

Man King Holdings Limited 萬景控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 2193



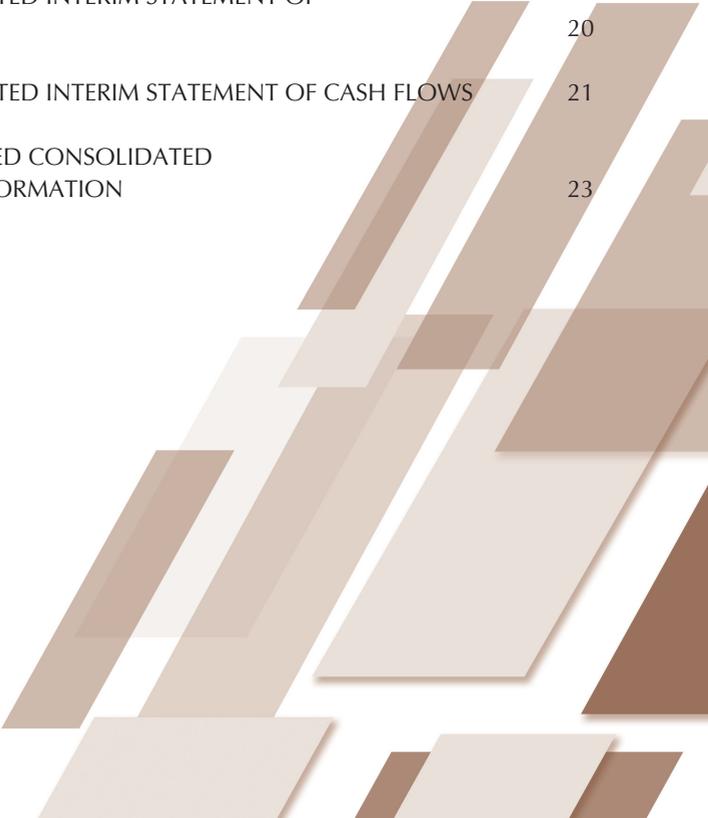
2021 INTERIM REPORT



Man King
萬景控股

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Lo Yuen Cheong (*Chairman*)
Lo Yick Cheong

Non-executive Director

Chan Wai Ying

Independent non-executive Directors

Leung Wai Tat Henry
Lo Man Chi
Chau Wai Yung

AUDIT COMMITTEE

Leung Wai Tat Henry (*Chairman*)
Chan Wai Ying
Chau Wai Yung
Lo Man Chi

REMUNERATION COMMITTEE

Chau Wai Yung (*Chairman*)
Lo Yuen Cheong
Leung Wai Tat Henry
Lo Man Chi

NOMINATION COMMITTEE

Lo Yuen Cheong (*Chairman*)
Lo Yick Cheong
Chau Wai Yung
Leung Wai Tat Henry
Lo Man Chi

COMPANY SECRETARY

Wan Ho Yin

SOLICITORS

CFN Lawyers in association
with Broad & Bright
Maples and Calder

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited

Industrial and Commercial Bank of China
(Asia) Limited

REGISTERED OFFICE

PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

PRINCIPAL OFFICE

Unit D, 10/F
Skyline Tower
18 Tong Mi Road
Mongkok, Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093
Boundary Hall, Cricket Square
Grand Cayman
KY1-1102
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

2193

WEBSITE

<http://www.manking.com.hk>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The Group is principally engaged in providing civil engineering services in Hong Kong as main contractor.

The engineering works undertaken by the Group are mainly related to (i) roads and drainage (including associated building works and electrical and mechanical works); (ii) site formation (including associated infrastructure works); and (iii) port works (including barging facilities for marine logistics of construction materials). The Group undertakes engineering projects in both public and private sectors and, being a main contractor, participates in the procurement of materials, machineries and equipment, selection of subcontractors, carrying out on-site supervision, monitoring work progress and overall co-ordination of day-to-day work of the projects.

As at 30 September 2021, the Group had ten projects in progress, and several completed projects yet to receive the final contract sum, with a total estimated outstanding contract sum and work order value of approximately HK\$1,283 million.

The diversified coal transshipment business of the Group through its 20.3% owned One Belt One Road project in Pakistan continued to bring positive return to the Group. During the six months ended 30 September 2021, the Company received cash dividend from this One Belt One Road project totaling US\$1,218,000 (equivalent to approximately HK\$9,470,000).

FUTURE OUTLOOK

The Group has secured two new public work contracts in June and August 2021 with contract sums of approximately HK\$306.6 million and HK\$467.7 million respectively. In addition to another three public contracts awarded in the last quarter of 2020, the Group is running at full capacity with an aim to help the local growth and competitiveness to bolster its expanding operation scale in the next few years.

The 20.3% owned One Belt One Road project in Pakistan has commenced its third coal transshipment operation season as planned. Over 640,000 tons of coal were transhipped from early October up to the date of this report, representing an increase of approximately 6.7% as compared to the last period of approximately 600,000 tons.

Coal demand is expected to remain upbeat in Pakistan amid the global trend on green energy production and halt in construction of new coal power plants. The local government estimated one-fifth of electricity generated last year was from coal, which was not easily substituted by other energy sources in the near future.

During the six months ended 30 September 2021, the Group received dividends from River King Management Holdings Limited (“River King” and together with its subsidiaries, the “River King Group”) totaling US\$1.2 million (equivalent to approximately HK\$9.5 million). The accumulated dividends in the past two years reach approximately HK\$28.4 million, representing approximately 29.3% of total investment costs of this project. The Group will continuously monitor the operation of River King Group and recommend cash distribution as appropriate when profit earning is in line with our expectation.

The global pandemic environment brings us challenge, but also opportunity. Other than the Belt & Road project, the Group continues to seek other investment opportunity aiming to earn reasonable constant return as well as the diversification. The Group’s gearing ratio remains low. Following effective working capital management, the Group has sound cashflow and liquidity which make it ready for any new investment in the future. The Group is endeavour to broaden the source of income, bring better return on investments for the shareholders and promote the Group’s long-term business growth.

FINANCIAL REVIEW

Condensed consolidated interim statement of profit or loss and other comprehensive income

Revenue

The Group’s revenue for the six months ended 30 September 2021 was approximately HK\$182.3 million, representing an increase of approximately 52.0% from approximately HK\$119.9 million in the same period of the last financial year. This substantial increase was mainly due to the combined effect of:

- (i) higher revenue of approximately HK\$80.3 million for ten projects in progress during the six months ended 30 September 2021, including revenue of approximately HK\$11.6 million contributed from two new public sector projects; and
- (ii) lower revenue of approximately HK\$17.9 million for projects completed before 2021.

Gross profit and gross profit margin

The Group's gross profit for the six months ended 30 September 2021 was approximately HK\$30.9 million, representing an increase of approximately 139.7% from approximately HK\$12.9 million in the same period of the last financial year.

The gross profit margin increased from approximately 10.7% for the six months ended 30 September 2020 to approximately 16.9% for the six months ended 30 September 2021.

The substantial increase in gross profit and gross profit margin was primarily due to some projects were in several main phases which allowed the Group to recognise higher profit during the six months ended 30 September 2021.

Other income

Other income was approximately HK\$1,677,000 and HK\$988,000 for the six months ended 30 September in 2021 and 2020, respectively. The increase was mainly due to the government subsidy granted from the Construction Innovation & Technology Fund.

Other losses, net

Other losses decreased from approximately HK\$211,000 for the six months ended 30 September 2020 to approximately HK\$187,000 for the six months ended 30 September 2021, primarily due to decrease in net change in fair value of financial assets at fair value through profit or loss of approximately HK\$84,000, which was offset by the decrease in net exchange gain of approximately HK\$62,000.

Administrative expenses

Administrative expenses for the six months ended 30 September 2021 were approximately HK\$11.0 million, representing a decrease of 10.5% from approximately HK\$12.3 million in same period of the last financial year. This was mainly attributable to the decrease in administrative staff costs.

Finance costs

During the six months ended 30 September 2021, bank loan interest expenses were approximately HK\$28,000 (2020: HK\$41,000) and interest expenses on the lease liabilities were approximately HK\$21,000 (2020: HK\$11,000). Therefore, total finance costs was approximately HK\$49,000 (2020: HK\$52,000).

Share of profit of an associate

Share of profit of an associate relates to the Group's 20.3% interest in an associate for the provision of bareboat charter and coal transshipment services in Pakistan. The Group's share of profit of an associate for the six months ended 30 September 2021 was approximately HK\$5,720,000 (2020: HK\$2,665,000).

Income tax expense

The Group recorded income tax expense of approximately HK\$2,368,000 for the six months ended 30 September 2021 (2020: HK\$181,000) and the effective tax rate was approximately 8.8% (2020: 4.6%).

Profit for the period

For the six months ended 30 September 2021, the Group recorded net profit of approximately HK\$24.6 million, as compared to a net profit of approximately HK\$3.8 million for the corresponding period in the last financial year. The increase was mainly due to an increase in gross profit on construction projects and an increase in share of profit of an associate during the six months ended 30 September 2021.

Condensed consolidated interim statement of financial position

Net assets of the Group increased by 5.0% from approximately HK\$253.6 million as at 31 March 2021 to approximately HK\$266.2 million as at 30 September 2021.

Non-current assets slightly increased from approximately HK\$111.7 million as at 31 March 2021 to approximately HK\$111.9 million as at 30 September 2021, primarily due to the purchase of construction equipment and motor vehicles, offset by the decrease in investment in an associate, arising from the net effect of share of profit of an associate and dividend received during the six months ended 30 September 2021.

Net current assets increased by 11.3% from approximately HK\$142.5 million to approximately HK\$158.6 million, primarily due to the increase in contract assets and trade and other receivables, offset by the increase in trade and other payables.

Liquidity and financial resources

As at 30 September 2021, the Group had cash and cash equivalents of approximately HK\$111.4 million (31 March 2021: HK\$107.1 million), which were mainly denominated in Hong Kong dollars and United States dollars. Therefore, the management of the Group believes that the Company does not have significant foreign exchange risk. The Group has not adopted any currency hedging policy or other hedging instruments. The Group will continue to monitor its exposure to currency risks closely.

As at 30 September 2021, the Group had interest bearing borrowings of approximately HK\$5.7 million (31 March 2021: HK\$1.6 million) with a repayable on demand clause. Such borrowing were denominated in Hong Kong dollars, carried at variable interest rate and had no financial instrument for hedging purpose.

The Group had available unutilised bank borrowings facilities of approximately HK\$20.7 million as at 30 September 2021 (31 March 2021: HK\$20.7 million).

Capital structure and gearing ratio

As at 30 September 2021, the Group's total equity was approximately HK\$266.2 million (31 March 2021: HK\$253.6 million) comprising ordinary share capital, share premium and reserves.

The gearing ratio of the Group, defined as a percentage of interest bearing liabilities divided by the total equity, is approximately 2.1% as at 30 September 2021 (31 March 2021: 0.6%).

For details of pledged assets and performance bonds and contingent liability of the Group, please refer to notes 18 and 24 to the condensed consolidated interim financial information accordingly.

New business

During the six months ended 30 September 2021, the Company did not commence any new type of business.

Significant investment for the purpose of paragraph 32(4A) of Appendix 16 of the Listing Rules

The Group holds a 20.3% equity interest (comprising 2,030 ordinary shares) in River King Group through Rich Partner Global Limited, a direct wholly-owned subsidiary of the Company. The River King Group is principally engaged in a One Belt One Road project involving the bareboat charter hiring and transshipment of coal by vessels owned or built by the River King Group to a coal fired power station located in Pakistan. The Group's total investment in River King up to 30 September 2021 was approximately HK\$96.7 million. No market fair value was available for this private investment as at 30 September 2021. The Group invested in River King with a view to maintaining a sustainable growth and maximizing shareholder return through business diversification. To that end, the Group has been actively involved in the development and operation of the coal transshipment project since its participation. In particular, executive Directors Mr. Lo Yick Cheong and Mr. Lo Yuen Cheong were integral to the successful implementation of the coal transshipment project in early October 2019, following which the financial performance of River King Group has improved substantially. During the six months ended 30 September 2021, the Group's share of profit of River King Group was approximately HK\$5.7 million, and received cash dividends of approximately HK\$9.5 million.

Save as aforesaid, the Company did not hold any other significant investment during the six months ended 30 September 2021.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the six months ended 30 September 2021, there was no material acquisition or disposal of subsidiaries and associated companies by the Company.

DISCLOSURE OF INTERESTS

DIRECTORS' AND THE CHIEF EXECUTIVE'S INTERESTS IN THE SHARES OF THE COMPANY

As at 30 September 2021, the interests and/or short positions of the Directors and Chief Executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), which or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange, were as follows:

Name of Director and Group member/associated corporation	Capacity/nature	Number of issued ordinary shares held (long position)	Percentage of the issued share capital of the company
Lo Yuen Cheong of the Company	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse ^(Note)	300,372,000	71.55%
	Beneficial owner	4,716,000	1.12%
Lo Yick Cheong of the Company	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse ^(Note)	300,372,000	71.55%

Name of Director and Group member/associated corporation	Capacity/nature	Number of issued ordinary shares held (long position)	Percentage of the issued share capital of the company
Chan Wai Ying of the Company	Beneficial owner	1,500,000	0.36%
Leung Wai Tat Henry of the Company	Beneficial owner	100,000	0.02%
Lo Yuen Cheong of Jade Vantage Holdings Limited	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse ^(Note)	50,000 of US\$1 each	100%
Lo Yick Cheong of Jade Vantage Holdings Limited	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse ^(Note)	50,000 of US\$1 each	100%

Note: Jade Vantage Holdings Limited, which owns 71.55% of the issued share capital of our Company, is owned as to 100% by LOs Brothers (PTC) Limited, the trustee of the Los Family Trust. Mr. Lo Yuen Cheong, Mr. Lo Yick Cheong and each of their spouses are co-founders of the Los Family Trust, which holds the entire issued share capital of Jade Vantage Holdings Limited, which holds 300,372,000 Shares. By virtue of the SFO, Mr. Lo Yuen Cheong and Mr. Lo Yick Cheong are deemed to be interested in the Shares in which Jade Vantage Holdings Limited is interested.

Save as disclosed above, none of the Directors nor their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange.

None of the Directors nor the Chief Executive (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) during the six months ended 30 September 2021.

SUBSTANTIAL SHAREHOLDERS AND OTHER INTERESTS

As at 30 September 2021, so far as the Directors are aware, the following persons (not being a Director or a Chief Executive of the Company) will have an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of shareholder	Nature of interest	Number of issued ordinary shares held (long position)	Percentage of the issued share capital of the Company
LOs Brothers (PTC) Limited	Interest in a controlled corporation	300,372,000	71.55%
Jade Vantage Holdings Limited	Beneficial owner	300,372,000	71.55%
Tam Wai Sze, Vera	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse	300,372,000	71.55%
	Beneficial owner	2,008,000	0.48%
Cheung Suk Ching, Savonne	Beneficiary and co-founder of a discretionary trust, interest in a controlled corporation and interest in spouse	300,372,000	71.55%

Note: Jade Vantage Holdings Limited, which owns 71.55% of the issued share capital of our Company, is owned as to 100% by LOs Brothers (PTC) Limited, the trustee of the Los Family Trust. Mr. Lo Yuen Cheong, Mr. Lo Yick Cheong and each of their spouses are co-founders of the Los Family Trust, which holds the entire issued share capital of Jade Vantage Holdings Limited, which holds 300,372,000 Shares. By virtue of the SFO, Mr. Lo Yuen Cheong and Mr. Lo Yick Cheong are deemed to be interested in the Shares in which Jade Vantage Holdings Limited is interested.

Save as disclosed above, no other person (other than Directors or Chief Executive of the Company) has an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

The Company conditionally adopted the share option scheme on 3 June 2015, and such scheme has become effective on the listing of the Company on the Stock Exchange on 3 July 2015 (the “Share Option Scheme”). The purpose of the Share Option Scheme is to recognise and acknowledge the contribution of the eligible participants made to the Group. The Board may, at its discretion, grant options pursuant to the Share Option Scheme to Directors (including the independent non-executive Directors), the Company’s subsidiaries, employees of the Group and other persons the Board considers have contributed or will contribute to the Group. The maximum number of shares in respect of which options may be granted under the Share Option Scheme must not in aggregate exceed 10% of the issued share capital of the Company at the grant date, unless otherwise approved by the shareholders of the Company in general meeting and/or other requirements prescribed under the Listing Rules. The subscription price of a share in respect of a particular option shall be not less than the highest of (a) the official closing price of the shares on the daily quotation sheet of the Stock Exchange; (b) the average official closing price of the shares on the daily quotation sheet of the Stock Exchange for the five business days immediately preceding the date of grant; and (c) the nominal value of a share. The Share Option Scheme shall remain effective within a period of 10 years from that date.

No option was granted, exercised or lapsed during the six months ended 30 September 2021.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE CODE

The Company has adopted, applied and complied with the code provisions of Corporate Governance Code (the “CG Code”) set out in Appendix 14 of the Listing Rules for the six months ended 30 September 2021, except for provision A.2.1 in respect of the separate roles of the chairman and chief executive officer.

According to provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Lo Yuen Cheong is the Chairman and Chief Executive Officer of the Company, responsible for the financial and operational aspects of the Group, and is jointly responsible for the formulation of business development strategies of the Group. The Board believes that vesting the roles of both Chairman and Chief Executive Officer has the benefit of managing the Group’s business and overall operation in an efficient manner. The Board considers that the balance of power and authority under the present arrangement will not be impaired in light of the operations of the Board with half of them being independent non-executive Directors. The Company will review the structure from time to time and shall adjust the situation when suitable circumstance arises.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors.

Upon specific enquiry with each of the Directors, all Directors confirmed that they have complied with the required standards set out in the Model Code for the six months ended 30 September 2021.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities for the six months ended 30 September 2021.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 September 2021.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the unaudited condensed consolidated interim financial information for the six months ended 30 September 2021 and discussed the financial related matters with the management. PricewaterhouseCoopers, the Company's auditor, have reviewed the unaudited condensed consolidated interim financial information for the six months ended 30 September 2021 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the management on the basis of their merit, qualifications and competence.

The Remuneration Committee considers and makes recommendations to the Board on the remuneration and other benefits paid by the Company to the Directors by reference to the Company's operating results, individual performance and comparable market rates. The remuneration of all Directors is subject to regular monitoring by the Remuneration Committee to ensure that the levels of their remuneration and compensation are appropriate.

As at 30 September 2021, the Group had an aggregate of 147 full-time employees (31 March 2021: 123 full-time employees). Employee costs excluding directors' emoluments totalled HK\$27.8 million for the six months ended 30 September 2021 (six months ended 30 September 2020: HK\$26.3 million). The Group recruited and promoted individual persons according to their strength and development potential. The Group determined the remuneration packages of all employees including the directors with reference to individual performance and current market salary scale.

By Order of the Board

Lo Yuen Cheong

Chairman and Executive Director

30 November 2021

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

TO THE BOARD OF DIRECTORS OF MAN KING HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 17 to 46, which comprises the condensed consolidated interim statement of financial position of Man King Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 September 2021 and the condensed consolidated interim statement of profit or loss and other comprehensive income, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “*Interim Financial Reporting*”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

*PricewaterhouseCoopers, 22/F, Prince’s Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *“Review of Interim Financial Information Performed by the Independent Auditor of the Entity”* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 *“Interim Financial Reporting”*.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 30 November 2021

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

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

		Unaudited	
		Six months ended 30 September	
		2021	2020
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	6	182,318	119,922
Cost of services		(151,449)	(107,043)
Gross profit		30,869	12,879
Other income	7	1,677	988
Other losses, net	8	(187)	(211)
Administrative expenses		(11,015)	(12,305)
Operating profit		21,344	1,351
Finance costs		(49)	(52)
Share of profit of an associate		5,720	2,665
Profit before income tax	9	27,015	3,964
Income tax expense	11	(2,368)	(181)
Profit for the period		24,647	3,783
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Share of other comprehensive income of an associate		598	–
Total comprehensive income for the period attributable to owners of the Company		25,245	3,783
Earnings per share attributable to owners of the Company			
Basic and diluted per share (HK cents)	12	5.87	0.90

The above condensed consolidated interim statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2021

		Unaudited 30 September 2021 <i>HK\$'000</i>	Audited 31 March 2021 <i>HK\$'000</i>
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	13	12,563	10,905
Right-of-use assets	13	1,550	1,993
Investment in an associate	14	95,668	98,820
Deposits	16	2,133	–
		<u>111,914</u>	<u>111,718</u>
Current assets			
Inventories		5,681	3,356
Contract assets	15	53,768	42,520
Trade and other receivables	16	48,228	25,409
Amounts due from joint operations	17	13,470	14,882
Financial assets at fair value through profit or loss	5	5,438	5,650
Pledged bank deposits	18	5,206	5,206
Cash and cash equivalents	18	111,440	107,102
		<u>243,231</u>	<u>204,125</u>
Total assets		<u>355,145</u>	<u>315,843</u>

The above condensed consolidated interim statement of financial position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION *(Continued)*

AS AT 30 SEPTEMBER 2021

		Unaudited 30 September 2021 <i>HK\$'000</i>	Audited 31 March 2021 <i>HK\$'000</i>
	<i>Notes</i>		
EQUITY			
Equity attributable to owners of the Company			
Share capital	19	4,198	4,198
Share premium and other reserves		93,900	105,897
Retained earnings		168,116	143,469
		<hr/>	<hr/>
Total equity		266,214	253,564
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
LIABILITIES			
Non-current liabilities			
Contract liabilities		4,076	–
Lease liabilities		189	605
Deferred tax liabilities		50	–
		<hr/>	<hr/>
		4,315	605
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current liabilities			
Contract liabilities		6,482	7,398
Trade and other payables	20	55,859	36,348
Amounts due to other partners of joint operations	17	11,943	13,864
Bank borrowings	21	5,709	1,634
Lease liabilities		1,378	1,400
Tax liabilities		3,245	1,030
		<hr/>	<hr/>
		84,616	61,674
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total liabilities		88,931	62,279
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total equity and liabilities		355,145	315,843
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

The above condensed consolidated interim statement of financial position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Unaudited						Total HK\$'000
	Attributable to owners of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Property revaluation reserve HK\$'000	Other reserve HK\$'000 (Note)	Exchange reserve HK\$'000	Retained earnings HK\$'000	
At 1 April 2020	4,198	71,780	1,193	33,600	–	127,725	238,496
Profit and total comprehensive income for the period	–	–	–	–	–	3,783	3,783
At 30 September 2020	4,198	71,780	1,193	33,600	–	131,508	242,279
At 1 April 2021	4,198	71,780	1,193	33,600	(676)	143,469	253,564
Profit for the period	–	–	–	–	–	24,647	24,647
Other comprehensive income	–	–	–	–	598	–	598
Total comprehensive income	–	–	–	–	598	24,647	25,245
Dividend paid	–	(12,595)	–	–	–	–	(12,595)
At 30 September 2021	4,198	59,185	1,193	33,600	(78)	168,116	266,214

Note:

As part of the group reorganisation, there are series of restructuring within Man King Holdings Limited (the “Company”) and its subsidiaries mainly involved interspersing investment holding entities between the operating subsidiaries and investment holding companies. The difference between the Company’s share capital and the combined share capital of Concentric Construction Limited (“Concentric”) and Peako Engineering Co. Limited (“Peako”), the indirect wholly-owned subsidiaries of the Company, was credited to other reserve on 31 December 2014.

The above condensed consolidated interim statement of changes in equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Unaudited	
	Six months ended 30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash flows from operating activities		
Cash generated from/(used in) operations	10,747	(5,366)
Income tax paid	(103)	(433)
Income tax refunded	–	199
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	10,644	(5,600)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,332)	(896)
Proceeds from disposals of property, plant and equipment	2	43
Advances to joint operations	(2,740)	(4,330)
Repayment from joint operations	4,044	7,105
Dividend received from an associate	9,470	10,226
Interest received	4	120
	<hr/>	<hr/>
Net cash generated from investing activities	4,448	12,268
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>

The above condensed consolidated interim statement of cash flows should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Unaudited	
	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Cash flows from financing activities		
Proceeds from bank borrowings	5,100	–
Repayment of bank borrowings	(1,025)	(1,328)
Interest paid for bank borrowings	(28)	(41)
Repayment of principal element of lease liabilities	(753)	(703)
Payment of interest element of lease liabilities (Repayments to)/advances from other partners of joint operations	(21)	(11)
Dividend paid	(1,432)	437
	(12,595)	–
Net cash used in financing activities	(10,754)	(1,646)
Net increase in cash and cash equivalents	4,338	5,022
Cash and cash equivalents at the beginning of the period	107,102	54,506
Effect of foreign exchange rate changes	–	3
Cash and cash equivalents at the end of the period	111,440	59,531

The above condensed consolidated interim statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Man King Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 12 November 2014 as an exempted company with limited liability under the Companies Law, (Cap. 22, Law 3 of 1961, as combined and revised) of the Cayman Islands. The address of the Company’s registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the “Group”) are principally engaged in the provision of civil engineering works.

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Its ultimate holding company is LOs Brothers (PTC) Limited and its immediate holding company is Jade Vantage Holdings Limited.

The condensed consolidated interim financial information is presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand (“HK\$’000”), unless otherwise stated.

The condensed consolidated interim financial information has been reviewed, not audited.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

2 BASIS OF PREPARATION

The condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The condensed consolidated interim financial information does not include all the notes of the type normally included in the annual consolidated financial statements. Accordingly, this condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”). The condensed consolidated interim financial information has been prepared on the historical cost basis, except for certain financial assets at fair value through profit or loss (“FVTPL”) which have been measured at fair value.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 March 2021, as described in those annual financial statements, except for the estimation of income tax and the adoptions of new and amended standards.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the financial year beginning on or after 1 April 2021:

HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions
HKFRS 9, HKAS 39, and HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform — Phase 2
HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions beyond 30 June 2021

These amendments to standards did not have material impact on the Group’s accounting policies and did not require any adjustments.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) New and amended standards issued but not yet applied by the Group

The following new standards and amendments to standards have been issued but are not yet effective for the financial period of the Group beginning on 1 April 2021 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKFRS 3 (Amendment)	Reference to the Conceptual Framework	1 January 2022
HKFRS 16 (Amendment)	Property, Plant and Equipment — Proceeds before Intended Use	1 January 2022
HKAS 37 (Amendment)	Onerous Contracts — Costs of Fulfilling a Contract	1 January 2022
HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41 (Amendments)	Annual Improvements to HKFRS Standards 2018 to 2020	1 January 2022
Accounting Guideline 5 (Amendments)	Merger Accounting for Common Control Combinations	1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 17 (Amendments)	Amendments to HKFRS 17	1 January 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HK Interpretation 5 (2020)	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
HKFRS 10 and HKAS 28 (Amendment)	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) New and amended standards issued but not yet applied by the Group *(Continued)*

The Group will apply the above new standard, revised framework and amendments to standards when they become effective. No new standard, revised framework and amendments to standards is expected to have a significant effect on the consolidated financial statements of the Group.

4 ESTIMATES

The preparation of 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 expense. Actual results may differ from these estimates. In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements of the Group for the year ended 31 March 2021.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 March 2021.

There have been no changes in the risk management since year end or in any risk management policies.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

5.3 Fair value estimation

Financial instruments carried at fair value are analysed by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly (for example, as prices) or indirectly (for example, derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data.

The following tables present the carrying value of financial instruments measured at fair value in the condensed consolidated interim statements of financial position.

	Unaudited		
	Fair value measurement as at		
	30 September 2021		
	Level 1	Level 2	Total
	HK\$'000	HK\$'000	HK\$'000
Recurring fair value measurements			
Financial assets at FVTPL			
— Listed equity securities	1,281	–	1,281
— Unlisted fund investments	–	4,157	4,157
	<u>1,281</u>	<u>4,157</u>	<u>5,438</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

5 FINANCIAL RISK MANAGEMENT *(Continued)*

5.3 Fair value estimation *(Continued)*

	Audited		
	Fair value measurement as at		
	31 March 2021		
	Level 1	Level 2	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Recurring fair value measurements			
Financial assets at FVTPL			
— Listed equity securities	1,374	—	1,374
— Unlisted fund investments	—	4,276	4,276
	1,374	4,276	5,650

There were no transfers between Levels 1 and 2 and there were no changes in valuation techniques during the period (six months ended 30 September 2020: Nil).

The carrying amounts of the Group's other financial assets including trade and other receivables, amounts due from joint operations, pledged bank deposits and cash and cash equivalents; and financial liabilities including trade and other payables, amounts due to other partners of joint operations, lease liabilities and bank borrowings, approximate their fair values as at 30 September 2021 and 31 March 2021.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

6 REVENUE AND SEGMENT INFORMATION

The Company is an investment holding company and the Group is principally engaged in providing civil engineering services in Hong Kong as main contractor ("Civil Engineering Works").

The chief operating decision-maker has been identified as the executive directors of the Company. The executive directors review the Group's internal reporting in order to assess performance and allocate resources. The executive directors have determined the operating segment based on these reports.

The executive directors consider the Group's operation from a business perspective and determine that the Group has one reportable operating segment being the Civil Engineering Works.

The executive directors assess the performance of the operating segment based on a measure of revenue and gross profit.

During the six months ended 30 September 2021 and 2020, all the Group's revenues are from contracts with customers and are recognised over time and derived from operations in Hong Kong.

As at 30 September 2021 and 31 March 2021, the Group's non-current assets are all located in Hong Kong except for the investment in an associate. The Group's associate is incorporated in Hong Kong and principally operating in Pakistan.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

7 OTHER INCOME

	Unaudited	
	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Management fee income	210	512
Dividend income from financial assets at FVTPL	197	151
Bank interest income	4	120
Others	1,266	205
	1,677	988

8 OTHER LOSSES, NET

	Unaudited	
	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Fair value changes of financial assets at FVTPL	(212)	(296)
Net exchange gain	23	85
Gain on disposal of property, plant and equipment	2	–
	(187)	(211)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

9 PROFIT BEFORE INCOME TAX

	Unaudited	
	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Profit before income tax is arrived at after charging:		
Employee benefit expenses <i>(Note 10)</i>	31,670	30,119
Depreciation of property, plant and equipment <i>(Note 13)</i>	2,524	2,645
Depreciation of right-of-use assets <i>(Note 13)</i>	758	693
Write-off of property, plant and equipment	17	–
Loss on disposal of property, plant and equipment	–	313
Cost of construction materials	10,350	8,722
Subcontracting charges	104,376	72,341
	<u>104,376</u>	<u>72,341</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

10 EMPLOYEE BENEFIT EXPENSES

	Unaudited	
	Six months ended 30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Directors' remuneration	3,824	3,820
Other staff retirement benefit scheme contributions	736	687
Other staff salaries and allowances <i>(Note)</i>	27,110	25,612
	31,670	30,119

Note:

For the six months ended 30 September 2020, the government grants of HK\$4,136,000 from the employment support schemes had been offset in "other staff salaries and allowances".

11 INCOME TAX EXPENSE

	Unaudited	
	Six months ended 30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong profits tax	2,318	181
Deferred income tax	50	–
Income tax expense	2,368	181

Income tax expense is recognised based on management's best estimate of the projected annual effective income tax rate which is expected for the full financial year.

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2020: 16.5%) on the estimated assessable profit for the period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

12 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited	
	Six months ended 30 September	
	2021	2020
Profit attributable to owners of the Company <i>(HK\$'000)</i>	24,647	3,783
Weighted average number of ordinary shares in issue <i>(thousands)</i>	419,818	419,818
Basic and diluted earnings per share <i>(HK cents)</i>	<u>5.87</u>	<u>0.90</u>

For the purpose of determining the diluted earnings per share amount, no adjustment has been made to the basic earnings per share amount for the six months ended 30 September 2021 and 2020 as the Group had no potentially dilutive ordinary shares in issue during these periods.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

13 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

	Unaudited		
	Property, plant and equipment <i>HK\$'000</i>	Right-of-use assets <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2020			
Opening net book amount	12,058	607	12,665
Additions	896	1,902	2,798
Disposals	(356)	–	(356)
Depreciation <i>(Note 9)</i>	(2,645)	(693)	(3,338)
	<u>9,953</u>	<u>1,816</u>	<u>11,769</u>
At 30 September 2020			
	<u>9,953</u>	<u>1,816</u>	<u>11,769</u>
At 1 April 2021			
Opening net book amount	10,905	1,993	12,898
Additions	4,199	315	4,514
Written-off	(17)	–	(17)
Depreciation <i>(Note 9)</i>	(2,524)	(758)	(3,282)
	<u>12,563</u>	<u>1,550</u>	<u>14,113</u>
At 30 September 2021			
	<u>12,563</u>	<u>1,550</u>	<u>14,113</u>

14 INVESTMENT IN AN ASSOCIATE

	Unaudited 30 September 2021 <i>HK\$'000</i>	Audited 31 March 2021 <i>HK\$'000</i>
Unlisted investment in an associate, at cost	96,712	96,712
Share of post-acquisition results and other comprehensive income	27,311	20,993
Dividend received from an associate	(28,355)	(18,885)
	<u>95,668</u>	<u>98,820</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

14 INVESTMENT IN AN ASSOCIATE *(Continued)*

Share of post-acquisition results and other comprehensive income

	Unaudited	
	30 September 2021 HK\$'000	30 September 2020 HK\$'000
As at 1 April	20,993	8,508
Share of profit and other comprehensive income	6,318	2,665
As at 30 September	27,311	11,173

Details of the Group's associate at the end of the reporting period are as follows:

Name of entity	Country of incorporation and operation	Proportion ownership interest held by the Group		Principal activity
		Unaudited 30 September 2021	Audited 31 March 2021	
River King Management Holdings Limited and its subsidiaries ("River King")	Hong Kong, Malta and Pakistan	20.3%	20.3%	Provision of bareboat charter hire services and coal transshipment services

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

15 CONTRACT ASSETS

	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
Current		
Unbilled revenue of civil engineering works <i>(Note (a))</i>		
— Ongoing project	9,950	–
— Completed project <i>(Note (b))</i>	33,594	33,594
Retention receivables of civil engineering works <i>(Note (c))</i>	10,224	8,926
	53,768	42,520
	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
Retention receivables of civil engineering works		
Due within one year	2,825	2,536
Due after one year	7,399	6,390
	10,224	8,926

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

15 CONTRACT ASSETS *(Continued)*

Notes:

- (a) Unbilled revenue represents the Group's right to receive consideration for projects but not yet billed because of the rights are conditional upon the satisfaction by the customers of work completed by the Group and the work is pending for the certification by the customers. The contract assets are transferred to trade receivables when the rights become unconditional, which is at the time the Group obtained the certification of the completed construction work from the customers.
- (b) The Group applies practical expedients of HKFRS 15, and did not restate contracts that were completed before the adoption of HKFRS 15.

The amount recognised before the adoption of HKFRS 15 is classified as contract asset. Management considered it is probable that the customer will approve the respective variations with reference to the opinion of its legal advisor.

- (c) Retention receivables included in contract assets represents the Group's right to receive consideration for work performed and not yet billed because the rights are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the expiry date of the period for the provision of assurance by the Group on the service quality of the work performed by the Group.

The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

The carrying amounts of contract assets approximated their fair values.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

16 TRADE AND OTHER RECEIVABLES AND DEPOSITS

	Unaudited 30 September 2021 <i>HK\$'000</i>	Audited 31 March 2021 <i>HK\$'000</i>
Trade receivables <i>(Note (a))</i>	35,542	15,505
Current		
Other receivables, deposits and prepayments:		
— Deposits <i>(Note (b))</i>	7,747	4,833
— Other receivables	1,109	1,248
— Prepaid expenses	3,830	3,823
	<u>12,686</u>	<u>9,904</u>
Non-current		
— Deposits for the acquisition of property, plant and equipment	<u>2,133</u>	<u>—</u>
	<u>50,361</u>	<u>25,409</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

16 TRADE AND OTHER RECEIVABLES AND DEPOSITS *(Continued)*

Notes:

- (a) Trade debtors are normally due within 30-60 days from customers' certification date.

The ageing analysis of the Group's trade receivables based on customers' certification date at the end of each reporting period is as follows:

	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
0-30 days	35,542	14,945
31-60 days	–	418
Over 60 days	–	142
	<hr/> 35,542 <hr/>	<hr/> 15,505 <hr/>

- (b) As at 30 September 2021, deposits included a balance of HK\$3,323,000 (31 March 2021: HK\$3,348,000) which has been placed and pledged to an insurance institution to secure performance bonds issued by that institution to customers of the Group (Note 24) and a rental deposit of HK\$238,000 (31 March 2021: HK\$238,000) paid to C & P (Holdings) Hong Kong Limited, which is a related company of the Group (Note 23).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

17 BALANCES WITH JOINT OPERATIONS AND OTHER PARTNERS OF JOINT OPERATIONS

(i) Amounts due from joint operations

	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
Trade related <i>(Note (a))</i>	680	788
Non-trade related <i>(Note (b))</i>	12,790	14,094
	13,470	14,882

Notes:

- (a) The Group allows credit period of up to 60 days on trade-related amounts due from joint operations. The ageing analysis of the Group's trade-related amounts due from joint operations based on invoice date at the end of each reporting period is as follows:

	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
0–30 days	680	489
31–60 days	–	243
61–90 days	–	56
	680	788

- (b) The amounts are unsecured, interest-free and repayable on demand.

The amounts due from joint operations were ultimately borne by other partners of joint operations.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

17 BALANCES WITH JOINT OPERATIONS AND OTHER PARTNERS OF JOINT OPERATIONS (Continued)

(ii) Amounts due to other partners of joint operations

	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
Trade related (Note (a))	9,709	10,198
Non-trade related (Note (b))	2,234	3,666
	<u>11,943</u>	<u>13,864</u>

Notes:

- (a) The credit period on trade-related amounts due to other partners of joint operations is up to 60 days. The ageing analysis of the Group's trade-related amounts due to other partners of joint operations based on invoice date at the end of each reporting period is as follows:

	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
0–30 days	4,345	3,420
31–60 days	–	2,121
61–90 days	82	53
Over 90 days	5,282	4,604
	<u>9,709</u>	<u>10,198</u>

- (b) The amounts are unsecured, interest-free and repayable on demand.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

18 CASH AND CASH EQUIVALENTS

	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
Cash at banks	116,636	112,300
Cash on hand	10	8
Less: pledged bank deposits	(5,206)	(5,206)
	<u>111,440</u>	<u>107,102</u>

As at 30 September 2021, bank deposits amounted to approximately HK\$5,206,000 (31 March 2021: HK\$5,206,000) were pledged for securing the performance bond issued by the bank to a customer on one of the construction project on behalf of the Group as a guarantee (Note 24).

19 SHARE CAPITAL

	Number of ordinary shares (thousands)	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2020, 31 March 2021, 1 April 2021 and 30 September 2021	<u>200,000,000</u>	<u>2,000,000</u>
Issued and fully paid:		
At 1 April 2020, 31 March 2021, 1 April 2021 and 30 September 2021	<u>419,818</u>	<u>4,198</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

20 TRADE AND OTHER PAYABLES

	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
Trade payables	25,331	13,029
Retention payables	20,090	16,517
Other payables and accruals:		
— Accrued wages and other staff benefits	6,257	1,766
— Accrued operating expenses	154	116
— Other payables	4,027	4,920
	<u>55,859</u>	<u>36,348</u>

The credit period on trade purchases is 30 to 60 days.

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

	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
0–30 days	23,857	6,891
31–60 days	1,190	4,751
61–90 days	2	492
Over 90 days	282	895
	<u>25,331</u>	<u>13,029</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

20 TRADE AND OTHER PAYABLES (Continued)

In the condensed consolidated interim statement of financial position, retention payables were classified as current liabilities. The ageing analysis of the retention payables based on invoice date is as follows:

	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
Due within one year	2,636	2,792
Due after one year	17,454	13,725
	20,090	16,517

21 BANK BORROWINGS

During the current interim period, the Group obtained a new bank borrowing amounting to HK\$5,100,000 (six months ended 30 September 2020: Nil).

As at 30 September 2021, the bank borrowings were carried at a weighted average interest rate of 1.2% per annum (30 September 2020: 2.1% per annum).

Borrowings due for repayment after one year which contain repayment on demand clause were classified as current liabilities.

Repayment amounting to HK\$1,025,000 (six months ended 30 September 2020: HK\$1,328,000) has been made to the bank during current interim period.

22 DIVIDENDS

In the current period, a final dividend of HK\$12,595,000 in relation to the year ended 31 March 2021 was declared and paid.

The Board of Directors did not recommend the distribution of an interim dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: Nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

23 RELATED PARTY TRANSACTIONS

(i) Transactions

Saved as disclosed elsewhere in the condensed consolidated interim financial statements, the Group had the following transactions with related parties during the period:

Related party	Nature of transaction	Unaudited	
		Six months ended 30 September 2021 HK\$'000	2020 HK\$'000
C & P (Holdings) Hong Kong Limited <i>(Note)</i>	Repayment of principal element of lease liabilities	698	703
	Payment of interest element of lease liabilities	18	11
River King	Management fee income	210	210
		_____	_____

Note:

C & P (Holdings) Hong Kong Limited is a related company in which a sibling of the executive directors and the spouse of an executive director collectively own its entire interest.

(ii) Key management personnel compensation

The remuneration of key management including executive directors of the Company and other members of key management is as follows:

	Unaudited	
	Six months ended 30 September 2021 HK\$'000	2020 HK\$'000
Short term benefits	5,907	6,023
Post-employment benefits	36	41
	_____	_____
	5,943	6,064

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

24 PERFORMANCE BONDS AND CONTINGENT LIABILITIES

Certain customers of construction contracts undertaken by the Group require the group entities to issue guarantees for the performance of contract works in the form of performance bonds and secured either by other deposits and pledged bank deposits (Notes 16 and 18). The performance bonds are released when the construction contracts are completed or substantially completed.

At the end of each reporting period, the Group had outstanding performance bonds as follows:

	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
Issued by a bank	5,206	5,206
Issued by an insurance institution	<u>3,323</u>	<u>3,348</u>
	<u>8,529</u>	<u>8,554</u>

25 CAPITAL COMMITMENT

Significant capital expenditure contracted for at the reporting period but not recognised as liabilities is as follows:

	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
Property, plant and equipment	<u>1,720</u>	<u>–</u>