

Shun Wo Group Holdings Limited 汛和集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1591

Interim Report
2021



Contents

Corporate Information	2
Management Discussion and Analysis	3
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	7
Condensed Consolidated Statement of Financial Position	8
Condensed Consolidated Statement of Changes in Equity	9
Condensed Consolidated Statement of Cash Flows	10
Notes to the Condensed Consolidated Financial Statements	11
Corporate Governance/Other Information	19



Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Wong Yan Hung (*Chairman*)
Mr. Wong Tony Yee Pong (*Chief executive officer*)
Mr. Lai Kwok Fai (*Chief operating officer*)

Independent Non-Executive Directors

Mr. Law Ka Ho
Mr. Leung Wai Lim
Mr. Tam Wai Tak Victor

AUDIT COMMITTEE

Mr. Tam Wai Tak Victor (*Chairman*)
Mr. Law Ka Ho
Mr. Leung Wai Lim

REMUNERATION COMMITTEE

Mr. Law Ka Ho (*Chairman*)
Mr. Leung Wai Lim
Mr. Wong Tony Yee Pong

NOMINATION COMMITTEE

Mr. Wong Yan Hung (*Chairman*)
Mr. Law Ka Ho
Mr. Tam Wai Tak Victor

COMPANY SECRETARY

Mr. Chui Gary Wing Yue

AUTHORISED REPRESENTATIVES

Mr. Wong Tony Yee Pong
Mr. Chui Gary Wing Yue

REGISTERED OFFICE

Windward 3
Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Flat A, 7/F
Sai Wan Ho Plaza
68 Shaukeiwan Road
Hong Kong

LEGAL ADVISER

David Fong & Co.
Solicitors, Hong Kong
Unit A, 12/F
China Overseas Building
139 Hennessy Road
Wan Chai
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3
Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F
148 Electric Road
North Point
Hong Kong

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31/F, Gloucester Tower
The Landmark
11 Pedder Street, Central
Hong Kong

PRINCIPAL BANK

Bank of China (Hong Kong) Limited

COMPANY'S WEBSITE

www.swgrph.com

STOCK CODE

1591

Management Discussion and Analysis

The board (the **"Board"**) of directors (the **"Directors"**) of Shun Wo Group Holdings 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 unaudited figures for the corresponding period in 2020.

BUSINESS REVIEW AND OUTLOOK

The Group has more than 20 years history in Hong Kong foundation industry, specialising in excavation and lateral support works, socketed H-piling and mini-piling works and pile caps construction works. Hop Kee Construction Company Limited (the **"Hop Kee"**), the principal operating subsidiary, is registered under the Buildings Ordinance as a Registered Specialist Contractor under the sub-register of "Foundation Works" category since December 2009.

As at 30 September 2021, the Group had a total of 7 ongoing projects (including projects that have commenced but not completed as well as projects that have been awarded but not yet commenced) undertaken with the original contract sum of approximately HK\$246.6 million.

During the Period, the Group reported a net profit of approximately HK\$1.3 million compared to the net loss of HK\$6.4 million for the corresponding period in 2020. The turnaround in profit was mainly the result of the significant increase in revenue generated from the few sizable construction projects undertaken by the Group and the result of the previous efforts in re-adjusting its tender pricing policy, together with the more stringent operational control over the production costs during the Period.

Amid the most challenging and uncertain period from the COVID-19 pandemic, the Group has been actively reforming and seeking new business opportunities for the Group's sustainable development. In July 2021, the Group's principal operating subsidiary, Hop Kee was included in the List of Approved Suppliers of Materials and Specialist Contractors for Public Works of land piling (Group II) for Rock-socketed Steel H-pile in Pre-bored Hole and Steel H Pile under the Development Bureau. Hence, it would create more business opportunity for carrying out the above categories of specialist works in the government and public sector.

Looking forward, the keen competition amongst the market players persist in the foundation industry, coupled with the increasing trend of the costs of the direct materials and labour wages, will exert pressure on the business of the Group. However, the Group will continue to strengthen its market positions, enhance the Group's competitive strengths and remain optimistic about the future.

FINANCIAL REVIEW

Revenue

For the Period, the revenue of the Group has increased by approximately HK\$54.5 million, or approximately 90.7% compared to the corresponding period in 2020, from approximately HK\$60.1 million to approximately HK\$114.6 million. The increase was mainly because of the award of few sizable construction projects in the early 2021 and undertaken by the Group during the Period.

Gross Profit and Gross Profit Margin

For the Period, the gross profit of the Group has increased by approximately HK\$8.8 million compared to the corresponding period in 2020, from approximately HK\$2.7 million to approximately HK\$11.5 million. The gross profit margin has increased by 5.6 percentage points (**"p.p"**) to approximately 10.1% compared to the corresponding period in 2020 of approximately 4.5%. The increase in gross profit and gross profit margin was the result of the previous efforts in re-adjusting its tender pricing policy and the more stringent operational control over the production costs during the Period.

Management Discussion and Analysis

Other income, other gains and losses

For the Period, the other income, other gains and losses has decreased by approximately HK\$3.4 million or approximately 96.1% compared to the corresponding period in 2020, from approximately HK\$3.5 million to approximately HK\$137,000. The significant decrease was due to the decrease in rental income and no government grants was received during the Period.

Administrative and other operating expenses

For the Period, the administrative and other operating expenses have slightly increased by approximately HK\$47,000 or approximately 0.4% compared to the corresponding period in 2020.

Net reversal of impairment losses/(impairment losses) on financial assets and contract assets

For the Period, there was reversal of impairment losses of approximately HK\$101,000 compared to impairment losses of approximately HK\$2.5 million to the corresponding period in 2020. This was a result of changes in the expected performance and behaviour under the expected credit loss model on trade receivables and contract assets.

Net profit/(loss)

As a result of the aforesaid, the Group reported a net profit of approximately HK\$1.3 million compared to a net loss of approximately HK\$6.4 million to the corresponding period in 2020.

LIQUIDITY, FINANCIAL POSITION AND CAPITAL STRUCTURE

During the Period, there has been no change in capital structure of the Group.

As at 30 September 2021, the Group had total bank balances and cash and pledged bank deposit of approximately HK\$39.2 million (31 March 2021: approximately HK\$44.8 million).

As at 30 September 2021, the Group had no debts outstanding (31 March 2021: Nil).

TREASURY POLICY

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

GEARING RATIO

As at 30 September 2021, the gearing ratio (calculated as total borrowings divided by the total equity) was nil (31 March 2021: Nil).

PLEDGE OF ASSETS

As at 30 September 2021, the Group had approximately HK\$5.0 million of bank deposit being pledged to secure the banking facility granted to the Group (31 March 2021: HK\$5.0 million).

EXPOSURE TO FOREIGN EXCHANGE RATE RISKS

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

CAPITAL EXPENDITURE

During the Period, the Group invested approximately HK\$2.1 million in the purchase of property, plant and equipment. All these capital expenditures were financed by internal resources (30 September 2020: approximately HK\$5.1 million).

Management Discussion and Analysis

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 September 2021, the Group had no capital commitments and contingent liabilities.

MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

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

SIGNIFICANT INVESTMENT

During the Period, the Group had no significant investment.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed under the section headed "Use of Proceeds" in this report, the Group does not have any other plans for material investments or capital assets.

INTERIM DIVIDEND

The Board has resolved not to recommend the declaration of any interim dividend for the Period.

USE OF PROCEEDS

The net proceeds (the "Net Proceeds") received by the Group, after deducting related expenses were approximately HK\$84.2 million. These proceeds are intended to be applied in accordance with the proposed application set out in the paragraph headed "Future Plans and Use of Proceeds" to the prospectus of the Company dated 12 September 2016 (the "Prospectus") and the announcement of the Company dated on 8 January 2021. Such revised uses include: (i) acquisition of excavators, cranes and breakers; (ii) strengthening the workforce and manpower; (iii) increasing marketing efforts; (iv) funding of general working capital; (v) financing the up-front costs of projects; and (vi) financing the issuance of performance bonds. Details of the revised use of the proceeds are listed as below:

	Original allocation	Revised allocation	Actual Usage up to 31 March 2021	Actual Usage during the Period	Actual Usage up to 30 September 2021	Unutilised Usage up to 30 September 2021	Expected timeline for fully utilising the remaining Net Proceeds
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Acquiring excavators, cranes and breakers	55,000	41,000	33,164	2,077	35,241	5,759	On or before 31 March 2022
Strengthening the workforce and manpower	15,000	15,000	15,000	-	15,000	-	Not applicable
Increasing marketing efforts	6,200	4,200	4,200	-	4,200	-	Not applicable
Funding of general working capital	8,000	8,000	8,000	-	8,000	-	Not applicable
Financing the up-front costs of projects	-	12,000	2,604	9,396	12,000	-	Not applicable
Financing the issuance of performance bonds	-	4,000	-	-	-	4,000	On or before 31 March 2022
Total	84,200	84,200	62,968	11,473	74,441	9,759	

Management Discussion and Analysis

USE OF PROCEEDS (CONTINUED)

As discussed in the announcement of the Company dated on 8 January 2021, the Board has resolved to change the proposed use of the Net Proceeds and considered that it is vital to ensure that the Group has sufficient working capital to support its ongoing projects and daily operations in case of any unexpected material delay or disruption in projects implementation.

The Board further considered that such changes would allow the Group to better accommodate with the changing market conditions and are therefore in the interests of the Group and the shareholders as a whole.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2021, the Group employed a total of 56 full-time employees (including executive Directors), as compared to a total of 61 full-time employees as at 31 March 2021. Remuneration is determined with reference to the market terms and the performance, qualifications and experience of the individual employee. In addition to basic salary, performance-linked bonus is offered to those staff with special contributions to the Group, in order to attract and retain capable employees. The total remuneration cost incurred by the Group for the Period was approximately HK\$14.8 million compared to approximately HK\$14.9 million to the corresponding period in 2020.

EVENTS AFTER THE PERIOD

There is no important event affecting the Group after the Period and up to the date of this report.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Notes	For the six months ended 30 September	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	4	114,631	60,110
Direct costs		(103,102)	(57,423)
Gross profit		11,529	2,687
Other income, other gains and losses	4	137	3,504
Change in fair value of financial assets at fair value through profit or loss		–	(18)
Administrative and other operating expenses		(10,502)	(10,455)
Net reversal of impairment losses/(impairment losses) on financial assets and contract assets		101	(2,512)
Finance costs	5	–	(1)
Profit/(loss) before income tax	6	1,265	(6,795)
Income tax credit	7	–	369
Profit/(loss) and total comprehensive income/(expense) for the period attributable to owners of the Company		1,265	(6,426)
Profit/(loss) per share attributable to owners of the Company			
— Basic and diluted loss per share (HK cents)	8	0.032	(0.161)

Condensed Consolidated Statement of Financial Position

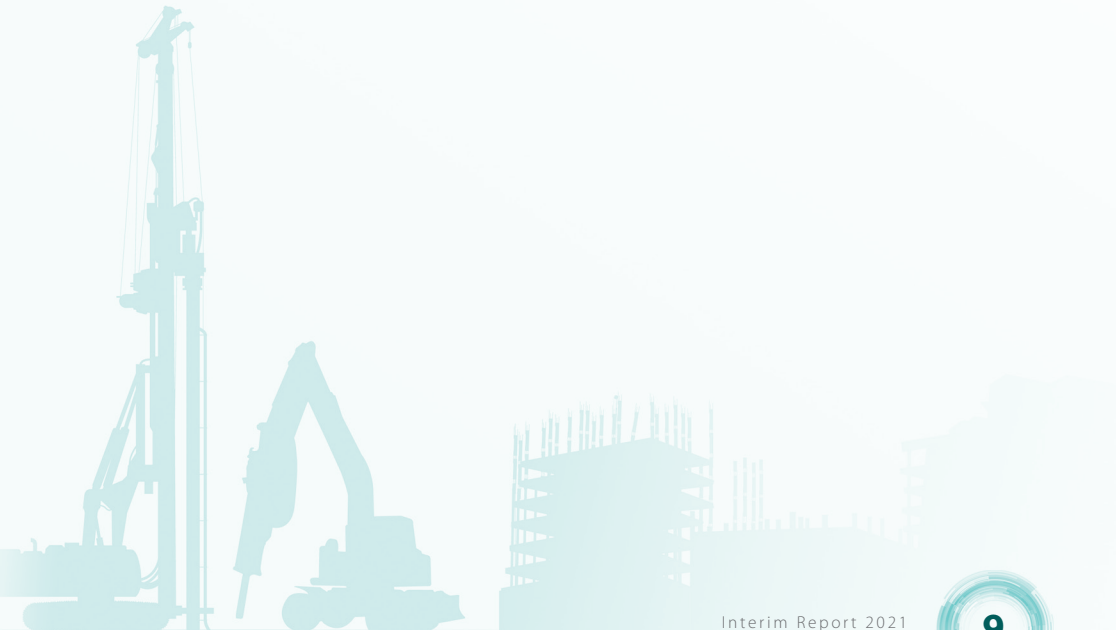
AS AT 30 SEPTEMBER 2021

	Notes	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	10	16,823	19,674
Right-of-use assets		17	34
		16,840	19,708
Current assets			
Contract assets	11	38,157	36,303
Trade and other receivables	12	22,680	10,481
Pledged bank deposit	13	5,011	5,004
Bank balances and cash	14	34,202	39,793
		100,050	91,581
Total assets		116,890	111,289
EQUITY			
Equity attributable to owners of the Company			
Capital and reserves			
Share capital	15	40,000	40,000
Reserves		53,076	51,811
Total equity		93,076	91,811
LIABILITIES			
Current liabilities			
Trade and other payables	16	23,814	19,478
Total liabilities		23,814	19,478
Total equity and liabilities		116,890	111,289
Net current assets		76,236	72,103
Total assets less current liabilities		93,076	91,811

Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Retained earnings/ (accumulated losses) HK\$'000	Total HK\$'000
Balance as at 31 March 2020 (Audited)	40,000	56,625	198	1,061	97,884
Loss and total comprehensive expense for the period	-	-	-	(6,426)	(6,426)
Balance as at 30 September 2020 (Unaudited)	40,000	56,625	198	(5,365)	91,458
Balance as at 31 March 2021 (Audited)	40,000	56,625	198	(5,012)	91,811
Profit and total comprehensive income for the period	-	-	-	1,265	1,265
Balance as at 30 September 2021 (Unaudited)	40,000	56,625	198	(3,747)	93,076



Condensed Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	For the six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Cash flows from operating activities		
Net cash (used in)/generated from operations	(4,906)	8,642
Tax refunded	–	753
Net cash (used in)/generated from operating activities	(4,906)	9,395
Cash flows from investing activities		
Interest received	4	45
Increase in pledged bank deposit	–	(5,000)
Purchases of property, plant and equipment	(2,089)	(5,060)
Proceeds from disposal of property, plant and equipment	1,400	2
Net cash used in investing activities	(685)	(10,013)
Cash flows from financing activities		
Lease payment		
— Interest element	–	(1)
— Capital element	–	(69)
Net cash used in financing activities	–	(70)
Net decrease in cash and cash equivalents	(5,591)	(688)
Cash and cash equivalents at the beginning of period	37,790	39,517
Cash and cash equivalents at the end of period	32,199	38,829
Analysis of cash and cash equivalents		
Pledged bank deposit and bank balances and cash	39,213	43,829
Less: pledged bank deposit	(5,011)	(5,000)
Less: bank deposit with original maturity over three months	(2,003)	–
Cash and cash equivalents	32,199	38,829

Notes to the Condensed Consolidated Financial Statements

1. GENERAL INFORMATION

The Company is an investment holding company. The Group is principally engaged in undertaking foundation works in Hong Kong.

The Company was incorporated in the Cayman Islands on 3 May 2016 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares (the “**Shares**”) were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 28 September 2016.

As at 30 September 2021, its parent and ultimate holding company is May City Holdings Limited (“**May City**”), a company incorporated in the British Virgin Islands (the “**BVI**”) and owned as to 40% by Mr. Wong Yan Hung (“**Mr. YH Wong**”), 30% by Mr. Wong Tony Yee Pong (“**Mr. Tony Wong**”) and 30% by Mr. Lai Kwok Fai (“**Mr. Lai**”).

The address of the registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and the principal place of business of the Company is Flat A, 7th Floor, Sai Wan Ho Plaza, 68 Shaukeiwan Road, Hong Kong.

The unaudited interim results for the Period have been reviewed by the Company’s audit committee.

2. BASIS OF PREPARATION

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

3. ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis and presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2021 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2021.

3.1 Changes in accounting policy and disclosures

In the current interim period, the Group has applied, for the first time, the following new and revised HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2021 for the preparation of the Group’s condensed consolidated financial statements:

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

The adoption of the new and revised HKFRSs has had no material effect on the condensed consolidated financial statements of the Group.

Notes to the Condensed Consolidated Financial Statements

4. REVENUE, OTHER INCOME, OTHER GAINS AND LOSSES AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents construction contract receipts in the ordinary course of business. Revenue and other income, other gains and losses recognised during the respective periods are as follows:

	For the six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue		
Main contracting	70,666	56,536
Sub-contracting	43,965	3,574
	114,631	60,110
Other income, other gains and losses		
Rental income	–	1,200
Interest income	4	45
Gain on disposal of property, plant and equipment	83	2
Net foreign exchange loss	–	(26)
Government grants (Note)	–	1,736
Others	50	547
	137	3,504

Note: During the six months ended 30 September 2020, the Group recognised government grants in respect of COVID-19 pandemic which included subsidies of HK\$1,656,000 under the employment support scheme.

Disaggregation of revenue from contracts with customers

	For the six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Timing of revenue recognition		
Over-time	114,631	60,110
Types of goods or services		
Foundation work services	114,631	60,110

Notes to the Condensed Consolidated Financial Statements

4. REVENUE, OTHER INCOME, OTHER GAINS AND LOSSES AND SEGMENT INFORMATION (CONTINUED)

Segment information

The chief operating decision-maker has been identified as the Board. The Board regards the Group's business as a single operating segment and reviews financial information accordingly. Also, the Group only engages its business in Hong Kong and all the non-current assets of the Group are located in Hong Kong. Therefore, no segment and geographical information is presented.

5. FINANCE COSTS

	For the six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest on lease liabilities	–	1

6. PROFIT/(LOSS) BEFORE INCOME TAX

	For the six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Included in direct costs:		
Depreciation of property, plant and equipment	1,430	1,698
Staff costs	9,609	9,636
Expense relating to short-term leases not included in the measurement of lease liabilities	371	100
Included in administrative and other operating expenses:		
Depreciation of property, plant and equipment	1,594	1,671
Depreciation of right-of-use assets	17	560
Expense relating to short-term leases not included in the measurement of lease liabilities	1,470	270
Staff costs, including directors' emoluments	5,146	5,246

Notes to the Condensed Consolidated Financial Statements

7. INCOME TAX CREDIT

No provision for Hong Kong Profits Tax is required since the Group has tax losses brought forward to set off against current period's assessable profit.

	For the six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current income tax		
Hong Kong Profits tax	-	-
Deferred income tax	-	(369)
Income tax credit	-	(369)

8. PROFIT/(LOSS) PER SHARE

Basic profit/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective periods. The calculation of basic profit/(loss) per share attributable to owners of the Company is based on the following:

	For the six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Profit/(loss) attributable to owners of the Company	1,265	(6,426)
Weighted average number of ordinary shares for the purpose of calculating basic loss per share (in thousand)	4,000,000	4,000,000
Basic profit/(loss) per share (HK cents)	0.032	(0.161)

The diluted profit/(loss) per share is equal to the basic profit/(loss) per share as there were no dilutive potential ordinary shares in issue during the relevant periods.

9. DIVIDENDS

No interim dividend was proposed by the Board for the Period (30 September 2020: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group invested approximately HK\$2.1 million in the purchase of property, plant and equipment (30 September 2020: approximately HK\$5.1 million).

Notes to the Condensed Consolidated Financial Statements

11. CONTRACT ASSETS

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Contract assets	38,757	37,054
Less: allowance for credit losses	(600)	(751)
	38,157	36,303

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on factors other than passage of time. The contract assets are transferred to trade receivables when the rights become unconditional.

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

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for contract assets. To measure the expected credit losses, contract assets have been grouped based on same credit risk characteristics.

12. TRADE AND OTHER RECEIVABLES

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Trade receivables	34,648	22,898
Less: allowance for credit losses	(14,653)	(14,603)
	19,995	8,295
Other receivables, deposits and prepayments	2,685	2,186
	22,680	10,481

Notes to the Condensed Consolidated Financial Statements

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes:

- The credit period granted to customers ranges from 14 days to 60 days (31 March 2021: 14 days to 60 days) generally. Trade receivables are denominated in HK\$.
- The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for trade receivables. To measure the expected credit losses, these receivables have been grouped based on same credit risk characteristics.
- The ageing analysis of the trade receivables, net of allowance for credit losses based on date of payment certificates issued by customers or invoice date, whichever is applicable, are as follows:

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
0–30 days	130	5,904
31–60 days	4,359	–
61–90 days	9,305	1,157
Over 90 days	6,201	1,234
	19,995	8,295

13. PLEDGED BANK DEPOSIT

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Pledged bank deposit	5,011	5,004

14. BANK BALANCES AND CASH

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Cash at banks	32,199	37,790
Bank deposit	2,003	2,003
Bank balances and cash	34,202	39,793

Notes to the Condensed Consolidated Financial Statements

15. SHARE CAPITAL

	Number of ordinary shares	Share capital HK\$'000
Ordinary share of HK\$0.01 each		
Authorised:		
As at 30 September 2021 (Unaudited) and 31 March 2021 (Audited)	10,000,000,000	100,000
Issued and fully paid:		
As at 30 September 2021 (Unaudited) and 31 March 2021 (Audited)	4,000,000,000	40,000

16. TRADE AND OTHER PAYABLES

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Trade payables	17,693	13,739
Retention payables	3,979	3,096
Accruals and other payables	2,142	2,643
	23,814	19,478

Notes:

- (a) Payment terms granted by suppliers are generally within 2 months.

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

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
0–30 days	11,249	5,294
31–60 days	1,508	3,566
61–90 days	52	18
Over 90 days	4,884	4,861
	17,693	13,739

- (b) All trade and other payables are denominated in HK\$.

Notes to the Condensed Consolidated Financial Statements

17. RELATED PARTIES TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in making financial or operational decisions. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

- (a) The Directors are of the view that the following companies that had transactions with the Group are related parties:

Name	Relationship with the Group
Hop Kee Development Co., Limited	A related company was owned by Mr. YH Wong and Mr. Tony Wong as to 50% and 30% respectively.
Shun Tai Holdings Limited	A related company was owned by Mr. YH Wong, Mr. Tony Wong and Mr. Lai as to 40%, 30% and 30% respectively.

- (b) Transactions with related parties

	For the six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Rental of premises, warehouse and car parking spaces paid to:		
Hop Kee Development Co., Limited	270	270
Shun Tai Holdings Limited	1,200	-

Note:

- (i) The rental expenses for premises, warehouse and car parking spaces payable to the above related parties are based on the agreements entered into between the parties involved.

- (c) Compensation of key management personnel of the Group:

	For the six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Short-term employee benefits	2,675	2,675
Post-employment benefits	27	27
	2,702	2,702

18. CAPITAL COMMITMENTS

As at 30 September 2021, the Group had no material capital commitments (31 March 2021: Nil).

Corporate Governance/ Other Information

DIRECTORS AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND THE ASSOCIATED CORPORATIONS

As at 30 September 2021, the interests and short positions of the Directors or chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which, pursuant to section 352 of the SFO, have been entered in the register referred to therein, or have been, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in the Listing Rules, notified to the Company and the Stock Exchange, were as follows:

i. Long position in our Shares

Name of Directors	Capacity/Nature	Number of Shares held/ interested	Percentage of shareholding
Mr. Wong Yan Hung	Interest in a controlled corporation (Note)	2,040,000,000	51.0%
Mr. Wong Tony Yee Pong	Interest in a controlled corporation (Note)	2,040,000,000	51.0%
Mr. Lai Kwok Fai	Interest in a controlled corporation (Note)	2,040,000,000	51.0%

Note:

These 2,040,000,000 Shares are held by May City, the entire issued share capital of which is owned as to 40% by Mr. Wong Yan Hung, 30% by Mr. Wong Tony Yee Pong and 30% by Mr. Lai Kwok Fai. Mr. Wong Yan Hung, Mr. Wong Tony Yee Pong and Mr. Lai Kwok Fai have had a mutual understanding all along to jointly control the Group and thus they are presumed to be acting in concert (within the meaning of the Codes on Takeovers and Mergers and Share Buy-backs (the "Takeovers Code")). Therefore, each of Mr. Wong Yan Hung, Mr. Wong Tony Yee Pong and Mr. Lai Kwok Fai is deemed, or taken to be, interested in all the Shares held by May City for the purposes of the SFO. Each of Mr. Wong Yan Hung, Mr. Wong Tony Yee Pong and Mr. Lai Kwok Fai is a director of May City.

ii. Long position in the shares of associated corporation

Name of Directors	Name of associated corporation	Capacity/Nature	Number of shares held/ interested in	Percentage of interest
Mr. Wong Yan Hung	May City	Beneficial interest	40	40.0%
Mr. Wong Tony Yee Pong	May City	Beneficial interest	30	30.0%
Mr. Lai Kwok Fai	May City	Beneficial interest	30	30.0%

Save as disclosed above, as at 30 September 2021, none of the Directors or chief executives had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange under the Model Code.

Corporate Governance/ Other Information

SUBSTANTIAL AND OTHER SHAREHOLDERS' INTEREST AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

To the best of the Company's knowledge, as at 30 September 2021, the following Shareholders (not being a Directors or chief executives of the Company disclosed above) had interest in the Shares and underlying Shares as recorded in the register required to be kept under section 336 of the SFO or as otherwise notified to the Company:

Name	Capacity/Nature	Number of Shares held/ interested in	Percentage of interest
May City	Beneficial interest (Note 1)	2,040,000,000	51.0%
Ms. Choi Mei Chu	Interest of spouse (Note 2)	2,040,000,000	51.0%
Ms. Lee Pik Yu, Kenji	Interest of spouse (Note 3)	2,040,000,000	51.0%
Ms. Mak Kit Ling	Interest of spouse (Note 4)	2,040,000,000	51.0%
Kingkey Investment Fund SPC — Kingkey Global Equity I Fund SP	Beneficial interest	204,000,000	5.1%

Notes:

1. These 2,040,000,000 Shares are held by May City, the entire issued share capital of which is owned as to 40% by Mr. Wong Yan Hung, 30% by Mr. Wong Tony Yee Pong and 30% by Mr. Lai Kwok Fai. Mr. Wong Yan Hung, Mr. Wong Tony Yee Pong and Mr. Lai Kwok Fai have had a mutual understanding all along to jointly control the Group and thus they are presumed to be acting in concert (within the meaning of the Takeovers Code). Therefore, each of Mr. Wong Yan Hung, Mr. Wong Tony Yee Pong and Mr. Lai Kwok Fai is deemed, or taken to be, interested in all the Shares held by May City for the purposes of the SFO. Each of Mr. Wong Yan Hung, Mr. Wong Tony Yee Pong and Mr. Lai Kwok Fai is a director of May City.
2. Ms. Choi Mei Chu is the spouse of Mr. Wong Yan Hung and is deemed or taken to be interested in all the Shares in which Mr. Wong Yan Hung has, or is deemed to have, an interest for the purposes of the SFO.
3. Ms. Lee Pik Yu, Kenji is the spouse of Mr. Wong Tony Yee Pong and is deemed or taken to be interested in all the Shares in which Mr. Wong Tony Yee Pong has, or is deemed to have, an interest for the purposes of the SFO.
4. Ms. Mak Kit Ling is the spouse of Mr. Lai Kwok Fai and is deemed or taken to be interested in all the Shares in which Mr. Lai Kwok Fai has, or is deemed to have, an interest for the purposes of the SFO.

Save as disclosed above, as at 30 September 2021, no other persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") on 3 September 2016. The main purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group. No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 3 September 2016, and there is no outstanding share option as at 30 September 2021.

Corporate Governance/ Other Information

COMPETING INTERESTS

The Directors confirm that neither the Directors nor the controlling shareholders of the Company nor their respective close associates is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business during the Period, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining good corporate governance to safeguard the interest of shareholders and to achieve effective accountability. The Company has adopted the corporate governance code (the "CG code") contained in Appendix 14 of the Listing Rules. To the best knowledge of the Board, the Company has complied with the CG code during the Period and up to the date of this report.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of the Directors, all the Directors have confirmed that they have complied with the required Model Code's standard during the Period and up to the date of this report.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this report, at no time during the Period was the Company or any its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, underlying shares, the Company or any other body corporate.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SECURITIES

During the Period and up to the date of this report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Period.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient amount of public float for its Shares as required under the Listing Rules during the Period and up to the date of this report.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 3 September 2016 with written terms of reference in compliance with the CG code. The primary duties of the Audit Committee are to review the financial information of the Group, oversee the Group's financial reporting system, risk management and internal control procedures, provide advice and comments to the Board, and monitor the independence and objective of the external auditor.

The Audit Committee consists of three members who are all independent non-executive Directors, namely, Mr. Tam Wai Tak Victor, Mr. Law Ka Ho and Mr. Leung Wai Lim. Mr. Tam Wai Tak Victor is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited interim results for the Period. The Audit Committee was of the opinion that the preparation of such results complied with applicable accounting standards and requirements as well as the Listing Rules and adequate disclosures have been made.

Corporate Governance/ Other Information

APPRECIATION

The Board would like to take this opportunity to express its sincere gratitude to the management team and staff for their hard work and contributions, and to our shareholders, investors and business partners for their trust and support.

DISCLOSURE OF INFORMATION ON WEBSITE OF THE STOCK EXCHANGE AND THE COMPANY

This interim report (in both English and Chinese versions) is available to any shareholder in printed form and on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.swgrph.com>). In order to protect the environment, the Company highly recommends shareholders to select to receive electronic copy of this interim report. This document is published in English version and Chinese translation version. In case of any inconsistency of meanings of the words or terms between the English version and the Chinese translation version, the English version shall prevail.

By Order of the Board
Shun Wo Group Holdings Limited
Wong Yan Hung
Chairman

Hong Kong, 26 November 2021