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Affluent Foundation Holdings Limited **俊裕地基集團有限公司**

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1757)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

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

FINANCIAL HIGHLIGHTS

1. Revenue was approximately HK\$125.4 million for the Relevant Period, representing a decrease of approximately 2.7% as compared with the same for the six months ended 30 September 2023.
2. Gross profit was approximately HK\$3.8 million for the Relevant Period, representing an increase of approximately 17.2% as compared with the same for the six months ended 30 September 2023.
3. Profit and total comprehensive income attributable to equity holders of the Company was approximately HK\$94,000 for the Relevant Period (six months ended 30 September 2023: approximately HK\$707,000).
4. Basic earnings per share amounted to approximately HK0.01 cents for the Relevant Period (six months ended 30 September 2023: approximately HK0.06 cents).
5. The Board does not recommend the payment of interim dividend for the Relevant Period.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2024

	<i>Notes</i>	Six months ended 30 September	
		2024	2023
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Revenue	4	125,442	128,904
Direct costs		<u>(121,689)</u>	<u>(125,700)</u>
Gross profit		3,753	3,204
Other income	5	5,381	6,534
Administrative expenses		(7,950)	(10,144)
Reversal of expected credit loss (“ECL”), net		36	2,001
Finance costs	6	<u>(800)</u>	<u>(756)</u>
Profit before income tax	7	420	839
Income tax expense	8	<u>(326)</u>	<u>(132)</u>
Profit and total comprehensive income for the period attributable to equity holders of the Company		<u>94</u>	<u>707</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share attributable to equity holders of the Company			
Basic and diluted	10	<u>0.01</u>	<u>0.06</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

	<i>Notes</i>	As at 30 September 2024 <i>HK\$'000</i> (unaudited)	As at 31 March 2024 <i>HK\$'000</i> (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		22,344	24,390
Right-of-use assets		4,018	5,177
		<u>26,362</u>	<u>29,567</u>
Current assets			
Trade and other receivables	11	92,454	104,098
Contract assets		110,531	86,549
Cash and bank balances		8,044	3,869
		<u>211,029</u>	<u>194,516</u>
Current liabilities			
Trade and other payables	12	101,779	81,702
Amount due to a director		3,135	9,623
Lease liabilities		3,133	3,250
Contract liabilities		6,559	6,870
		<u>114,606</u>	<u>101,445</u>
Net current assets		<u>96,423</u>	<u>93,071</u>
Total assets less current liabilities		<u>122,785</u>	<u>122,638</u>
Non-current liabilities			
Amount due to a director		30,161	29,483
Lease liabilities		963	1,916
Deferred tax liabilities		3,480	3,154
		<u>34,604</u>	<u>34,553</u>
Net assets		<u>88,181</u>	<u>88,085</u>
EQUITY			
Share capital		12,000	12,000
Reserves		76,181	76,085
Equity attributable to equity holders of the Company		<u>88,181</u>	<u>88,085</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law (as revised) of the Cayman Islands on 2 June 2017. The address of the Company's registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of the Company's principal place of business is Unit 903-905, 9/F, The Octagon, No. 6 Sha Tsui Road, Tsuen Wan, the New Territories, Hong Kong.

The Company is an investment holding company, and the Group is principally engaged as subcontractor in the provision of services related to foundation works in Hong Kong.

As at 30 September 2024, the Company's immediate and ultimate holding company is Oriental Castle Group Limited ("**Oriental Castle**"), a company incorporated in the British Virgin Islands (the "**BVI**") and owned by Mr. Chan Siu Cheong ("**Mr. Chan**") and Ms. Chu Wai Ling ("**Ms. Chu**"). Mr. Chan, Ms. Chu and Oriental Castle are collectively referred to as the controlling shareholders of the Company.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 7 June 2018.

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 September 2024 have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") and Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). The condensed consolidated interim financial statements do not include all of the information required in annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 March 2024.

The condensed consolidated interim financial statements are presented in Hong Kong dollars ("**HK\$**" or "**HKD**"), and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

3. SIGNIFICANT AND SUMMARY OF ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's most recent annual consolidated financial statements for the year ended 31 March 2024, except for the adoption of new accounting policies as a result of the adoption of the new and amended Hong Kong Financial Reporting Standards ("HKFRSs") as set out below:

Adoption of new and amendments to HKFRSs

In the current period, the Group has adopted all the new and revised HKFRSs, including Hong Kong Accounting Standards ("HKASs") and Interpretations, issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 April 2023. The adoption of these new and revised HKFRSs in the current period has no material effect on the Group's financial positions and performance for the current and prior years and/or on the amounts and/or disclosures set out in these unaudited condensed consolidated financial statements.

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

New and amendments to HKFRSs in issued but not yet effective

Except for the amendments to HKFRSs mentioned above, the Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs and anticipates that the application of these new HKFRSs would have no material impact on its results of operations and financial position.

4. REVENUE AND SEGMENT INFORMATION

The Group's principal activities are disclosed in Note 1 to the condensed consolidated interim financial statements.

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Contracting revenue	<u>125,442</u>	<u>128,904</u>

All revenue represents the contracting revenue arising from provision of services related to foundation works and is recognised over time.

The chief operating decision-maker has been identified as the executive directors of the Company. The directors regard the Group's business of foundation works as a single operating and reportable segment and reviews the overall results of the Group as a whole to make decision about resources allocation. Accordingly, no segment analysis information is presented.

No separate analysis of segment information by geographical segment is presented as the Group's revenue and non-current assets are principally attributable to a single geographical region, which is Hong Kong.

Revenue from customers which individually contributed over 10% of the Group's revenue is as follows:

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Customer A	95,964	16,540
Customer B	N/A*	29,022
Customer C	N/A*	25,463
Customer D	N/A*	25,307
Customer E	N/A*	23,502
	<u>95,964</u>	<u>119,834</u>

* The corresponding revenue does not contribute over 10% of total revenue of the Group.

The disaggregation of revenue from contracts with customers is as follows:

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
By types of projects:		
Private sector projects	11,264	52,527
Public sector projects	114,178	76,377
	<u>125,442</u>	<u>128,904</u>

5. OTHER INCOME

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Income from sales of construction wastes	4,345	3,007
Machinery rental and transportation income	1,029	3,374
Sundry income	7	153
	<u>5,381</u>	<u>6,534</u>

6. FINANCE COSTS

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Finance charge on lease liabilities	121	77
Effective interest in amount due to a director	679	679
	<u>800</u>	<u>756</u>

7. PROFIT BEFORE INCOME TAX

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Profit before income tax is stated after charging/(crediting):		
(a) Staff costs (including directors' emoluments) (<i>Note (i)</i>)		
– Salaries, wages and other benefits	34,926	37,238
– Contributions to defined contribution retirement plans (<i>Note (ii)</i>)	808	783
	<u>35,734</u>	<u>38,021</u>
(b) Other items		
Depreciation, included in:		
Direct costs		
– Owned assets	2,447	2,546
– Right-of-use assets	1,794	1,653
Administrative expenses		
– Owned assets	226	433
– Right-of-use assets	215	228
	<u>4,682</u>	<u>4,860</u>
Subcontracting charges (included in direct costs)	44,580	42,925
Services charged paid for machinery	1,096	2,167
Loss on disposal of property, plant and equipment	16	168
Short term leases	18	–
Net (reversal)/provision of ECL allowance on:		
– Trade and other receivables	(211)	(270)
– Contract assets	175	(1,731)
	<u>175</u>	<u>(1,731)</u>

Notes:

- (i) Staff costs (including directors' emoluments)

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Direct costs	31,014	30,803
Administrative expenses	4,720	7,218
	<u>35,734</u>	<u>38,021</u>

- (ii) As at 30 September 2024, the Group had no forfeited contributions under the Mandatory Provident Fund Scheme which may be used by the Group to reduce the existing levels of contributions (2023: Nil).

8. INCOME TAX EXPENSE

Hong Kong profits tax has not been provided as the Group incurred tax losses for the six months ended 30 September 2024 and 2023.

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Provision for Hong Kong profits tax		
– Current tax	–	–
Deferred tax	326	132
	<u>326</u>	<u>132</u>
Total income tax expense	<u>326</u>	<u>132</u>

9. DIVIDENDS

The Directors did not recommend the payment of a dividend for the six months ended 30 September 2024 (2023: nil).

10. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share attributable to equity holders of the Company is based on the following:

	Six months ended 30 September	
	2024	2023
	(unaudited)	(unaudited)
Earnings		
Profit for the period attributable to equity holders of the Company (<i>in HK\$'000</i>)	<u>94</u>	<u>707</u>
Number of shares		
Weighted average number of ordinary shares	<u>1,200,000,000</u>	<u>1,200,000,000</u>
Basic earnings per share (<i>in HK cents</i>)	<u>0.01</u>	<u>0.06</u>

(b) Diluted earnings per share

There were no dilutive potential ordinary shares outstanding during the six months ended 30 September 2024 and 2023 and therefore, diluted earnings per share equals to basic earnings per share.

11. TRADE AND OTHER RECEIVABLES

	As at 30 September 2024 <i>HK\$'000</i> (unaudited)	As at 31 March 2024 <i>HK\$'000</i> (audited)
Trade receivables	14,153	26,358
Less: ECL allowance	<u>(240)</u>	<u>(460)</u>
	<u>13,913</u>	<u>25,898</u>
Other receivables and prepayments	1,400	1,391
Paid in advance to sub-contractors	67,849	68,074
Occupational injury receivables	8,239	7,867
Utility and other deposits	1,606	1,414
Less: ECL allowance	<u>(553)</u>	<u>(546)</u>
	<u>78,541</u>	<u>78,200</u>
	<u>92,454</u>	<u>104,098</u>

Based on the invoice dates, the ageing analysis of the trade receivables was as follows:

	As at 30 September 2024 <i>HK\$'000</i> (unaudited)	As at 31 March 2024 <i>HK\$'000</i> (audited)
0–30 days	14,142	14,634
31–60 days	9	11,510
61–90 days	1	–
Over 90 days	1	214
	<u>14,153</u>	<u>26,358</u>

12. TRADE AND OTHER PAYABLES

	As at 30 September 2024 <i>HK\$'000</i> (unaudited)	As at 31 March 2024 <i>HK\$'000</i> (audited)
Trade payables	52,858	34,563
Retention payables	27,935	23,951
Accruals and other payables	20,986	23,188
	<u>101,779</u>	<u>81,702</u>

The ageing analysis of trade payables based on the invoice date is as follows:

	As at 30 September 2024 <i>HK\$'000</i> (unaudited)	As at 31 March 2024 <i>HK\$'000</i> (audited)
0–30 days	7,204	5,953
31–60 days	9,371	6,991
61–90 days	9,267	5,052
Over 90 days	27,016	16,567
	<u>52,858</u>	<u>34,563</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is a subcontractor engaged in the provision of services related to foundation works in Hong Kong including excavation and lateral support works, pile caps construction, and other services, such as demolition works, underground drainage works, earthworks and structural steelworks. To a lesser extent, the Group also engages in the leasing of machinery to third-party construction companies.

The Group reported a net profit of approximately HK\$94,000 for the Relevant Period, representing a decrease of approximately HK\$613,000 as compared to the six months ended 30 September 2023. The decrease of net profit was mainly due to the decrease in machinery rental and transportation income during the Relevant Period.

The Group has unrecognised contract sum of approximately HK\$355.7 million as at 30 September 2024. The Group will keep bidding sizeable and remarkable projects in order to keep the operation scale and create value to our stakeholders.

FINANCIAL REVIEW

During the Relevant Period, the Group had been awarded 6 new contracts, with an aggregate original contract sum of approximately HK\$136.2 million. As at 30 September 2024, the Group had 25 projects on hand (including projects in progress as well as projects that have been awarded to us but not yet commenced) with an original total contract sum of approximately HK\$1.4 billion.

Revenue

The revenue from foundation works of the Group for the Relevant Period amounted to approximately HK\$125.4 million, representing a decrease of approximately HK\$3.5 million or 2.7% as compared to approximately HK\$128.9 million for the six months ended 30 September 2023. The reason for the decrease was mainly due to the new projects located at Fanling, Pok Fu Lam, Tuen Mun and Cheung Muk Tau are still in preliminary stage.

Gross Profit and Gross Profit Margin

The gross profit of the Group for the Relevant Period amounted to approximately HK\$3.8 million, representing an increase of approximately HK\$0.6 million or 17.2% as compared to approximately HK\$3.2 million for the six months ended 30 September 2023. The reasons for the increase was mainly attributable to the less labour cost incurred during the Relevant Period.

The Group prices its services based on various factors, including but not limited to the scope of works and the complexity of the projects. In this regard, the Group's profitability depends on the nature of projects engaged by the Group.

Other Income

The other income of the Group for the Relevant Period amounted to approximately HK\$5.4 million, representing a decrease of approximately HK\$1.1 million or 17.6% as compared to approximately HK\$6.5 million for the six months ended 30 September 2023. The decrease was primarily due to the decrease in machinery rental and transportation income during the Relevant Period.

Administrative Expenses

The administrative expenses of the Group for the Relevant Period amounted to approximately HK\$8.0 million, representing a decrease of approximately HK\$2.1 million or 21.6% as compared to approximately HK\$10.1 million for the six months ended 30 September 2023. The decrease was primarily due to the decrease of loss on disposal of property, plant and equipment and staff welfare during the Relevant Period.

Reversal of Expected Credit Loss, Net

The reversal of ECL after the assessment performed for the Relevant Period amounted to approximately HK\$36,000, representing a decrease of approximately HK\$1.9 million as compared to the reversal of ECL after the assessment performed for the six months ended 30 September 2023 of approximately HK\$2.0 million, which was assessed annually.

Finance Costs

The finance costs of the Group for the Relevant Period amounted to approximately HK\$800,000, representing an increase of approximately HK\$44,000 or 5.8% as compared to approximately HK\$756,000 for the six months ended 30 September 2023. The increase was primarily due to the finance charge on lease liabilities during the Relevant Period.

Profit and Total Comprehensive Income Attributable to Equity Holders of the Company

The Group reported profit and total comprehensive income attributable to equity holders of the Company of approximately HK\$94,000 for the Relevant Period as compared to approximately HK\$707,000 for the six months ended 30 September 2023. The reasons for the decrease were mainly attributable to the reasons discussed in the sub-paragraph headed "Business review and outlook" above.

RISKS AND UNCERTAINTIES

The Group's results of operation may vary significantly from period to period depending on, among other factors, the political and economic environment, level of competitiveness, the quality of service and timeliness of subcontractors, and the adequacy and efficiency of internal processes implemented by staff and systems. The Group believes that there are certain risks and uncertainties involved both in the markets and in the operations which can be summarised as below.

Operational Risks

Due to unexpected circumstances such as bad weather and geological issues, the actual time and costs incurred in construction projects may exceed our estimation at the time of tendering submission and the work in progress may be interrupted. As the result, such variation could adversely affect the Group's operations and financial results. In such situations, the Group will implement measures such as re-allocating human resources and recruiting additional manpower including subcontracting the works in order to expedite the work progress.

On the other hand, it is inevitable that there could be chance of industrial accidents happened. In order to minimise the rate of accidents, the Group has already recruited two qualified safety officers to regularly monitor the work environment, implementation of safety rules and regulations and establishing safety policies. In addition, the Group also appointed a registered safety auditor to conduct corporate safety audit semi-annually to maximise the effectiveness of safety management.

It is quite common in the construction industry that collection of receivables takes longer time and it may lead to late settlement by customers especially at the times of unexpected crises due to political and economic factors. To mitigate the pressure on financial liquidity, the Group produces aging analysis on regular basis and contacts the management level of the customers so as to get better understanding of their solvency status.

Market Risks

Due to the construction industry in Hong Kong being dominantly subject to the Hong Kong Government's large-scale infrastructure projects which require prolonged process of legislative approval, it is more passive toward the future's prospect of the industry. Nevertheless, the Group will not just rely on participating in projects from public sector but the Group will also be more involved in projects from the private sectors.

In the meantime, demand of residential and commercial buildings is growing continuously. The Group perceived that such demand will sustain the booming in the construction industry and attract more competitive entrants to the industry. In order to grip holding of the market shares, the Group will continue to acquire suitable machineries to cope with the demand. With its in-depth experience and knowledge in the field, the Group is capable to continue providing one-stop construction machinery service to meet the needs of various customers.

LIQUIDITY, FINANCIAL POSITION AND CAPITAL STRUCTURE

The Group has funded its liquidity and capital requirements primarily through capital contributions from shareholders and cash inflows from operating activities.

The shares of the Company were successfully listed on the Main Board of the Stock Exchange on 7 June 2018 and there has been no change in the capital structure of the Group since then.

As at 30 September 2024 and 31 March 2024, the Company's issued share capital was HK\$12 million and the number of its issued ordinary shares was 1,200,000,000 of HK\$0.01 each.

As at 30 September 2024, the Group had a total cash and cash equivalents of approximately HK\$8.0 million (31 March 2024: approximately HK\$3.9 million). The amounts of cash and cash equivalents had been remained steady throughout the Relevant Period.

As at 30 September 2024, the gearing ratio of the Group, calculated by the total debts (defined as the sum of the amount due to a director and lease liabilities) divided by the total equity, was approximately 42.4% (31 March 2024: approximately 50.3%). The decrease was primarily due to the decrease in total debts and growth of total equity from profit for the period and increase in capital reserve during the Relevant Period.

TREASURY POLICY

The Group continues to manage its financial position carefully and maintains conservative policies in cash and financial management. The Board closely monitors the Group's liquidity position to ensure that the Group can meet its funding requirements for business development.

EXPOSURE TO FOREIGN EXCHANGE RATE RISKS

As the Group only operates in Hong Kong and almost all of the revenue and transactions arising from its operations were settled in Hong Kong dollar, the Board is of the view that the Group's foreign exchange rate risks are insignificant. Thus, the Group has not entered into any derivative contracts to hedge against the foreign exchange rate risk during the Relevant Period.

CAPITAL EXPENDITURE

During the Relevant Period, the Group invested approximately HK\$0.9 million on acquisition of property, plant and equipment. Capital expenditure was principally funded by internal resources and the advance by a Director.

CAPITAL COMMITMENTS

As at 30 September 2024, the Group has no capital commitments (31 March 2024: Nil).

CONTINGENT LIABILITIES

As at 30 September 2024, the Group did not have any significant contingent liabilities.

As at 30 September 2024, the Group has been involved in a number of claims, litigations and potential claims against the Group, as a subcontractor, in relation to work-related injuries and non-compliances. Based on the information available, the Directors considered that the insurance policies of the Group or the relevant main contractors are sufficient for coverage of the above potential claims and litigation in relation to work-related injuries and therefore the Directors are of the opinion that the claims and litigation are not expected to have a material impact on the condensed consolidated interim financial statements of the Group. Accordingly, no provision has been made as at 30 September 2024 and during the Relevant Period.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Relevant Period, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies.

SIGNIFICANT INVESTMENT HELD

During the Relevant Period, the Group had no significant investment held.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

As at 30 September 2024, the Group does not have other plans for material investments and capital assets.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2024, the Group employed a total of 111 employees (including executive Directors and independent non-executive Directors), as compared to a total of 113 employees as at 31 March 2024. Total staff costs which include Directors' emoluments for the Relevant Period were approximately HK\$35.7 million (six months ended 30 September 2023: approximately HK\$38.0 million). The salary and benefit level of the employees of the Group are competitive and individual performance is rewarded through the Group's salary and bonus system. The Group conducts annual review on salary increase, discretionary bonuses and promotions based on the performance of each employee.

The emoluments of the Directors are decided by the Board after recommendation from the remuneration committee of the Company, having considered the factors such as the Group's financial performance and the individual performance of the Directors, etc.

The Company has adopted a share option scheme (the "**Share Option Scheme**") on 14 May 2018 as an incentive to Directors and eligible employees.

During the Relevant Period, the Group has not experienced any significant problems with its employees due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff.

INTERIM DIVIDEND

The Board has resolved not to recommend the declaration of interim dividend to the shareholders of the Company for the Relevant Period (2023: Nil).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company adopted the code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules. During the six months ended 30 September 2024, the Company complied with the CG Code with the exception of code provision C.2.1 of the CG Code. According to code provision C.2.1 of the CG Code, the role of the chairman and the chief executive officer of the Company should be separate and should not be performed by the same individual. During the Relevant Period, the role of the chairman and the chief executive officer of the Company are both performed by Mr. Chan. In view of the in-depth knowledge and substantial experience of Mr. Chan in the operations of the Group and his solid experience in foundation work, the Board believes that it is more effective and efficient overall business planning and implementation of business decisions and strategies of the Group and in the best interests of the Group if Mr. Chan takes up the dual roles of chairman and chief executive officer of the Company. Therefore, the Board considers that the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstance and that there are sufficient checks and balances in place by the operations of the Board, which comprises experienced and high calibre individuals and adequate independent element in the composition of the Board.

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 the Company is expected to comply with the CG Code. Any deviation from the CG Code should be carefully considered and disclosed in the interim and annual report. Save as disclosed above, the Company will continue to comply with the CG Code to protect the best interests of the shareholders of the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” as set out in Appendix C3 of the Listing Rules (the “**Model Code**”) as its own code of conduct regarding securities transactions by the Directors.

The Directors are reminded of their obligations under the Model Code on a regular basis. Following specific enquiries by the Company, all the Directors have confirmed to the Company that they have fully complied with the required standard set out in the Model Code during the Relevant Period.

SHARE OPTION SCHEME

The principal terms of the Share Option Scheme are summarised in Appendix V to the Prospectus. The main purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group. No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 14 May 2018, and there was no outstanding share option as at 30 September 2024.

COMPETING INTERESTS

As at 30 September 2024, the Directors were not aware of any interest in a business of the Directors or any of their respective close associates (as defined in the Listing Rules) apart from the business of the Group, that competed or was likely to compete, either directly or indirectly, with the business of the Group.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Relevant Period.

EVENTS AFTER THE RELEVANT PERIOD

In October 2024, a litigation claim was initiated by a service provider against the Group for outstanding payments in relation to certain construction projects of approximately HK\$31.4 million or such amounts to be assessed as well as other relief including interest and costs.

Except as noted above, there have been no material subsequent events after the Relevant Period and up to the date of this announcement.

AUDIT COMMITTEE

The Company established the audit committee (the "**Audit Committee**") on 14 May 2018 with written terms of reference in compliance with Rule 3.22 of the Listing Rules and the provisions of the CG Code. The primary duties of the Audit Committee include, among others, (a) making recommendations to the Board on the appointment, re-appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor; (b) reviewing our financial statements, our annual report and accounts and our half-year report and significant financial reporting judgments contained therein; and (c) reviewing our financial controls, internal control and risk management systems. The Audit Committee comprises three independent non-executive Directors, namely Mr. Ho Chi Wai, Mr. Cheung Kwok Yan Wilfred and Mr. Lau Leong Ho. Mr. Ho Chi Wai is the chairman of the Audit Committee.

REVIEW OF FINANCIAL INFORMATION

The Group's interim results for the Relevant Period have been reviewed by the Audit Committee, which takes the view that the applicable accounting standards and requirements as well as the Listing Rules have been complied with by the Company and that adequate disclosures have been made.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the Company's website at <http://www.hcho.com.hk> and the website of the Stock Exchange at www.hkexnews.hk.

The interim report of the Company for the Relevant Period will be despatched to the shareholders of the Company and published on the respective websites of the Company and the Stock Exchange in due course.

By order of the Board
Affluent Foundation Holdings Limited
Chan Siu Cheong
Chairman

Hong Kong, 28 November 2024

As at the date of this announcement, the executive Directors are Mr. Chan Siu Cheong and Mr. Sin Ka Pong, and the independent non-executive Directors are Mr. Ho Chi Wai, Mr. Cheung Kwok Yan Wilfred and Mr. Lau Leong Ho.