

Kin Shing Holdings Limited 建成控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1630

INTERIM REPORT
2022/23



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Leung Chi Kit (Chairman)
Ms. Tso Yuk Ching
Mr. Chow Dik Cheung (Chief Executive Officer)
Mr. Chan Sik Mau
Mr. Chiu Sin Nang, Kenny

Independent Non-Executive Directors

Mr. Wong Yuk Lun, Alan
Mr. Lam Wai Hung
Mr. Lam Kai Yeung

AUDIT COMMITTEE

Mr. Lam Kai Yeung (Chairman)
Mr. Wong Yuk Lun, Alan
Mr. Lam Wai Hung

REMUNERATION COMMITTEE

Mr. Wong Yuk Lun, Alan (Chairman)
Mr. Leung Chi Kit
Ms. Tso Yuk Ching
Mr. Lam Kai Yeung
Mr. Lam Wai Hung

NOMINATION COMMITTEE

Mr. Leung Chi Kit (Chairman)
Ms. Tso Yuk Ching
Mr. Lam Kai Yeung
Mr. Wong Yuk Lun, Alan
Mr. Lam Wai Hung

INVESTMENT COMMITTEE

Mr. Chiu Sin Nang, Kenny (Chairman)
Mr. Wong Yuk Lun, Alan
Mr. Lam Wai Hung

COMPANY SECRETARY

Ms. Tsui Wai Ting, Rosalie

AUTHORISED REPRESENTATIVES

Mr. Leung Chi Kit
Mr. Chow Dik Cheung

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit D, 9/F
Billion Plaza 2
10 Cheung Yue Street
Cheung Sha Wan
Kowloon
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

AUDITORS

HLB Hodgson Impey Cheng Limited

PRINCIPAL BANKER

The Bank of East Asia, Limited
DBS Bank (HK) Limited
Bank of China (Hong Kong) Limited

STOCK CODE

1630

WEBSITE

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

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Kin Shing Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**"), I am pleased to present the interim report of the Group for the six months ended 30 September 2022.

REVIEW

The total revenue of our Group decreased by approximately HK\$99.0 million or 34.2% from approximately HK\$289.2 million for the six months ended 30 September 2021 to approximately HK\$190.2 million for the six months ended 30 September 2022. Our Group's loss attributable to owners of the Company decreased by approximately HK\$2.0 million or 31.8% to approximately HK\$4.2 million, compared to approximately HK\$6.2 million for the corresponding period of 2021. The decrease in loss was mainly due to the receipt of Government grants under the Anti-epidemic Fund and the increase of fair value loss on the securities investment during the six months ended 30 September 2022.

The revenue generated from the private sector projects accounted for approximately HK\$170.8 million for the six months ended 30 September 2022 (six months ended 30 September 2021: approximately HK\$274.8 million), which represents approximately 89.8% of the total revenue of the Group (six months ended 30 September 2021: approximately 95.0%). The revenue generated from the public sector projects accounted for approximately HK\$19.4 million for the six months ended 30 September 2022 (six months ended 30 September 2021: approximately HK\$14.4 million), which represents approximately 10.2% of the total revenue of the Group (six months ended 30 September 2021: approximately 5.0%).

The continuation of the novel Coronavirus (COVID-19) epidemic and the overall economic environment in Hong Kong during the six months ended 30 September 2022 continuously brought negative impacts to the Group, such as the gross profit margin, cash flow, operational effectiveness, delay in commencement of new projects being awarded to the Group and completion progress on certain final stage projects. During the six months ended 30 September 2022, the Group had been awarded four new contracts with total contract sum of approximately HK\$242.9 million during the period under review.

INTERIM DIVIDEND

The Board has resolved not to recommend the declaration of any interim dividend for the six months ended 30 September 2022 (2021: nil).

OUTLOOK AND PROSPECT

The total revenue of the Group has decreased, as the performance of the Group is affected by the competitive building formwork industry. The market share of the Group has decreased since the infrastructure formwork market players responsible for the aforesaid infrastructure formwork works also compete with the building formwork market players for new tenders in the building formwork industry. As a result, the profit margin of new building formwork contracts awarded has reduced.

CHAIRMAN'S STATEMENT

In view of the aforesaid, in addition to adjusting the profit margin in bidding new contracts, the Group will continue to try its best endeavour to explore new customers, implement stringent cost control measures on existing projects, strengthen the effectiveness of project management and improve the efficiency of work flow throughout the construction process in order to maintain the competitiveness for the best interests of the Group.

As disclosed in the 2022 Annual Report, to diversify the business scope in different kinds of construction projects and to cope with the increasing supply in public housing units in coming future, the Group has also engaged in formwork works for construction of public housing. During the six months ended 30 September 2022, the Group has generated revenue from three formwork works contract for public housing approximately HK\$7.5 million.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our management and staff members for their continuous commitment and contribution, and to all our shareholders, customers, subcontractors, suppliers and business partners for their endless support, and to maintain the good relationship with the Group.

Leung Chi Kit
Chairman

Hong Kong, 30 November 2022

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

During the six months ended 30 September 2022, there were 21 projects contributing revenue of approximately HK\$190.2 million, whereas revenue of approximately HK\$289.2 million for the corresponding period in 2021 was contributed by 20 projects. The decrease in revenue during the six months ended 30 September 2022 was mainly due to the COVID-19 impact which has resulted in a slowdown in current projects schedule. There were several new projects commenced during the reporting period are still at gearing up stage, the relevant revenue shall be report in yearly result.

The Group primarily focused in the Hong Kong market during both the six months ended 30 September 2022 and 2021.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately HK\$1.0 million or 49.0% from approximately HK\$2.0 million for the six months ended 30 September 2021 to approximately HK\$1.0 million for the six months ended 30 September 2022. The Group's gross profit margin decreased from approximately 0.7% for the six months ended 30 September 2021 to approximately 0.5% for the six months ended 30 September 2022. The decrease in gross profit and the gross profit margin was mainly attributable to (i) an increase of labour cost of skillful worker, (ii) an increase of subcontracting costs due to increase in market demand of experienced subcontractors; and (iii) a fierce competition for new formwork works contract in the market.

Other income

Other income increased by approximately HK\$4,244,000 from approximately HK\$1,618,000 for the six months ended 30 September 2021 to approximately HK\$5,862,000 for the six months ended 30 September 2022, representing an increase of approximately 262.3%. Such change was mainly attributable to the receipt of Government grants under the Anti-epidemic Fund of approximately HK\$15.2 million and the fair value loss on the securities investment of approximately HK\$10.6 million during the reporting period.

Other loss

Other loss increased by approximately HK\$9,000 from other gain approximately HK\$3,000 for the six months ended 30 September 2021 to other loss approximately HK\$6,000 for the six months ended 30 September 2022. Such change was mainly attributable to the net foreign exchange.

Administrative expenses

Administrative expenses increased from approximately HK\$8.6 million for the six months ended 30 September 2021 to approximately HK\$9.9 million for the six months ended 30 September 2022, representing an increase of approximately 14.7%. Such increase was mainly attributable to the increase the expenses for rental equipment.

Income tax

No income tax has been recognised for the six months ended 30 September 2022 and 30 September 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Loss attributable to owners of the Company

As a result of the foregoing, the loss attributable to owners of the Company amounted to approximately HK\$4.2 million for the six months ended 30 September 2022 as compared to the loss attributable to owners of the Company of approximately HK\$6.2 million for the six months ended 30 September 2021, representing a decrease of approximately 31.8%. The decrease in loss for the six months ended 30 September 2022 was mainly attributable to the net increase of other income which included an increase of receipt of Government grants under the Anti-epidemic Fund of approximately HK\$15.2 million and the increase of fair value loss on the securities investment of approximately HK\$10.6 million.

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and financial resources

As at 30 September 2022, the Group had cash and cash equivalents of approximately HK\$99.0 million as compared with HK\$136.4 million as at 31 March 2022, representing a decrease of approximately 27.4%. The decrease was mainly due to acquisition of securities investment and the increase amount of direct cost during the six months ended 30 September 2022.

The Group has no bank borrowing as at 30 September 2022 (31 March 2022: Nil). The gearing ratio is calculated based on the amount of total debts, which include amount due to a related company, amount due to a director and lease liabilities, divided by total equity. The gearing ratio of the Group as at 30 September 2022 was approximately 100.1% (31 March 2022: approximately 97.1%).

Funding and treasury policy

The Group maintains a prudent funding and treasury policy. Surplus funds are maintained in the form of cash deposits with licensed banks. To manage liquidity risk, the senior management and executive directors closely monitor 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 from time to time.

Pledge of assets

At 30 September 2022, the Group did not pledge its assets.

Capital commitments

As at 30 September 2022, the Group had no material capital commitments.

Contingent liabilities

As at 30 September 2022, the Group had no material contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

Significant Investments Held by the Group

Name of the investment	Number of shares held as at 30 September 2022	Percentage of shareholding as at 30 September 2022	Investment Costs HK\$'000	Fair value as at 30 September 2022	Change in fair value for the period ended 30 September 2022	Size as compared to the Group's total assets as at 30 September 2022	Total amount of dividends received for the period ended 30 September 2022
		%		HK\$'000	HK\$'000	HK\$'000	%
Hong Kong Exchanges and Clearing Limited (Stock code: 388) (" HKEX ")	100,000	0.0079	32,449	26,960	(6,304)	7.79	345
China Construction Bank Corporation (Stock code: 939) (" CCB ")	1,000,000	0.0004	5,028	4,540	(600)	1.31	153
China Mobile Limited (Stock code: 941) (" CM ")	75,000	0.0004	3,890	3,742	(319)	1.08	313
BOC Hong Kong (Holdings) Limited (Stock code: 2388) (" BOC ")	300,000	0.0028	8,400	7,845	(1,065)	2.27	205
CLP Holdings Limited (Stock code: 0002) (" CLP ")	50,000	0.0020	3,849	2,968	(850)	0.86	63
Swire Properties Limited (Stock code: 1972) (" Swire ")	100,000	0.0017	1,918	1,690	(256)	0.49	64
New World Development Company Limited (Stock code: 0017) (" NWD ")	30,000	0.0012	884	669	(286)	0.19	17
Ping An Insurance (Group) Company of China Limited (Stock code: 2318) (" Ping An ")	150,000	0.0014	6,427	5,880	(674)	1.70	32
HKT Trust and HKT Limited (Stock code: 6823) (" HKT ")	200,000	0.0010	2,044	1,840	(204)	0.53	–

MANAGEMENT DISCUSSION AND ANALYSIS

Description of the investments

HKEX is a recognised exchange controller under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). HKEX operates the only recognised stock and futures markets in Hong Kong through its wholly-owned subsidiaries and is the frontline regulator of listed issuers in Hong Kong.

CCB is a joint-stock company incorporated in the PRC with limited liability and its H shares are listed on the main board of the Stock Exchange. CCB is a commercial bank and operates its businesses in domestic and overseas markets through corporate banking businesses, including corporate deposit, corporate credit loan, asset custody, enterprise annuity, trading financing, international settlement, international financing and value-added services, among others, personal banking businesses, including personal deposit, loan, bank card services, private bank services, foreign exchange trading and gold trading services, among others, and capital business.

CM is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of Stock Exchange. China Mobile Group is a leading telecommunications services provider in mainland China.

BOC is a company incorporated in Hong Kong with limited liability and its shares are listed on the Main Board of the Stock Exchange. The principal activities of BOC and its subsidiaries are the provision of banking and related financial services.

CLP is a company listed on the Hong Kong Stock Exchange, is the holding company for the CLP Group, one of the largest investor-owned power businesses in Asia Pacific. Through CLP Power Hong Kong Limited, it operates a vertically-integrated electricity supply business providing a highly-reliable supply of electricity to 80% of Hong Kong's population.

Swire is a property developer, owner and operator of mixed-use, principally commercial properties in Hong Kong and Mainland China. The Company founded and headquartered in Hong Kong in 1972, Swire Properties is a major property developer in Hong Kong.

NWD is a Hong Kong-based company focused on property, hotels, infrastructure and services and department stores.

Ping An is a Chinese holding conglomerate whose subsidiaries mainly deal with insurance, banking, asset management, financial services, healthcare, auto services and smart city. The company was founded in 1988 and is headquartered in Shenzhen.

HKT is Hong Kong's premier telecommunications service provider and a leading innovator.

As at 30 September 2022, except the investment in HKEX constitutes 7.8% of the total assets of the Group, none of each individual underlying investment of the above mentioned investments constitutes 5% or above of the total assets of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Foreign exchange risk

The Group mainly operates in Hong Kong and the majority of the operating transactions such as revenue, expenses, monetary assets and liabilities are denominated in Hong Kong dollars. As such, the Directors are of the view that the Group's risk in foreign exchange is insignificant and we should have sufficient resources to meet foreign exchange requirements as and if they arise. Therefore, the Group has not engaged in any derivative contracts to hedge its exposure to foreign exchange risk during the six months ended 30 September 2022.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

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

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed in the prospectus of the Company dated 31 May 2017 (the "**Prospectus**"), the Group does not have other plans for material investments and capital assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2022, the Group employed 902 employees in Hong Kong (30 September 2021: 1,152 employees). The decrease in the number of employees was mainly due to the final construction stage of a formwork works project which generated a large portion of revenue during the period ended 30 September 2021 and the Group has deployed some of the employees as 95% of the project is being completed in the reporting period. Remuneration packages are reviewed based on their performance and experience of the employees and the prevailing industry practice. The Group may pay a discretionary bonus to its employees based on individual performance in recognition of their contribution and hard work. In addition to salary payments and discretionary bonuses, the Group also provides eligible staff other employment benefits such as provident fund and educational subsidies. The total remuneration cost recognised to profit or loss for the six months ended 30 September 2022 was approximately HK\$125.6 million when compared to approximately HK\$145.2 million for the six months ended 30 September 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The shares of the Company (the “**Shares**”) have been listed and traded on the Main Board of the Stock Exchange since 16 June 2017 (the “**Listing**”). The net proceeds (after deducting the underwriting fees, commissions and all related expenses) from the Listing amounted to approximately HK\$75.0 million. After the Listing, these net proceeds have been and will be utilised in accordance with the future plans and use of proceeds as set out in the Prospectus.

Details of the utilisation of the net proceeds raised by the Company from the date of listing up to 30 September 2022 are stated below:

	Planned use of net proceeds	Amount utilised up to 31 March 2022	Amount utilised during the period ended 30 September 2022	Amount utilised up to 30 September 2022	Unutilised balance up to 30 September 2022	Expected timeline
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	
Acquire additional machineries and equipment	32.8	31.9	0.5	32.4	0.4	End of 2022
Purchase aluminum formwork systems	21.3	21.3	–	21.3	–	
Invest in human resources	9.6	9.6	–	9.6	–	
Additional rental expense for leasing of a warehouse	4.3	4.3	–	4.3	–	
General working capital	7.0	7.0	–	7.0	–	
Total	75.0	74.1	0.5	74.6	0.4	

The unutilised amount of the net proceeds of approximately HK\$0.4 million has been deposited into licensed banks in Hong Kong.

CORPORATE GOVERNANCE

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions (the “**Securities Dealing Code**”) by the Directors and employees who, because of his office or employment in the Group, is likely to possess inside information of the Company. On specific enquiries made, all Directors of the Company have confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 September 2022.

Corporate Governance Practices

The Company has with all relevant code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules during the six months ended 30 September 2022.

The Company has adopted the code provisions (the “**Code Provision(s)**”) and certain recommended best practices contained in Part 2 — Principles of Good Corporate Governance, Code Provisions and Recommended Best Practices (the “**Corporate Governance Code**”) set out in Appendix 14 to the Listing Rules as the code of the Company. The Board also reviews and monitors the practices of the Company from time to time with an aim to maintain and improve the Company’s standards of corporate governance practices.

During the six months ended 30 September 2022, in the opinion of the Directors, the Company has complied with the applicable code provisions of the CG Code as set out in Appendix 14 to the Listing Rules.

Details of the Company’s corporate governance policies and practices had been discussed in the Company’s 2022 annual report.

AUDIT COMMITTEE

As at the date of this report, the Audit Committee consists of three Independent Non-executive Directors, namely, Mr. Lam Kai Yeung, Mr. Wong Yuk Lun, Alan and Mr. Lam Wai Hung. Mr. Lam Kai Yeung is the chairman of the Audit Committee.

The Audit Committee has approved and reviewed with the management of the Company the accounting principles and policies adopted by the Group, and the financial information of the Group and the interim results announcement of the Company for the six months ended 30 September 2022.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2022, interests and short positions in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) held by the Directors and chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

(i) Long position in the Shares

Name of Director	Capacity/Nature of interest	Number of Shares held/ Interested in	Approximate percentage of Company's issued share capital
Mr. Leung Chi Kit (" Mr. Leung ") (Notes 1 and 3)	Interest in controlled corporation Interest held jointly with other people	1,125,000,000	75%
Ms. Tso Yuk Ching (" Ms. Tso ") (Note 2)	Family interest	1,125,000,000	75%

Notes:

- Five Continental Enterprise Limited ("**Five Continental**") is legally interested in 1,125,000,000 Shares upon Listing. As 85% of the shareholding interest of Five Continental is owned by Mr. Leung, Mr. Leung is deemed to be interested in the Shares held by Five Continental under the SFO.
- Ms. Tso is the spouse of Mr. Leung. Accordingly, Ms. Tso is deemed to be interested in the Shares in which Mr. Leung has interest under the SFO.
- On 17 July 2018, Five Continental pledged 1,125,000,000 shares in favour of Kingston Finance Limited ("**Kingston**"), an independent third party, as a security of a loan granted to Five Continental in the amount of HK\$500,000,000.

(ii) Long position in Five Continental, an associated corporation of the Company

Name of Director	Capacity/Nature	Percentage of shareholding
Mr. Leung	Beneficial owner (Note)	85%
Ms. Tso	Family interest (Note)	85%

Note: Mr. Leung is the spouse of Ms. Tso. Accordingly, Ms. Tso is deemed to be interested in the Shares in which Mr. Leung has interest under the SFO.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

So far as is known to the Directors and taking no account any Shares which may be issued upon exercise of any options which may be granted under the Scheme, the following persons (not being a Director or chief executive of the Company) have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Name	Capacity/Nature of Interest	Number of Shares/ Underlying Shares held	Percentage of Company's issued share capital
Mr. Chow Siu Yu (<i>Note 1</i>)	Interest in controlled corporation. Interest held jointly with other people.	1,125,000,000	75%
Five Continental (<i>Notes 2 and 3</i>)	Beneficial owner. Interest held jointly with other people.	1,125,000,000	75%
Ample Cheer Limited ("Ample Cheer") (<i>Note 4</i>)	Interest in controlled corporation	1,125,000,000	75%
Best Forth Limited ("Best Forth") (<i>Note 4</i>)	Interest in controlled corporation	1,125,000,000	75%
Chu Yuet Wah ("Mrs Chu") (<i>Note 4</i>)	Interest in controlled corporation	1,125,000,000	75%
Kingston (<i>Note 4</i>)	Interest in controlled corporation	1,125,000,000	75%

Notes:

- On 5 August 2016, Mr. Leung, Ms. Tso and Mr. Chow Siu Yu ("**Mr. Chow**") entered into a Concert Parties Confirmatory Deed (as defined in the Prospectus dated 31 May 2017) to acknowledge and confirm, among other things, that they are parties acting in concert in respect of (i) Leung Pui Form Mould & Engineering Co., Limited ("**Leung Pui**") and Ho Yip Construction Company Limited ("**Ho Yip**") since the incorporation of Leung Pui and Ho Yip and (ii) each of the members of our Group upon the Listing Date and will continue so as of and after the date of the Concert Parties Confirmatory Deed. As such, pursuant to the parties acting in concert arrangement, each of Mr. Leung, Ms. Tso and Mr. Chow is deemed to be interested in 75% of the issued share capital of our Company.
- Five Continental is owned as to 85% by Mr. Leung and 15% by Mr. Chow, who is the uncle of the Executive Director Mr. Chow Dik Cheung. As Ms. Tso is the spouse of Mr. Leung, Ms. Tso is deemed to be interested in the shares of Five Continental held by Mr. Leung. Accordingly, Ms. Tso is deemed to be interested in the Shares held by Five Continental under the SFO.
- On 17 July 2018, Five Continental pledged 1,125,000,000 Shares in favour of Kingston, an independent third party, as a security of a loan granted to Five Continental in the amount of HK\$500,000,000.
- Based on the notices of disclosure of interest filed by Ample Cheer, Best Forth, Mrs. Chu and Kingston on 17 July 2018, Mrs. Chu, Ample Cheer and Best Forth are deemed to be interested in 1,125,000,000 shares of the Company in which Kingston has an interest.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the six months ended 30 September 2022.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "**Share Option Scheme**") on 23 May 2017. The principal terms of the Share Option Scheme are summarised in Appendix V to the Prospectus. The Share Option Scheme is an incentive scheme established to recognise and motivate the contributions that employees (full-time and part-time), Directors, suppliers, customers, advisers or service providers of the Group have made or may make to the Group. No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 23 May 2017, and there is no outstanding share option as at 30 September 2022.

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Group after 30 September 2022 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 2022

	Notes	Six months ended 30 September	
		2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Revenue	3	190,187	289,221
Direct costs		(189,147)	(287,182)
Gross profit		1,040	2,039
Other income	5	5,862	1,618
Other (loss)/gain	6	(6)	3
Impairment losses under expected credit loss model, net of reversal	7	278	138
Administrative expenses		(9,870)	(8,606)
Finance costs	8	(1,542)	(1,408)
Loss before tax		(4,238)	(6,216)
Income tax	9	–	–
Loss and total comprehensive expense for the period	10	(4,238)	(6,216)
Loss and total comprehensive expense for the period attributable to owners of the Company		(4,238)	(6,216)
Loss per share — Basic and diluted (HK cents)	12	(0.28)	(0.41)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	Notes	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment		17,670	23,395
Right-of-use assets		3,495	4,538
		21,165	27,933
Current assets			
Trade and other receivables	14	52,078	56,704
Contract assets	15	117,662	126,088
Financial assets at fair value through profit or loss	13	56,134	32,073
Tax recoverable		57	57
Cash and cash equivalents		99,035	136,421
		324,966	351,343
Total assets		346,131	379,276
Current liabilities			
Trade and other payables	16	19,024	58,257
Contract liabilities	17	26,921	17,005
Amount due to a related company	18	146,496	145,123
Amount due to a director	19	37	2
Lease liabilities	20	2,034	2,018
		194,512	222,405
Net current assets		130,454	128,938
Total assets less current liabilities		151,619	156,871

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	Notes	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
Non-current liabilities			
Lease liabilities	20	1,633	2,647
Net assets		149,986	154,224
Capital and reserves			
Share capital	21	15,000	15,000
Reserves		134,986	139,224
Total equity		149,986	154,224

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (Note)	Retained profits HK\$'000	Total HK\$'000
As at 1 April 2021 (audited)	15,000	75,694	140	75,887	166,721
Loss and total comprehensive expense for the period	–	–	–	(6,216)	(6,216)
As at 30 September 2021 (unaudited)	15,000	75,694	140	69,671	160,505
As at 1 April 2022 (audited)	15,000	75,694	140	63,390	154,224
Loss and total comprehensive expense for the period	–	–	–	(4,238)	(4,238)
As at 30 September 2022 (unaudited)	15,000	75,694	140	59,152	149,986

Note: Other reserve represents the difference between the nominal value of the aggregate share capital of the subsidiaries acquired upon the group reorganisation and the consideration paid for the acquisition.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022

	Six months ended	
	30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash used in operating activities	(1,070)	(15,898)
Net cash used in investing activities	(35,184)	(3,893)
Net cash used in financing activities	(1,132)	(1,613)
Net decrease in cash and cash equivalents	(37,386)	(21,404)
Cash and cash equivalents at the beginning of the period	136,421	186,621
Cash and cash equivalents at the end of the period	99,035	165,217
Represented by:		
Bank balances and cash	36,402	34,753
Cash held by securities broker	62,633	130,464
	99,035	165,217

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2022 are the same as those presented in the Group's annual financial statements for the year ended 31 March 2022.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatory effective for the annual period beginning on or after 1 April 2022 for the preparation of the Group's condensed consolidated financial statements.

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKFRS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The application of the amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in the condensed consolidated financial statements.

3. REVENUE

Disaggregation of revenue from contracts with customers

	Six months ended 30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Type of services		
Formwork works	190,187	289,221
Geographical markets		
Hong Kong	190,187	289,221
Timing of revenue recognition		
Over time	190,187	289,221

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

4. SEGMENT INFORMATION

The Group's reportable and operating segments are as follows:

1. Formwork works — Provision of formwork works and related ancillary works
2. Building construction works — Provision of building construction works
3. Trading and investment business — Investing in financial instruments

Segment revenue and results

Following the changes of reporting structure, the number of operating segments in the Group was increased from two to three during the year ended 31 March 2022 due to the setup of investment committee of the Group. Segment information presented a comparative information in these condensed consolidated financial statements have been restated to reflect the current reporting structure of the Group.

Six months ended 30 September 2022 (unaudited)

	Formwork works HK\$'000	Building construction works HK\$'000	Trading and investment business HK\$'000	Total HK\$'000
Revenue				
External sales and segment revenue	190,187	–	–	190,187
Segment profit/(loss)	11,125	–	(9,509)	1,616
Unallocated income				44
Unallocated expenses				(4,356)
Finance costs				(1,542)
Loss before tax				(4,238)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

4. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

Six months ended 30 September 2021 (unaudited)

	Formwork works HK\$'000	Building construction works HK\$'000	Trading and investment business HK\$'000 (restated)	Total HK\$'000
Revenue				
External sales and segment revenue	289,221	–	–	289,221
Segment (loss)/profit	(628)	(7)	141	(494)
Unallocated expenses				(4,314)
Finance costs				(1,408)
Loss before tax				(6,216)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/loss represents the profit earned by/loss from each segment without allocation of interest income, central administration costs and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

There were no sales transactions between the operating segments.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

4. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment.

	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
Segment assets		
Formwork works	190,853	210,570
Building construction works	–	–
Trading and investment business	118,767	128,276
Total segment assets	309,620	338,846
Unallocated	36,511	40,430
Consolidated assets	346,131	379,276
Segment liabilities		
Formwork works	48,357	78,620
Building construction works	4	8
Trading and investment business	10	20
Total segment liabilities	48,371	78,648
Unallocated	147,774	146,404
Consolidated liabilities	196,145	225,052

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than tax recoverable and unallocated corporate assets.
- all liabilities are allocated to operating segments other than amount due to a related company, amount due to a director and unallocated corporate liabilities.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

5. OTHER INCOME

	Six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Government grants	15,205	–
Fair value changes on financial assets at fair value through profit or loss	(10,558)	–
Interest income from cash and cash equivalents	2	149
Dividends from financial assets at fair value through profit or loss	1,192	–
Rental income	–	1,468
Sundry income	21	1
	5,862	1,618

6. OTHER (LOSS)/GAIN

	Six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net foreign exchange (loss)/gain	(6)	3

7. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Impairment losses reversed/(recognised) on:		
Trade receivables	(194)	204
Other receivables	616	–
Contract assets	(144)	(66)
	278	138

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

8. FINANCE COSTS

	Six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest expense on:		
Lease liabilities	169	35
Amount due to a related company	1,373	1,373
	1,542	1,408

9. INCOME TAX

No provision for Hong Kong Profits Tax has been made in the condensed consolidated interim financial statements for the six months ended 30 September 2022 as the Company and its subsidiaries either had available losses brought forward from prior years to offset the assessable profits generated or did not generate any assessable profits arising in Hong Kong during the respective periods.

10. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	Six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	6,288	8,131
Depreciation of right-of-use assets	1,042	1,355
Staff costs (including directors' emoluments)	125,648	145,228
Expense relating to:		
Short-term leases	4,401	9,115
Leases of low value assets	-	18

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

11. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The directors have determined that no dividend will be paid in respect of the interim period (30 September 2021: nil).

12. LOSS PER SHARE

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss		
Loss for the purpose of basic loss per share (Loss for the period attributable to owners of the Company)	(4,238)	(6,216)
	Six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	1,500,000,000	1,500,000,000

The diluted loss per share is equal to the basic loss per share as the Company has no dilutive potential ordinary shares in issue during the periods ended 30 September 2022 and 2021.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
Financial assets		
Equity securities listed in Hong Kong (Note)	56,134	32,073

Note:

The fair value of listed equity securities are determined based on the quoted market prices at the end of the reporting period.

Financial assets at fair value through profit or loss are denominated in HK\$.

14. TRADE AND OTHER RECEIVABLES

	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
Trade receivables	39,129	34,394
Less: Allowance for credit losses	(310)	(116)
	38,819	34,278
Prepayments	52	155
Deposits and other receivables	13,659	23,339
Less: Allowance for credit losses	(452)	(1,068)
	52,078	56,704

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

14. TRADE AND OTHER RECEIVABLES (Continued)

The Group does not have a standardised and universal credit period granted to its customers, and the credit period of individual customer is considered on a case-by-case basis and stipulated in the project contract, as appropriate. The following is an aging analysis of the Group's trade receivables net of allowance for credit losses at the end of the reporting period, presented based on the progress payment certificate date:

	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
0–30 days	31,932	23,575
31–60 days	5,482	6,856
Over 60 days	1,405	3,847
	38,819	34,278

15. CONTRACT ASSETS

	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
Unbilled revenue (Note (a))	77,073	84,692
Retention money receivables (Note (b))	41,981	42,644
	119,054	127,336
Less: Allowance for credit losses	(1,392)	(1,248)
	117,662	126,088

Notes:

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

16. TRADE AND OTHER PAYABLES

	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
Trade payables	3,289	13,491
Accruals and other payables		
— Accrued salaries	4,558	21,487
— Accrued sub-contracting fee	2,532	11,063
— Others	8,645	12,216
	19,024	58,257

The following is an aging analysis of the Group's trade payables at the end of the reporting period, presented based on the invoice date:

	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
0–30 days	277	5,789
31–60 days	341	1,241
61–90 days	346	3,599
Over 90 days	2,325	2,862
	3,289	13,491

At the end of the reporting period, the amount due to a connected party included in the Group's trade payables is as follows:

	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
King Fu Plastic Products Limited ("King Fu")	514	1,559

King Fu is owned as to 50% by Mr. Tso Kwong Wa and 50% by Ms. Wong Siu Fong, who are the brother and sister-in-law of Ms. Tso Yuk Ching, a director of the Company, respectively.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

17. CONTRACT LIABILITIES

	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
Advances from customers	26,921	17,005

When the Group receives advances from customers before the construction activity commences, this will give rise to contract liabilities, until the revenue recognised on the relevant contract exceeds the amount of the advances from customers.

18. AMOUNT DUE TO A RELATED COMPANY

The amount represents a balance due to Century Bond Limited ("**Century Bond**"), a company controlled by Mr. Leung Chi Kit, a director of the Company. The amount due to a related company is non-trade nature, unsecured, interest-bearing at 2% per annum and repayable on demand.

19. AMOUNT DUE TO A DIRECTOR

The amount due to a director is non-trade nature, unsecured, interest-free and repayable on demand.

20. LEASE LIABILITIES

	As at 30 September 2022 (Unaudited) HK\$'000	As at 31 March 2022 (Audited) HK\$'000
Lease liabilities payable:		
Within one year	2,034	2,018
More than one year, but not more than two years	1,633	1,993
More than two years, but not more than five years	–	654
	3,667	4,665
Less: Amount due for settlement with 12 months shown under current liabilities	(2,034)	(2,018)
Amount due for settlement after 12 months shown under non-current liabilities	1,633	2,647

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

21. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised: At 1 April 2021, 30 September 2021, 1 April 2022 and 30 September 2022 (unaudited)	3,120,000	31,200
Issued and fully paid: At 1 April 2021, 30 September 2021, 1 April 2022 and 30 September 2022 (unaudited)	1,500,000	15,000

22. CONNECTED AND RELATED PARTY TRANSACTIONS

(a) Transactions with connected or related parties

During the current interim period, the Group entered into the following significant transactions with connected or related parties:

Name of connected/ related party	Nature of transaction	Six months ended 30 September	
		2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
King Fu	Purchases of tools and materials	2,967	4,050
Five Dragons Properties	Interest expense on lease liabilities	–	5
	Expenses relating to short-term leases	315	–
Century Bond	Interest expense	1,373	1,373

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

22. CONNECTED AND RELATED PARTY TRANSACTIONS (Continued)

(b) Outstanding balances with connected or related parties

Details of outstanding balances with the connected or related parties of the Group at the end of the reporting period are set out in notes 16, 18 and 19.

(c) Compensation to key management personnel

Compensation to key management personnel of the Group which represents directors of the Company, during the period are as follows:

	Six months ended 30 September	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Short-term benefits	3,274	3,533
Post-employment benefits	45	45
	3,319	3,578

23. COMPARATIVE FIGURES

Certain comparative figures are reclassified to conform with the current period's presentation.