

# SAM WOO CONSTRUCTION GROUP LIMITED

三和建築集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code : 3822)



INTERIM REPORT  
**2021/22**



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The board of directors (the “Board”) of Sam Woo Construction Group Limited (the “Company”) is pleased to present the unaudited interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2021 (the “Period”), together with the comparative figures for the corresponding period in 2020 (the “Previous Period”). These information should be read in conjunction with the annual financial statements for the year ended 31 March 2021.

## HIGHLIGHTS

	<b>1H 2021/22</b>	<b>1H 2020/21</b>
Revenue	<b>HK\$217 million</b>	HK\$128 million
Loss for the period	<b>HK\$(12) million</b>	HK\$(43) million
Loss per share	<b>(0.73) HK cents</b>	(2.55) HK cents
	<b>30 September 2021</b>	<b>31 March 2021</b>
Net gearing	<b>N/A</b>	N/A
Current ratio	<b>1.5x</b>	1.5x
Total equity	<b>HK\$619 million</b>	HK\$631 million
Aggregate value of major contracts on hand	<b>about HK\$278 million yet to complete</b>	about HK\$448 million yet to complete

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Group Revenue and Profit

The Group's revenue for the Period increased 69% to HK\$217 million (2020: HK\$128 million) which was mainly contributed by three construction projects, including West Kowloon Cultural District, Kwun Tong Commercial Building and East Kowloon Public Housing.

The Group recorded a gross profit of HK\$7 million (2020: gross loss of HK\$40 million) and a net loss of HK\$12 million (2020: a net loss of HK\$43 million) for the Period. The gross profit margin was relatively low despite the increase in contract revenue during the Period. One of the main reasons was the increase in material prices, particularly construction steel which forms a major cost component of foundation works. The market price of steel had risen to its new record during the Period and therefore the Group has increased the material costs for the projects on hand. Another reason attributable to the thin gross profit margin was the extra labour and plant costs incurred by the Group due to idling resulted from the interrupted work programme in a construction site. Accordingly, the gross profit was not enough to cover the overheads of the Group and therefore a net loss was recorded for the Period.

#### Major Projects

	<b>As at 30 September 2021 Completion status</b>	<b>Expected Completion Date</b>	<b>Estimated Remaining Contract Value (HK\$)</b>
West Kowloon Cultural District	91%	2021 Q4	15 million
Kwun Tong Commercial Building	47%	2022 Q1	85 million
East Kowloon Public Housing	29%	2022 Q1	178 million

*(Note)*

*Note:* The above remaining contract values were determined with reference to internal estimates based on currently available information, and may be subsequently revised.

### *West Kowloon Cultural District*

This project was awarded in about July 2020, with contract value of approximately HK\$138 million. It is a subcontract for bored pile works for integrated basement and underground road of the West Kowloon Cultural District.

This project contributed to about 29% of the Group's revenue for the Period.

### *Kwun Tong Commercial Building*

This is a project awarded in about November 2020, with contract value of approximately HK\$161 million, for bored pile, excavation and lateral support and pile cap works of a proposed commercial building.

This project contributed to about 24% of the Group's revenue for the Period.

### *East Kowloon Public Housing*

This is a new project awarded in about April 2021, with contract value of approximately HK\$250 million, for bored pile and pile cap works of a public housing development.

This project contributed to about 33% of the Group's revenue for the Period.

### *Other projects*

A few other projects contributed to about 14% of the Group's revenue for the Period.

## **BUSINESS OUTLOOK**

As mentioned in the latest Policy Address 2021 delivered by the Chief Executive, the Hong Kong government proposed building a “Northern Metropolis” in Yuen Long and North districts covering a total land area of about 300 square kilometers. The entire project is expected to take 20 years to complete. The new metropolis accounts for more than one quarter of Hong Kong’s land area and is expected to accommodate one-third of the population. It will involve a multitude of new infrastructure projects, such as transportation links, as well as residential and commercial buildings.

In addition, some 330,000 public housing units will be built by 2032 to ease the long waiting time for public housing. The government said that they have secured 350 hectares of land to meet the estimated public housing demand for around 301,000 units in the coming 10-year period.

The Chief Executive said that the government will continue to use infrastructure investment as a key measure to stimulate the pandemic-hit economy and Hong Kong’s annual capital works expenditure is expected to exceed HK\$100 billion in the coming years.

The directors of the Company believe that the above development plans will create huge opportunities for the construction industry over the next decade. However, before the landing of the above-said government efforts, the Group still expects a relatively tough environment in the coming months.

## FINANCIAL REVIEW AND ANALYSIS

The Group's financial position remains healthy, with current ratio at 1.5 times (31 March 2021: 1.5 times) and total cash and bank balance amounted to approximately HK\$135 million (31 March 2021: HK\$191 million). Net borrowings were zero (31 March 2021: zero), with the Group in a net cash position as at 30 September 2021.

### Administrative Expenses

Administrative expenses were approximately HK\$22 million for the Period (2020: HK\$21 million), which was largely the same as the Previous Period.

### Capital Expenditures and Capital Commitments

The Group generally finances its capital expenditures by internally generated resources, long-term bank loans and finance leases. During the Period, the Group invested HK\$7 million in additional machinery and equipment. As at 30 September 2021 and 31 March 2021, the Group did not have capital commitments relating to the purchase of machinery and equipment. During the Period, save as disclosed herein, the Group did not make any material acquisition or disposal of asset.

### Liquidity, Financial Resources and Gearing

#### *Liquidity*

The Group generally meets its working capital requirements by cash flows generated from its operations and short-term borrowings. During the Period, the Group had a net cash outflow of approximately HK\$11 million used in operating activities (2020: net cash inflow of HK\$27 million). Together with short-term bank loans and overdrafts facilities available, the Group has been financially sound in its daily operations throughout the Period.

#### *Cash and Bank Balances*

As at 30 September 2021, the Group had total cash and bank balances of approximately HK\$135 million (31 March 2021: HK\$191 million) mainly denominated in Hong Kong dollars. Cash and bank balances decreased mainly because of the repayment of short-term advance from a director.

#### *Borrowings*

As at 30 September 2021, the Group had total borrowings of approximately HK\$122 million (31 March 2021: HK\$107 million) denominated in Hong Kong dollars. Borrowings generally include short-term and long-term bank loans and overdrafts bearing floating interest rates. Of the total borrowings, approximately HK\$101 million (31 March 2021: HK\$97 million) were for short-term bank loans and bank overdrafts and approximately HK\$12 million (31 March 2021: HK\$7 million) were for the current portion of long-term bank loans with maturity dates within 12 months.

### *Gearing Ratio and Total Equity*

As at 30 September 2021, the Group did not have net gearing (net borrowings divided by total equity), instead, it had a net cash position (31 March 2021: same). For the purpose of calculating the Group's net gearing ratio, net borrowings refer to the total borrowings less cash and cash equivalents and restricted bank balances.

The Group's total equity as at 30 September 2021 was approximately HK\$619 million (31 March 2021: HK\$631 million).

### **Foreign Exchange Exposure**

Operations of the Group are mainly conducted in Hong Kong dollars. Its revenue, expenses, cash and bank balances, borrowings, other monetary assets and liabilities are principally denominated in Hong Kong dollars. Other than the purchases paid in Euros and Singapore dollars, the Group was not exposed to any significant foreign currency risk. Furthermore, the Group did not employ any financial instrument for hedging.

### **Contingent Liabilities**

As at 30 September 2021, save for guarantees of performance bonds relating to three foundation works and ancillary services projects of the Group of approximately HK\$50 million, HK\$7 million and HK\$7 million (31 March 2021: approximately HK\$50 million, HK\$18 million and HK\$7 million), the Group did not have any material contingent liabilities. The performance bonds are expected to be released in accordance with the terms of the respective construction contracts.

### **Pledge of Assets**

As at 30 September 2021, the net book amount of plant and equipment of approximately HK\$50 million (31 March 2021: HK\$35 million) was pledged for lease liabilities and long-term bank loans, respectively. None of the banking facilities of the Group were secured by the Group's bank deposits (31 March 2021: none).

## **HUMAN RESOURCES**

As at 30 September 2021, the Group had around 276 employees (31 March 2021: 285). The remuneration packages that it offers to employees include salary, discretionary bonus and allowance. In general, the Group determines employees' salaries based on individual qualification, position and performance (where applicable).

## OTHER INFORMATION

### Disclosure of Interests

At 30 September 2021, the interests and short positions of directors in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register required to be kept under section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules, are as follows:

#### (a) Directors' interest in the Company:

Name of director	Number of ordinary shares of HK\$0.0025 each (long position)	Percentage of shareholding	Capacity
Mr. Lau Chun Ming	1,200,000,000	71.43%	Founder of a discretionary trust
Ms. Leung Lai So	1,200,000,000	71.43%	Beneficiary of a discretionary trust

#### (b) Directors' interest in associated corporations of the Company:

Name of director	Name of associated corporation	Percentage of shareholding	Capacity
Mr. Lau Chun Ming	Actiease Assets Limited	100%	Founder of a discretionary trust
Mr. Lau Chun Ming	Silver Bright Holdings Limited	100%	Founder of a discretionary trust
Mr. Lau Chun Ming	SW AA Holdings Limited	100%	Founder of a discretionary trust
Ms. Leung Lai So	Actiease Assets Limited	100%	Beneficiary of a discretionary trust
Ms. Leung Lai So	Silver Bright Holdings Limited	100%	Beneficiary of a discretionary trust

So far as the directors are aware, as at 30 September 2021 the interest and short positions of the persons, other than a director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO are as follows:

(c) **Substantial shareholders' interests in the Company**

<b>Name of shareholder</b>	<b>Number of shares (long position)</b>	<b>Percentage of shareholding</b>	<b>Capacity</b>
Actiease Assets Limited	1,200,000,000	71.43%	Beneficial owner
Silver Bright Holdings Limited	1,200,000,000	71.43%	Interest of a controlled corporation
SW AA Holdings Limited	1,200,000,000	71.43%	Trustee

*Notes:*

- 1,200,000,000 shares were held by Actiease Assets Limited, a company wholly owned by Silver Bright Holdings Limited which is indirectly owned by a discretionary trust of which Ms. Leung Lai So is the beneficiary.
- Silver Bright Holdings Limited is 100% held by SW AA Holdings Limited as trustee of a discretionary trust set up by Mr. Lau Chun Ming.

**Purchase, Sale or Redemption of Listed Securities**

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

## Corporate Governance

The Company had complied with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules during the Period.

## Model Code of Securities Transactions by Directors

All directors confirmed that they complied with the required standards as set out in the Model Code throughout the Period.

## Audit Committee

The audit committee, comprising three independent non-executive directors, namely Professor Wong Sue Cheun, Roderick, Mr. Chu Tak Sum and Mr. Ip Tin Chee, Arnold, has reviewed the accounting principles and practice adopted by the Group, and the unaudited consolidated financial statements of the Group for the Period.

On behalf of the Board of  
**Sam Woo Construction Group Limited**  
**Lau Chun Ming**  
Chairman

Hong Kong, 25 November 2021

*As at the date of this report, the executive directors are Mr. Lau Chun Ming, Mr. Lau Chun Kwok, Mr. Lau Chun Ka and Ms. Leung Lai So; and the independent non-executive directors are Professor Wong Sue Cheun, Roderick, Mr. Chu Tak Sum and Mr. Ip Tin Chee, Arnold.*

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Note	Unaudited Six months ended 30 September	
		2021 HK\$'000	2020 HK\$'000
Revenue from contracts with customers	5	217,031	128,472
Cost of sales	6	<u>(209,617)</u>	<u>(168,911)</u>
Gross profit/(loss)		7,414	(40,439)
Other income	7	59	9,479
Administrative expenses	6	<u>(21,598)</u>	<u>(20,753)</u>
Operating loss		<u>(14,125)</u>	<u>(51,713)</u>
Finance income	8	38	1,128
Finance costs	8	<u>(742)</u>	<u>(769)</u>
Finance (costs)/income, net	8	<u>(704)</u>	<u>359</u>
Loss before income tax		<u>(14,829)</u>	<u>(51,354)</u>
Income tax credit	9	<u>2,536</u>	<u>8,451</u>
Loss and total comprehensive loss for the period		<u>(12,293)</u>	<u>(42,903)</u>
Loss and total comprehensive loss attributable to equity holders of the Company		<u>(12,293)</u>	<u>(42,903)</u>
		<b>HK cents</b>	HK cents
Basic and diluted loss per share	10	<u>(0.73)</u>	<u>(2.55)</u>

## CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30 SEPTEMBER 2021

	Unaudited 30 September 2021	Audited 31 March 2021
Note	HK\$'000	HK\$'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Right-of-use assets	17,044	13,347
Plant and equipment	12 538,992	544,783
Deferred income tax assets	1,371	1,408
Financial assets at fair value through other comprehensive income	20,530	20,530
Deposits and prepayments	2,029	2,155
	<u>579,966</u>	<u>582,223</u>
<b>Current assets</b>		
Trade and retention receivables	13 175,894	152,749
Deposits, prepayments and other receivables	9,049	7,214
Income tax recoverable	70	70
Restricted bank balances	14 3,204	3,192
Cash and cash equivalents	131,483	187,921
	<u>319,700</u>	<u>351,146</u>
<b>Total assets</b>	<u>899,666</u>	<u>933,369</u>
<b>EQUITY</b>		
Share capital	15 4,200	4,200
Reserves	614,493	626,786
<b>Total equity</b>	<u>618,693</u>	<u>630,986</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	18 9,524	2,534
Deferred income tax liabilities	49,213	51,821
Lease liabilities	6,796	6,364
	<u>65,533</u>	<u>60,719</u>

## CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

AS AT 30 SEPTEMBER 2021

		<b>Unaudited</b>	Audited
		<b>30 September</b>	31 March
		<b>2021</b>	2021
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Current liabilities</b>			
Trade and retention payables	16	<b>72,651</b>	58,927
Accruals and other payables	17	<b>16,683</b>	18,395
Borrowings	18	<b>112,371</b>	103,977
Lease liabilities		<b>10,427</b>	7,104
Income tax payable		<b>104</b>	69
Amount due to a director		<b>3,204</b>	53,192
		<b>215,440</b>	241,664
<b>Total liabilities</b>		<b>280,973</b>	302,383
<b>Total equity and liabilities</b>		<b>899,666</b>	933,369

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

Unaudited

	Share capital HK\$'000	Share premium HK\$'000	Financial assets at fair value through other comprehensive income fair value reserve HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 April 2020	4,200	194,087	370	10,500	488,770	697,927
<b>Comprehensive loss</b>						
Loss for the period	-	-	-	-	(42,903)	(42,903)
<b>Contribution by and distribution to owners</b>						
Dividends relating to the year ended 31 March 2020	-	-	-	-	(33,600)	(33,600)
At 30 September 2020	4,200	194,087	370	10,500	412,267	621,424
At 1 April 2021	4,200	194,087	780	10,500	421,419	630,986
<b>Comprehensive loss</b>						
Loss for the period	-	-	-	-	(12,293)	(12,293)
At 30 September 2021	4,200	194,087	780	10,500	409,126	618,693

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2021</b>	<b>2020</b>
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Cash flows from operating activities</b>			
Net cash (used in)/generated from operations		<b>(9,821)</b>	24,427
Interest paid		<b>(500)</b>	(628)
Interest received		<b>38</b>	1,128
Interest element of lease payments	8	<b>(230)</b>	(109)
Restricted bank balances	14	<b>(12)</b>	(32)
Hong Kong profits tax refunded		–	2,090
		<hr/>	<hr/>
<b>Net cash (used in)/generated from operating activities</b>		<b>(10,525)</b>	26,876
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Cash flows from investing activity</b>			
Purchase of plant and equipment		<b>(7,133)</b>	(3,978)
		<hr/>	<hr/>
<b>Net cash used in investing activity</b>		<b>(7,133)</b>	(3,978)
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Cash flows from financing activities</b>			
Drawdown of long-term bank loans		<b>16,800</b>	–
Repayment of long-term bank loans		<b>(5,750)</b>	(4,285)
Drawdown of short-term bank loans		<b>176,372</b>	66,914
Repayment of short-term bank loans		<b>(152,204)</b>	(114,639)
Principal elements of lease payments		<b>(4,164)</b>	(4,507)
Repayment to a director		<b>(50,000)</b>	–
Dividend paid		–	(33,600)
		<hr/>	<hr/>
<b>Net cash used in financing activities</b>		<b>(18,946)</b>	(90,117)
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2021</b>	2020
<i>Note</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
<b>Net decrease in cash and cash equivalents</b>	<b>(36,604)</b>	(67,219)
Cash and cash equivalents at beginning of the period	<u><b>168,087</b></u>	<u>207,321</u>
<b>Cash and cash equivalents at end of the period</b>	<u><b>131,483</b></u>	<u>140,102</u>
<b>Analysis of cash and cash equivalents</b>		
Cash and cash equivalents	<b>131,483</b>	142,513
Bank overdraft	<i>18</i> –	(2,411)
	<u><b>131,483</b></u>	<u>140,102</u>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 1 General information

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office 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 (together the "Group") are principally engaged in foundation works and ancillary services in Hong Kong and Macau.

The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

These condensed consolidated interim financial information is presented in Hong Kong dollars ("HK\$"), unless otherwise stated and was approved for issue on 25 November 2021.

This condensed consolidated interim financial information has not been audited.

## 2 Basis of preparation and accounting policies

### 2.1 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 September 2021 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) and has been prepared under the historical cost convention except for financial assets at fair value through other comprehensive income which are measured at fair values.

### 2.2 Accounting policies

The accounting policies applied to this condensed consolidated interim financial information are consistent with those of the annual financial statements for the year ended 31 March 2021 as described in those annual financial statements except that income tax is accrued using the tax rate that would be applicable to expected total annual earnings and the adoption of new and amended standards as set out below.

In the current interim period, the Group has applied, for the first time, the following amendments to HKAS issued by the HKICPA which are relevant to the Group:

HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2
HKFRS 16 (Amendments)	COVID-19 Related Rent Concessions

The application of the above amendments to existing standards and revised conceptual framework in the current period has no material impact on the Group’s results and financial position.

### 3 Financial risk management

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended 31 March 2021.

During the Period, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and liabilities.

### 4 Critical accounting estimates and judgements

The preparation of the condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed consolidated interim financial information, the critical accounting estimates and judgements applied were consistent with those described in the annual financial statements for the year ended 31 March 2021.

### 5 Revenue from contract with customers and segment information

Revenue from contract with customers, which is also the Group's turnover, represents gross contract receipts on foundation works and ancillary services in the ordinary course of business. Revenue recognised is as follows:

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Foundation works and ancillary services	<b>217,031</b>	128,472

The chief operating decision-maker has been identified as the executive directors of the Company. The executive directors regard the Group's business as a single operating segment and review financial information accordingly. Therefore, no segment information is presented.

## 6 Expenses by nature

	Unaudited	
	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
Cost of sales		
Construction contracts costs ( <i>note</i> )	<b>188,659</b>	149,153
Depreciation – owned plant and equipment	<b>12,483</b>	14,150
Depreciation – right-of-use assets	–	97
Repair and maintenance	<b>8,043</b>	4,802
Others	<b>432</b>	709
	<b>209,617</b>	168,911
Administrative expenses		
Staff costs, including directors' emoluments	<b>8,562</b>	8,393
Depreciation – owned plant and equipment	<b>441</b>	363
Depreciation – right-of-use assets	<b>4,222</b>	3,470
Operating leases rental in respect of		
– office and storage premises	<b>2,580</b>	2,374
– directors' quarters	–	723
Professional fees	<b>1,445</b>	2,048
Exchange losses/(gains)	<b>212</b>	(142)
Motor vehicle expenses	<b>1,547</b>	1,367
Others	<b>2,589</b>	2,157
	<b>21,598</b>	20,753
Total cost of sales and administrative expenses	<b>231,215</b>	189,664

*Note:*

Construction contract costs included but not limited to costs of construction materials, staff costs, consultancy fee, parts and consumables, subcontracting charges and transportation.

**7 Other income**

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Other income:		
– Government grant ( <i>note</i> )	–	9,226
– Machinery and equipment leasing income	–	253
– Other	<b>59</b>	–
	<b>59</b>	9,479

*Note:*

Government grant recognised during the Previous Period mainly included wage subsidies of HK\$9,047,000 granted from the Hong Kong SAR government's Employment Support Scheme under Anti-Epidemic Fund for the use of paying wages of employees from June to September 2020.

**8 Finance income and costs**

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Finance income:		
– Interest income on bank deposits	<b>38</b>	1,128
Finance costs:		
– Interest expense on bank loans	<b>(493)</b>	(626)
– Interest expense on bank overdrafts	<b>(7)</b>	(2)
– Interest expense on leases liabilities	<b>(230)</b>	(109)
– Interest expense on amount due to a director	<b>(12)</b>	(32)
	<b>(742)</b>	(769)
Finance (costs)/income, net	<b>(704)</b>	359

## 9 Income tax credit

Hong Kong profits tax has been provided at the rate of 16.5%, on the estimated assessable profit for the Period and the Previous Period.

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Hong Kong profits tax		
Current income tax	<b>34</b>	514
Deferred income tax	<b>(2,570)</b>	(8,965)
	<b>(2,536)</b>	(8,451)

## 10 Loss per share

### (a) Basic

Basic loss/earnings per share is calculated by dividing the loss/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the respective periods.

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2021</b>	2020
Loss attributable to equity holders of the Company (HK\$'000)	<b>(12,293)</b>	(42,903)
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share (thousands)	<b>1,680,000</b>	1,680,000
Basic loss per share (HK cents)	<b>(0.73)</b>	(2.55)

### (b) Diluted

Diluted loss/earnings per share is of the same amount as the basic loss/earnings per share as there were no potential dilutive ordinary shares outstanding at Period end.

## 11 Dividends

The Board resolved not to declare interim dividend for the Period (2020: Nil).

**12 Plant and equipment**

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
At 1 April	<b>544,783</b>	543,671
Transfer from right-of-use assets	–	7,986
Additions	<b>7,133</b>	3,978
Depreciation	<b>(12,924)</b>	(14,513)
	<hr/> <b>538,992</b>	<hr/> 541,122
At 30 September	<b>538,992</b>	541,122

**13 Trade and retention receivables**

	<b>Unaudited</b>	Audited
	<b>30 September</b>	31 March
	<b>2021</b>	2021
	<b>HK\$'000</b>	HK\$'000
Trade receivables	<b>112,906</b>	94,591
Retention receivables	<b>87,997</b>	83,167
	<hr/> <b>200,903</b>	<hr/> 177,758
Trade and retention receivables	<b>200,903</b>	177,758
Less: loss allowance	<b>(25,009)</b>	(25,009)
	<hr/> <b>175,894</b>	<hr/> 152,749

The credit period granted to trade customers other than for retention receivables was within 45 to 90 days. The terms and conditions in relation to the release of retention vary from contract to contract, which may be subject to practical completion, the expiry of the defect liability period or a pre-agreed time period. The Group does not hold any collateral as security.

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

	<b>Unaudited</b>	Audited
	<b>30 September</b>	31 March
	<b>2021</b>	2021
	<b>HK\$'000</b>	HK\$'000
1 to 30 days	<b>90,144</b>	80,961
31 to 60 days	–	7,123
61 to 90 days	–	6,507
91 to 180 days	<b>1,660</b>	–
181 to 365 days	<b>21,102</b>	–
	<hr/> <b>112,906</b>	<hr/> 94,591
Total	<b>112,906</b>	94,591

As at 30 September 2021 and 31 March 2021, there were no retention receivables which were past due.

**14 Restricted bank balances**

As at 30 September 2021 and 31 March 2021, restricted bank balances represents a deposit placed by a director.

**15 Share capital and reserves**

There had been no change in the share capital of the Company during the Period.

**16 Trade and retention payables**

	<b>Unaudited</b>	Audited
	<b>30 September</b>	31 March
	<b>2021</b>	2021
	<b>HK\$'000</b>	HK\$'000
Trade payables	<b>58,745</b>	46,581
Retention payables	<b>13,906</b>	12,346
	<b>72,651</b>	58,927

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

	<b>Unaudited</b>	Audited
	<b>30 September</b>	31 March
	<b>2021</b>	2021
	<b>HK\$'000</b>	HK\$'000
0 to 30 days	<b>29,037</b>	17,596
31 to 60 days	<b>3,612</b>	8,292
61 to 90 days	<b>631</b>	3,030
91 to 180 days	<b>2,068</b>	1,661
181 to 365 days	<b>20,668</b>	15,151
More than 365 days	<b>2,729</b>	851
	<b>58,745</b>	46,581

**17 Accruals and other payables**

Accruals and other payables mainly represent the accruals and other payables for wages, legal and professional fees and other miscellaneous expenses.

## 18 Borrowings

	<b>Unaudited 30 September 2021 HK\$'000</b>	Audited 31 March 2021 HK\$'000
Non-current		
Long-term bank loans	<b>9,524</b>	2,534
Current		
Short-term bank loans	<b>100,867</b>	76,699
Current portion of long-term bank loans due for repayment within one year	<b>11,504</b>	7,444
Bank overdraft	<b>–</b>	19,834
	<b>112,371</b>	103,977
Total borrowings	<b>121,895</b>	106,511

## 19 Capital commitments

There were no capital commitments as at 30 September 2021 and 31 March 2021.

## 20 Related party transactions

Save as disclosed elsewhere in the condensed consolidated interim financial information, the following were carried out with related parties in normal course of business during the Period.

(a) *Rental expenses paid to related companies*

	<b>Unaudited Six months ended 30 September</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
<b>Rental expenses paid to:</b>		
Cheer Crown Limited	–	1,080
East Ascent Enterprise Limited	–	23
Cheer Profit International Enterprise Limited	–	23
Long Ascent Development Limited	–	300
Cheer Wealth International Development Limited	–	438
Healthy World Investment Limited	–	300

Rental expenses in respect of storage premises and directors' quarters were paid to companies beneficially owned by certain directors of the Company based on agreements entered into between the parties involved with reference to market rates of similar properties.

## 20 Related party transactions (continued)

(b) Purchase of construction materials from a related party

	<b>Unaudited Six months ended 30 September</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Purchase of construction materials from Redland Precast Concrete Products (China) Limited	<b>2,250</b>	–

Purchase of construction materials was paid to a company beneficially wholly-owned by a director of the Company based on the quotation obtained with more competitive price than other suppliers.

(c) Interest expenses payable to a related party

	<b>Unaudited Six months ended 30 September</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Interest expenses payable to a director	<b>12</b>	32

Interest expenses was payable to a director, Mr. Lau Chun Ming, in respect of the amount due to a director.

(d) Key management compensation

Key management includes directors (executive and non-executive) of the Group. The compensation paid or payable to key management for employee services is disclosed below.

	<b>Unaudited Six months ended 30 September</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Fees	<b>360</b>	360
Salaries	<b>1,466</b>	1,466
Directors' quarters	<b>1,084</b>	1,084
	<b>2,910</b>	2,910

(e) Balance – non-trade

	<b>Unaudited 30 September</b>	Audited 31 March
	<b>2021</b>	2021
	<b>HK\$'000</b>	HK\$'000
Payable to a director: Mr. Lau Chun Ming	<b>3,204</b>	53,192