delayed to a later stage. For further details of the re-allocation and the reasons for such change in use of the Net Proceeds, please refer to the Change in Net Proceeds Announcement. Save as disclosed in the Change in Net Proceeds Announcement, the Group has applied and intends to continue to apply the Net Proceeds in accordance with the proposed applications set out in the section headed "Future plans and use of proceeds" in the Prospectus.

An analysis of the utilisation of the Net Proceeds up to 30 June 2021 (after the re-allocation) is set out below:

	Planned use of Net Proceeds as stated in the Prospectus *HK$'000*	Planned use of Net Proceeds (after re-allocation) *HK$'000*	Unutilised balance up to 31 December 2020 (after re-allocation) *HK$'000*	Actual use of Net Proceeds up to 30 June 2021 *HK$'000*	Unutilised balance up to 30 June 2021 *HK$'000*	Expected date of full utilisation of the unutilised Net Proceeds
1 Payment for upfront costs	39,900	70,791	–	70,791	–	N/A
2 Expansion of workforce	18,700	156	–	156	–	N/A
3 Upgrading our office facilities and information technology system	9,900	1,953	–	1,953	–	N/A
4 Acquiring machinery and equipment	8,300	7,100	–	7,100	–	N/A
5 Payment of performance bonds	7,500	7,500	7,500	–	7,500	on or before December 2021
6 Renting a new warehouse	3,200	–	–	–	–	N/A
7 Acquiring safety equipment and tools	2,500	2,500	–	2,500	–	N/A
	90,000	90,000	7,500	82,500	7,500	

As at 30 June 2021, the unutilised proceeds were placed in interest-bearing deposits with authorised financial institutions or licensed banks in Hong Kong.

The Directors regularly evaluate the Group's business objectives and may change or modify plans against the changing market condition to ascertain the business growth of the Group. During the Review Period and except as disclosed in the Change in Net Proceeds Announcement, the Directors considered that no modification of the use of proceeds described in the Prospectus was required.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company adopted the code provisions as set out in the Corporate Governance Code (the "**Code**") contained in Appendix 14 to the Listing Rules.

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

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

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

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

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

After the Review Period, the Outbreak continues to cause adverse impacts on the operations of the Group to a certain extent. The Directors are monitoring the situation and will continue to assess and react actively to the impact of the Outbreak on the Group's operations, financial position and financial performance accordingly.

Save as disclosed above, the Directors are not aware of any significant events requiring disclosure after the Review Period and up to the date of this announcement.

AUDIT COMMITTEE

The Company established the audit committee ("**Audit Committee**") on 22 July 2019 in accordance with Rule 3.21 of the Listing Rules with terms of reference aligned with the provisions of the Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are, among other things, to make recommendations to the Board on the appointment, re-appointment and removal of external auditor; review the financial information; and oversee the financial reporting system and internal control procedures of the Company. The Audit Committee consists of three members, namely Mr. Pak Shek Kuen, Mr. Lo Chi Hung and Mr. Ho Kwok Lung. Mr. Pak Shek Kuen is the chairman of the Audit Committee.

REVIEW OF INTERIM FINANCIAL RESULTS

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

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

Hong Kong, 27 August 2021

As at the date of this announcement, the Board comprises Mr. Cheung Kwok Fai Adam, Mr. Ng Sheung Chung and Mr. Ma Kan Sun as executive Directors and Mr. Pak Shek Kuen, Mr. Lo Chi Hung and Mr. Ho Kwok Lung as independent non-executive Directors.