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## **SAM WOO CONSTRUCTION GROUP LIMITED**

**三和建築集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 3822)

### **INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022**

The board of directors of Sam Woo Construction Group Limited (the “Company”) is pleased to present the unaudited interim results of the Company and its subsidiaries for the six months ended 30 September 2022. This announcement, containing the full text of the 2022/23 Interim Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcement of interim results.

# SAM WOO CONSTRUCTION GROUP LIMITED

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INTERIM REPORT  
**2022/23**





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The board of directors (the “Board”) of Sam Woo Construction Group Limited (the “Company”) is pleased to present the unaudited interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2022 (the “Period”), together with the comparative figures for the corresponding period in 2021 (the “Previous Period”). These information should be read in conjunction with the annual financial statements for the year ended 31 March 2022.

## HIGHLIGHTS

	1H 2022/23	1H 2021/22
Revenue	<b>HK\$125 million</b>	HK\$217 million
Loss for the period	<b>HK\$(87) million</b>	HK\$(12) million
Loss per share	<b>(5.17) HK cents</b>	(0.73) HK cents
	30 September 2022	31 March 2022
Net gearing	<b>15%</b>	N/A
Current ratio	<b>1.7x</b>	1.1x
Total equity	<b>HK\$445 million</b>	HK\$532 million
Aggregate value of major contracts on hand	<b>about HK\$1,023 million yet to complete</b>	about HK\$190 million yet to complete

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Group Revenue and Profit

The Group's revenue for the Period decreased 42% to HK\$125 million (2021: HK\$217 million). Contract revenue for the Period dropped mainly because (1) some contract customers had not yet certified the value of construction works in response to the Group's application for interim payments; and (2) there were gap periods between the completion of East Kowloon Public Housing project and West Kowloon Cultural District project and the commencement of Kai Tak Public Housing project which was awarded in late July.

The Group recorded a gross loss of HK\$72 million (2021: gross profit of HK\$7 million) and a net loss of HK\$87 million (2021: HK\$12 million) for the Period because the certified contract payments recognised by the Group were not able to cover all the contract costs incurred in the same period and were also not enough to cover the overhead costs such as equipment depreciation and labour costs during the gap periods mentioned above.

#### Major Projects

	<b>As at 30 September 2022 Completion status</b>	<b>Expected Completion Date</b>	<b>Estimated Remaining Contract Value (HK\$) <i>(Note)</i></b>
Kwun Tong Commercial Building	54%	2023 Q1	74 million
East Kowloon Public Housing	Completed	N/A	N/A
Kai Tak Public Housing	2%	2023 Q4	949 million

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

### *Kwun Tong Commercial Building*

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

This project contributed to about 4% of the Group's revenue for the Period.

### *East Kowloon Public Housing*

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

This project contributed to about 48% of the Group's revenue for the Period.

### *Kai Tak Public Housing*

This is a new project awarded in about July 2022, with contract value of approximately HK\$970 million, for bored pile and pile cap works of a public housing development.

This project contributed to about 17% of the Group's revenue for the Period.

### *Other projects*

A project completed in the past years contributed to about 15% of the Group's revenue for the Period. A few other projects contributed to about 16% of the Group's revenue for the Period.

## BUSINESS OUTLOOK

In the latest Policy Address 2022, the Chief Executive has moved ahead a few major development plans to increase and speed up housing and land supply in quantity and quality; to build up a third Central Business District; and to develop Hong Kong into a new international innovation and technology city. New development plans include the Northern Metropolis, Kau Yi Chau Artificial Island and Tseung Kwan O Area 137.

The Chief Executive also plans to take forward three major road projects and three strategic railway projects, including Northern Metropolis Highway, Shatin Bypass, Tseung Kwan O-Yau Tong Tunnel, a new Central Rail Link, Hong Kong-Shenzhen Western Rail Link and Tseung Kwun O Southern Line to bring about a highly inter-connected and accessible road network and rail system to support the future development of Hong Kong.

The directors of the Company believe that the government is going to move in full steam on the development plans mentioned in the Policy Address and huge opportunities will be brought to the construction industry in the near future. While 2022 is still hard-hit by the COVID and worldwide economic uncertainties, the Company foresees an improvement in the business environment in 2023 as a clear plan is set forth by the government for the future investments.

## FINANCIAL REVIEW AND ANALYSIS

The Group's financial position remains healthy, with current ratio at 1.7 times (31 March 2022: 1.1 times) and total cash and bank balance amounted to approximately HK\$228 million (31 March 2022: HK\$128 million). As at 30 September 2022, net gearing ratio was 15% (31 March 2022: zero).

### Administrative Expenses

Administrative expenses were approximately HK\$20 million for the Period (2021: HK\$22 million), which was largely the same as the Previous Period.

### Capital Expenditures and Capital Commitments

The Group generally finances its capital expenditures by internally generated resources, long-term bank loans and leases. During the Period, the Group invested HK\$4 million in additional machinery and equipment. As at 30 September 2022, the Group had capital commitments relating to the purchase of machinery and equipment in the amount of HK\$11 million (31 March 2022: nil). During the Period, save as disclosed herein, the Group did not make any material acquisition or disposal of asset.

### Liquidity, Financial Resources and Gearing

#### *Liquidity*

The Group generally meets its working capital requirements by cash flows generated from its operations and short-term borrowings. During the Period, the Group had a net cash outflow of approximately HK\$57 million used in operating activities (2021: net cash outflow of HK\$11 million). Together with bank facilities available, the Group has been financially sound in its daily operations throughout the Period. The Group has also obtained two long term facilities during the Period in an aggregate amount of HK\$200 million to provide additional support for the Group to complete the current construction projects and to bid other new projects.

#### *Cash and Bank Balances*

As at 30 September 2022, the Group had total cash and bank balances of approximately HK\$228 million (31 March 2022: HK\$128 million) mainly denominated in Hong Kong dollars. Cash and bank balances increased mainly because of the increase in long-term borrowings to support the working capital needs of major projects on hand and upcoming in the future.

#### *Borrowings*

As at 30 September 2022, the Group had total borrowings of approximately HK\$195 million (31 March 2022: HK\$98 million) denominated in Hong Kong dollars. Borrowings generally include short-term and long-term bank loans bearing floating interest rates. Of the total borrowings, approximately HK\$87 million (31 March 2022: HK\$82 million) were for short-term bank loans and approximately HK\$12 million (31 March 2022: HK\$8 million) were for the current portion of long-term bank loans with maturity dates within 12 months.



### *Gearing Ratio and Total Equity*

As at 30 September 2022, the Group's net gearing (net borrowings divided by total equity) was 15% (31 March 2022: zero). For the purpose of calculating the Group's net gearing ratio, net borrowings refer to the total borrowings less cash and cash equivalents and restricted bank balances.

The Group's total equity as at 30 September 2022 was approximately HK\$445 million (31 March 2022: HK\$532 million).

### **Foreign Exchange Exposure**

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

### **Contingent Liabilities**

As at 30 September 2022, save for guarantees of performance bonds relating to two foundation works and ancillary services projects of the Group of approximately HK\$7 million and HK\$29 million (31 March 2022: two, approximately HK\$7 million and HK\$7 million), the Group did not have any material contingent liabilities. The performance bonds are expected to be released in accordance with the terms of the respective construction contracts.

### **Pledge of Assets**

As at 30 September 2022, the net book amount of plant and equipment of approximately HK\$63 million (31 March 2022: HK\$51 million) was pledged for long-term bank loans. None of the banking facilities of the Group were secured by the Group's bank deposits (31 March 2022: none).

## **HUMAN RESOURCES**

As at 30 September 2022, the Group had around 240 employees (31 March 2022: 246). The remuneration packages that it offers to employees include salary, discretionary bonus and allowance. In general, the Group determines employees' salaries based on individual qualification, position and performance (where applicable).

## OTHER INFORMATION

### Disclosure of Interests

At 30 September 2022, the interests and short positions of directors in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”) as recorded in the register required to be kept under section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules, are as follows:

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

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

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

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

So far as the directors are aware, as at 30 September 2022 the interest and short positions of the persons, other than a director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO are as follows:

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

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

*Notes:*

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

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

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

**Loan Agreement with Covenants relating to Specific Performance of the Controlling Shareholder**

On 26 September 2022, the Group entered into a bank facility letter (the "Facility Letter") for a term loan of two years in the aggregate amount of HK\$100,000,000 for working capital purpose. Pursuant to the Facility Letter, the Company undertakes to the bank that Mr. Lau Chun Ming shall remain as chairman of the Board; and Mr. Lau Chun Ming or Ms. Leung Lai So shall maintain, directly or indirectly, not less than 55% legal and beneficial ownership of the issued share capital of the Company.

## Corporate Governance

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

## Model Code of Securities Transactions by Directors

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

## Audit Committee

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

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

Hong Kong, 25 November 2022

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



## CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2022</b>	2021
	<i>Note</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
Revenue from contracts with customers	5	<b>124,531</b>	217,031
Cost of sales	6	<b>(196,233)</b>	(209,617)
Gross (loss)/profit		<b>(71,702)</b>	7,414
Other income	7	<b>4,497</b>	59
Administrative expenses	6	<b>(20,381)</b>	(21,598)
Operating loss		<b>(87,586)</b>	(14,125)
Finance income	8	<b>458</b>	38
Finance costs	8	<b>(2,398)</b>	(742)
Finance costs, net	8	<b>(1,940)</b>	(704)
Loss before income tax		<b>(89,526)</b>	(14,829)
Income tax credit	9	<b>2,738</b>	2,536
Loss and total comprehensive loss for the period		<b>(86,788)</b>	(12,293)
Loss and total comprehensive loss attributable to equity holders of the Company		<b>(86,788)</b>	(12,293)
		<b>HK cents</b>	HK cents
Basic and diluted loss per share	10	<b>(5.17)</b>	(0.73)

**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET**

AS AT 30 SEPTEMBER 2022

	Unaudited 30 September 2022 <i>HK\$'000</i>	Audited 31 March 2022 <i>HK\$'000</i>
<i>Note</i>		
<b>ASSETS</b>		
<b>Non-current assets</b>		
Right-of-use assets	8,521	13,199
Plant and equipment	12 516,146	524,935
Deferred income tax assets	1,371	1,371
Financial assets at fair value through other comprehensive income	22,340	22,340
Deposits and prepayments	3,022	2,525
	<u>551,400</u>	<u>564,370</u>
<b>Current assets</b>		
Trade and retention receivables	13 94,861	99,984
Deposits, prepayments and other receivables	13,184	11,913
Income tax recoverable	11	11
Cash and cash equivalents	227,964	127,928
	<u>336,020</u>	<u>239,836</u>
<b>Total assets</b>	<u>887,420</u>	<u>804,206</u>
<b>EQUITY</b>		
Share capital	14 4,200	4,200
Reserves	441,111	527,899
<b>Total equity</b>	<u>445,311</u>	<u>532,099</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	16 95,627	7,200
Deferred income tax liabilities	43,180	46,549
Lease liabilities	3,796	4,126
Amount due to a related company	100,000	–
	<u>242,603</u>	<u>57,875</u>

## CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

AS AT 30 SEPTEMBER 2022

		<b>Unaudited</b>	Audited
		<b>30 September</b>	31 March
		<b>2022</b>	2022
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Current liabilities</b>			
Trade and retention payables	15	<b>81,603</b>	70,360
Accruals and other payables		<b>12,981</b>	13,561
Borrowings	16	<b>99,557</b>	90,680
Lease liabilities		<b>3,577</b>	8,474
Income tax payable		<b>1,788</b>	1,157
Amount due to a director		–	30,000
		<b>199,506</b>	214,232
<b>Total liabilities</b>		<b>442,109</b>	272,107
<b>Total equity and liabilities</b>		<b>887,420</b>	804,206

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

Unaudited

	Financial assets at fair value through other comprehensive income					Total
	Share capital	Share premium	fair value reserve	Other reserves	Retained earnings	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2021	4,200	194,087	780	10,500	421,419	630,986
<b>Comprehensive loss</b>						
Loss for the period	-	-	-	-	(12,293)	(12,293)
At 30 September 2021	4,200	194,087	780	10,500	409,126	618,693
At 1 April 2022	4,200	194,087	2,590	10,500	320,722	532,099
<b>Comprehensive loss</b>						
Loss for the period	-	-	-	-	(86,788)	(86,788)
At 30 September 2022	4,200	194,087	2,590	10,500	233,934	445,311



## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2022</b>	2021
	<i>Note</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
<b>Cash flows from operating activities</b>			
Net cash used in operations		<b>(55,429)</b>	(9,821)
Interest paid		<b>(2,240)</b>	(500)
Interest received		<b>458</b>	38
Interest element of lease payments	8	<b>(158)</b>	(230)
Restricted bank balances		<b>–</b>	(12)
		<hr/>	<hr/>
<b>Net cash used in operating activities</b>		<b>(57,369)</b>	(10,525)
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment		<b>(3,752)</b>	(7,133)
Prepayment for purchase of plant and equipment		<b>(920)</b>	–
		<hr/>	<hr/>
<b>Net cash used in investing activities</b>		<b>(4,672)</b>	(7,133)
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Cash flows from financing activities</b>			
Drawdown of long-term bank loans		<b>100,000</b>	16,800
Repayment of long-term bank loans		<b>(7,379)</b>	(5,750)
Drawdown of short-term bank loans		<b>65,196</b>	176,372
Repayment of short-term bank loans		<b>(60,513)</b>	(152,204)
Principal elements of lease payments		<b>(5,227)</b>	(4,164)
Repayment to a director		<b>(30,000)</b>	(50,000)
Loan from a related company		<b>100,000</b>	–
		<hr/>	<hr/>
<b>Net cash generated from/(used in) financing activities</b>		<b>162,077</b>	(18,946)
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>

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

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>100,036</b>	(36,604)
Cash and cash equivalents at beginning of the period	<u>127,928</u>	<u>168,087</u>
<b>Cash and cash equivalents at end of the period</b>	<u><b>227,964</b></u>	<u>131,483</u>
<b>Analysis of cash and cash equivalents</b>		
Cash and cash equivalents	<u>227,964</u>	<u>131,483</u>
	<u><b>227,964</b></u>	<u>131,483</u>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 1 General information

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together the "Group") are principally engaged in foundation works and ancillary services in Hong Kong and Macau.

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

These condensed consolidated interim financial information is presented in Hong Kong dollars ("HK\$"), unless otherwise stated and was approved for issue on 25 November 2022.

This condensed consolidated interim financial information has not been audited.

## 2 Basis of preparation and accounting policies

### 2.1 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 September 2022 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) and has been prepared under the historical cost convention except for financial assets at fair value through other comprehensive income which are measured at fair values.

### 2.2 Accounting policies

The accounting policies applied to this condensed consolidated interim financial information are consistent with those of the annual financial statements for the year ended 31 March 2022 as described in those annual financial statements except that income tax is accrued using the tax rate that would be applicable to expected total annual earnings and the adoption of new and amended standards as set out below.

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

Annual Improvement Project (Amendments)	Annual Improvements to HKFRSs 2018-2020
HKFRS 3, HKAS 16 and HKAS 37 (Amendments)	Narrow-scope amendments
HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions beyond 2021
AG 5 (Revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations

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



### 3 Financial risk management

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended 31 March 2022.

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

### 4 Critical accounting estimates and judgements

The preparation of the condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed consolidated interim financial information, the critical accounting estimates and judgements applied were consistent with those described in the annual financial statements for the year ended 31 March 2022.

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

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

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Foundation works and ancillary services	<b>124,531</b>	217,031

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

## 6 Expenses by nature

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Cost of sales		
Construction contracts costs <i>(note)</i>	<b>180,108</b>	188,659
Depreciation – owned plant and equipment	<b>12,567</b>	12,483
Depreciation – right-of-use assets	<b>63</b>	–
Repair and maintenance	<b>3,133</b>	8,043
Others	<b>362</b>	432
	<b>196,233</b>	209,617
Administrative expenses		
Staff costs, including directors' emoluments	<b>7,435</b>	8,562
Depreciation – owned plant and equipment	<b>397</b>	441
Depreciation – right-of-use assets	<b>4,615</b>	4,222
Operating leases rental in respect of		
– office and storage premises	<b>1,662</b>	2,580
– directors' quarters	<b>361</b>	–
Professional fees	<b>1,570</b>	1,445
Exchange (gains)/losses	<b>(131)</b>	212
Motor vehicle expenses	<b>1,643</b>	1,547
Others	<b>2,829</b>	2,589
	<b>20,381</b>	21,598
Total cost of sales and administrative expenses	<b>216,614</b>	231,215

*Note:*

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

## 7 Other income

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Other income:		
– Government grant (note)	<b>4,454</b>	–
– Other	<b>43</b>	59
	<b>4,497</b>	59

Note:

Government grant recognised during the Period mainly included wage subsidies of HK\$4,375,000 granted from the Hong Kong SAR government's Employment Support Scheme under Anti-Epidemic Fund for the use of paying wages of employees from May to July 2022.

## 8 Finance income and costs

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Finance income:		
– Interest income on bank deposits	<b>458</b>	38
Finance costs:		
– Interest expense on bank loans	<b>(1,483)</b>	(493)
– Interest expense on bank overdrafts	–	(7)
– Interest expense on leases liabilities	<b>(158)</b>	(230)
– Interest expense on amount due to a director	–	(12)
– Interest expense on amount due to a related company	<b>(757)</b>	–
	<b>(2,398)</b>	(742)
Finance costs, net	<b>(1,940)</b>	(704)

## 9 Income tax credit

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

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Hong Kong profits tax		
Current income tax	<b>631</b>	34
Deferred income tax	<b>(3,369)</b>	(2,570)
	<b>(2,738)</b>	(2,536)

## 10 Loss per share

### (a) Basic

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

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
Loss attributable to equity holders of the Company (HK\$'000)	<b>(86,788)</b>	(12,293)
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share (thousands)	<b>1,680,000</b>	1,680,000
Basic loss per share (HK cents)	<b>(5.17)</b>	(0.73)

### (b) Diluted

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

## 11 Dividends

The Board resolved not to declare interim dividend for the Period (2021: Nil).

**12 Plant and equipment**

	<b>Unaudited Six months ended 30 September</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
At 1 April	<b>524,935</b>	544,783
Additions	<b>4,175</b>	7,133
Depreciation	<b>(12,964)</b>	(12,924)
At 30 September	<b>516,146</b>	538,992

**13 Trade and retention receivables**

	<b>Unaudited 30 September 2022</b>	Audited 31 March 2022
	<b>HK\$'000</b>	HK\$'000
Trade receivables	<b>49,908</b>	53,670
Retention receivables	<b>69,962</b>	71,323
Trade and retention receivables	<b>119,870</b>	124,993
Less: loss allowance	<b>(25,009)</b>	(25,009)
	<b>94,861</b>	99,984

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

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

	<b>Unaudited 30 September 2022</b>	Audited 31 March 2022
	<b>HK\$'000</b>	HK\$'000
1 to 30 days	<b>25,427</b>	29,138
31 to 60 days	<b>-</b>	378
181 to 365 days	<b>24,481</b>	24,154
Total	<b>49,908</b>	53,670

As at 30 September 2022 and 31 March 2022, there were no retention receivables which were past due.



**14 Share capital and reserves**

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

**15 Trade and retention payables**

	<b>Unaudited</b>	Audited
	<b>30 September</b>	31 March
	<b>2022</b>	2022
	<b>HK\$'000</b>	HK\$'000
Trade payables	<b>67,086</b>	55,692
Retention payables	<b>14,517</b>	14,668
	<b>81,603</b>	70,360

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

	<b>Unaudited</b>	Audited
	<b>30 September</b>	31 March
	<b>2022</b>	2022
	<b>HK\$'000</b>	HK\$'000
0 to 30 days	<b>9,451</b>	30,943
31 to 60 days	<b>209</b>	798
61 to 90 days	<b>24,014</b>	96
91 to 180 days	<b>621</b>	1,221
181 to 365 days	<b>10,156</b>	1,389
More than 365 days	<b>22,635</b>	21,245
	<b>67,086</b>	55,692

**16 Borrowings**

	<b>Unaudited 30 September 2022 HK\$'000</b>	Audited 31 March 2022 HK\$'000
Non-current		
Long-term bank loans	<u>95,627</u>	<u>7,200</u>
Current		
Short-term bank loans	<b>87,166</b>	82,483
Current portion of long-term bank loans due for repayment within one year	<u>12,391</u>	<u>8,197</u>
	<b>99,557</b>	90,680
Total borrowings	<u><b>195,184</b></u>	<u>97,880</u>

**17 Capital commitments**

	<b>Unaudited 30 September 2022 HK\$'000</b>	Audited 31 March 2022 HK\$'000
Contracted but not provided for:		
Plant and equipment	<u>10,571</u>	<u>–</u>

**18 Related party transactions**

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

- (a) *Rental expenses paid to related parties recognised in statement of comprehensive income*

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Rental expenses to Cheer Crown Property Holdings Limited	<b>720</b>	–
Rental expenses to East Ascent Enterprise Limited	<b>8</b>	–
Rental expenses to Cheer Profit International Enterprise Limited	<b>8</b>	–
Rental expenses to Long Ascent Development Limited	<b>100</b>	–
Rental expenses to Cheer Wealth International Development Limited	<b>146</b>	–
Rental expenses to Healthy World Investment Limited	<b>100</b>	–
	<b>772</b>	<b>–</b>

*Payments paid to related parties under lease liabilities*

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Payments to Cheer Crown Limited	–	1,080
Payments to Cheer Crown Property Holdings Limited	<b>720</b>	–
Payments to East Ascent Enterprise Limited	<b>15</b>	23
Payments to Cheer Profit International Enterprise Limited	<b>15</b>	23
Payments to Long Ascent Development Limited	<b>200</b>	300
Payments to Cheer Wealth International Development Limited	<b>292</b>	438
Payments to Healthy World Investment Limited	<b>200</b>	300
	<b>1,422</b>	<b>1,364</b>

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

**18 Related party transactions (continued)**(b) *Purchase of construction materials from a related party*

	<b>Unaudited Six months ended 30 September</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Purchase of construction materials from Redland Precast Concrete Products (China) Limited	—	2,250

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

(c) *Interest expenses payable to a related party*

	<b>Unaudited Six months ended 30 September</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Interest expenses payable to a director	—	12
Interest expenses payable to a related company	<b>757</b>	—

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

Interest expenses was payable to a related company, Sam Woo Ship building Limited, in respect of the amount due to a related company.

(d) *Key management compensation*

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

	<b>Unaudited Six months ended 30 September</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Fees	<b>396</b>	360
Salaries	<b>1,466</b>	1,466
Directors' quarters	<b>1,084</b>	1,084
	<b>2,946</b>	2,910

**18 Related party transactions (continued)***(e) Balance – non-trade*

	<b>Unaudited 30 September 2022 HK\$'000</b>	Audited 31 March 2022 HK\$'000
Payable to a director: Mr. Lau Chun Ming	–	30,000
Payable to a related company: Sam Woo Ship Building Limited	<b>100,000</b>	–



## **Publication of Results Announcement and Interim Report**

This announcement is published on the website of the Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk) and at the website of the Company at [www.samwoo-group.com](http://www.samwoo-group.com). The interim report will be despatched to the shareholders of the Company and available on the above websites in due course.

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

Hong Kong, 25 November 2022

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