

SAM WOO CONSTRUCTION GROUP LIMITED

三和建築集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code : 3822)

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

	As at 30 September 2022 Completion status	Expected Completion Date	Estimated Remaining Contract Value (HK\$) <i>(Note)</i>
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**

Name of shareholder	Number of shares (long position)	Percentage of shareholding	Capacity
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

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

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30 SEPTEMBER 2022

	Unaudited 30 September 2022	Audited 31 March 2022
Note	HK\$'000	HK\$'000
ASSETS		
Non-current assets		
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
	551,400	564,370
Current assets		
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
	336,020	239,836
Total assets	887,420	804,206
EQUITY		
Share capital	14 4,200	4,200
Reserves	441,111	527,899
Total equity	445,311	532,099
LIABILITIES		
Non-current liabilities		
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	–
	242,603	57,875

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

AS AT 30 SEPTEMBER 2022

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

Unaudited

	Unaudited					
	Share capital	Share premium	Financial assets at fair value through other comprehensive income	Other reserves	Retained earnings	Total
	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
Comprehensive loss						
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
Comprehensive loss						
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

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

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

	Unaudited	
	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
Foundation works and ancillary services	124,531	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

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

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

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

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

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

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

13 Trade and retention receivables

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

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

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

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

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

16 Borrowings

	Unaudited 30 September 2022 HK\$'000	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	87,166	82,483
Current portion of long-term bank loans due for repayment within one year	<u>12,391</u>	<u>8,197</u>
	99,557	90,680
Total borrowings	<u>195,184</u>	<u>97,880</u>

17 Capital commitments

	Unaudited 30 September 2022 HK\$'000	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*

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

Payments paid to related parties under lease liabilities

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

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*

	Unaudited Six months ended 30 September	
	2022	2021
	HK\$'000	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

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

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.

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

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

	Unaudited 30 September 2022 HK\$'000	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	100,000	–