

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
2023/24





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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 2023 (the “Period”), together with the comparative figures for the corresponding period in 2022 (the “Previous Period”). These information should be read in conjunction with the annual financial statements for the year ended 31 March 2023.

HIGHLIGHTS

	1H 2023/24	1H 2022/23
Revenue	HK\$217 million	HK\$125 million
Loss for the period	HK\$(25) million	HK\$(87) million
Loss per share	(1.48) HK cents	(5.17) HK cents
	30 September 2023	31 March 2023
Net gearing	20%	20%
Current ratio	1.3x	1.5x
Total equity	HK\$475 million	HK\$500 million
Aggregate value of major contracts on hand	about HK\$543 million yet to complete	about HK\$742 million yet to complete

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Group Revenue and Profit

The Group's revenue for the Period increased 74% to HK\$217 million (2022: HK\$125 million), which was mainly contributed by Kai Tak Public Housing project. In fact, the construction income recognised in the Period was less than the original projection mainly because of the complicated ground conditions of Kai Tai Housing project that affected the construction programme. Therefore, the gross profit generated during the Period was just able to breakeven, after deducting the direct costs and related overheads such as equipment depreciation and labour costs. The Group recorded a gross profit of HK\$1 million (2022: gross loss of HK\$72 million) for the Period.

Major Projects

	As at 30 September 2023 Completion status	Expected Completion Date	Estimated Remaining Contract Value (HK\$) <i>(Note)</i>
Kai Tak Public Housing	41%	2024 Q4	543 million

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

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 91% of the Group's revenue for the Period.

Other projects

A few other projects contributed to about 9% of the Group's revenue for the Period.

BUSINESS OUTLOOK

The directors of the Company believe that the Hong Kong 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 future. While 2023 is still hard-hit by geo-political tensions and worldwide economic uncertainties, the Company foresees a temporary holding back in the private sector projects in Hong Kong until the property prices become stabilised. In the near-term, the Group expects to have a steady utilisation of equipment and labour given that it has a major contract on hand in the coming 12 months. However, the profitability of construction projects may be eroded to certain extent because of the increase in labour costs.

FINANCIAL REVIEW AND ANALYSIS

The net loss for the Period was approximately HK\$25 million (2022: HK\$87 million) mainly attributable to the thin gross profit mentioned above, which was not able to cover all the administrative expenses and finance costs of the Group. Administrative expenses were approximately HK\$23 million for the Period (2022: HK\$20 million), which increased about 13% compared to the Previous Period mainly due to increases in salaries and wages, rental expenses and professional fees. Net finance costs were approximately HK\$5 million (2022: HK\$2 million) for the Period, which increased about 151% mainly due to increases in HIBOR interest rate and the average loan balances as compared to the Previous Period. Despite the above, the Group had a operating net cash inflow of approximately HK\$21 million in the Period mainly attributable to the receipt of contract fees from Kai Tak Public Housing project, as opposed to the net cash outflow of HK\$57 million in 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\$13 million in additional machinery and equipment. As at 30 September 2023 and 31 March 2023, the Group did not have capital commitments relating to the purchase of machinery and equipment. 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 inflow of approximately HK\$21 million generated from operating activities (2022: net cash outflow of HK\$57 million). Together with bank facilities available, the Group has been financially sound in its daily operations throughout the Period. The Group's related company has also extended the long term facilities during the Period in an aggregate amount of HK\$100 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 2023, the Group had total cash and bank balances of approximately HK\$142 million (31 March 2023: HK\$197 million) mainly denominated in Hong Kong dollars. Cash and bank balances decreased mainly because of repayment of short-term borrowings.

Borrowings

As at 30 September 2023, the Group had total borrowings of approximately HK\$137 million (31 March 2023: HK\$196 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\$35 million (31 March 2023: HK\$94 million) were for short-term bank loans and approximately HK\$92 million (31 March 2023: HK\$52 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 2023, the Group's net gearing (net borrowings divided by total equity) was 20% (31 March 2023: 20%). For the purpose of calculating the Group's net gearing ratio, net borrowings refer to the total borrowings less cash and cash equivalents.

The Group's total equity as at 30 September 2023 was approximately HK\$475 million (31 March 2023: HK\$500 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 2023, save for guarantee of performance bond relating to a foundation works and ancillary services project of the Group of approximately HK\$29 million (31 March 2023: two, approximately HK\$7 million and HK\$29 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 2023, the net book amount of plant and equipment of approximately HK\$69 million (31 March 2023: HK\$62 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 2023: none).

HUMAN RESOURCES

As at 30 September 2023, the Group had around 318 employees (31 March 2023: 301). 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 2023, 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 2023 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 four independent non-executive directors, namely Professor Wong Sue Cheun, Roderick, Mr. Chu Tak Sum, Mr. Ip Tin Chee, Arnold and Mr. Pang Tat Choi, Paul, 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, 27 November 2023

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, Mr. Ip Tin Chee, Arnold and Mr. Pang Tat Choi, Paul.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

	Note	Unaudited Six months ended 30 September	
		2023 HK\$'000	2022 HK\$'000
Revenue from contracts with customers	5	216,714	124,531
Cost of sales	6	<u>(216,011)</u>	<u>(196,233)</u>
Gross profit/(loss)		703	(71,702)
Other loss	7	(274)	–
Other income	7	361	4,497
Administrative expenses	6	<u>(23,033)</u>	<u>(20,381)</u>
Operating loss		(22,243)	(87,586)
Finance income	8	2,406	458
Finance costs	8	<u>(7,273)</u>	<u>(2,398)</u>
Finance costs, net	8	<u>(4,867)</u>	<u>(1,940)</u>
Loss before income tax		(27,110)	(89,526)
Income tax credit	9	<u>2,197</u>	<u>2,738</u>
Loss and total comprehensive loss for the period		<u>(24,913)</u>	<u>(86,788)</u>
Loss and total comprehensive loss attributable to equity holders of the Company		<u>(24,913)</u>	<u>(86,788)</u>
		HK cents	HK cents
Basic and diluted loss per share	10	<u>(1.48)</u>	<u>(5.17)</u>

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30 SEPTEMBER 2023

		Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 HK\$'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Right-of-use assets		19,146	22,235
Plant and equipment	12	526,598	527,186
Deferred income tax assets		7,807	5,452
Financial assets at fair value through other comprehensive income		21,650	21,650
Deposits and prepayments		329	–
		575,530	576,523
Current assets			
Trade and retention receivables	13	102,491	152,293
Deposits, prepayments and other receivables		10,538	11,692
Contract assets		40,322	33,817
Income tax recoverable		34	31
Cash and cash equivalents		141,684	197,074
		295,069	394,907
Total assets		870,599	971,430
EQUITY			
Share capital	14	4,200	4,200
Reserves		470,841	495,754
Total equity		475,041	499,954
LIABILITIES			
Non-current liabilities			
Borrowings	16	9,761	49,674
Deferred income tax liabilities		43,853	43,880
Lease liabilities		9,338	11,200
Amount due to a related company		100,000	100,000
		162,952	204,754

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

AS AT 30 SEPTEMBER 2023

		Unaudited	Audited
		30 September	31 March
		2023	2023
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
Current liabilities			
Trade and retention payables	15	84,568	91,758
Accruals and other payables		16,656	17,598
Borrowings	16	127,311	146,153
Lease liabilities		3,854	6,274
Income tax payable		217	4,939
		232,606	266,722
Total liabilities		395,558	471,476
Total equity and liabilities		870,599	971,430

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

	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 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
At 1 April 2023	4,200	194,087	1,900	10,500	289,267	499,954
Comprehensive loss						
Loss for the period	-	-	-	-	(24,913)	(24,913)
At 30 September 2023	4,200	194,087	1,900	10,500	264,354	475,041

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

		Unaudited	
		Six months ended	
		30 September	
		2023	2022
	<i>Note</i>	HK\$'000	HK\$'000
Cash flows from operating activities			
Net cash generated from/(used in) operations		30,764	(55,429)
Interest paid		(6,714)	(2,240)
Interest received		2,406	458
Interest element of lease payments	8	(559)	(158)
Hong Kong profits tax paid		(4,910)	–
		<hr/>	<hr/>
Net cash generated from/(used in) operating activities		20,987	(57,369)
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Cash flows from investing activities			
Purchase of plant and equipment		(13,341)	(3,752)
Prepayment for purchase of plant and equipment		–	(920)
Proceeds from sales of plant and equipment		1	–
		<hr/>	<hr/>
Net cash used in investing activities		(13,340)	(4,672)
		<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		6,503	100,000
Repayment of long-term bank loans		(6,663)	(7,379)
Drawdown of short-term bank loans		63,878	65,196
Repayment of short-term bank loans		(122,473)	(60,513)
Principal elements of lease payments		(4,282)	(5,227)
Repayment to a director		–	(30,000)
Loan from a related company		–	100,000
		<hr/>	<hr/>
Net cash (used in)/generated from financing activities		(63,037)	162,077
		<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 2023

	Unaudited	
	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
Net (decrease)/increase in cash and cash equivalents	(55,390)	100,036
Cash and cash equivalents at beginning of the period	<u>197,074</u>	<u>127,928</u>
Cash and cash equivalents at end of the period	<u>141,684</u>	<u>227,964</u>
Analysis of cash and cash equivalents		
Cash and cash equivalents	<u>141,684</u>	<u>227,964</u>
	<u>141,684</u>	<u>227,964</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 27 November 2023.

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 2023 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 2023, 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 2023 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 new and amended standards for the financial year beginning 1 April 2023:

HKFRS 17	Insurance Contracts
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information
HKFRS 17 (Amendments)	Amendments to HKFRS 17 Insurance Contracts
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
HKAS 8 (Amendments)	Definition of Accounting Estimates
HKAS 12 (Amendments)	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

The application of the above new and amended standards 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 2023.

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 2023.

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	
	2023	2022
	HK\$'000	HK\$'000
Foundation works and ancillary services	216,714	124,531

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	
	2023	2022
	HK\$'000	HK\$'000
Cost of sales		
Construction contracts costs (<i>note</i>)	195,682	180,108
Depreciation – owned plant and equipment	13,493	12,567
Depreciation – right-of-use assets	518	63
Repair and maintenance	5,997	3,133
Others	321	362
	216,011	196,233
Administrative expenses		
Staff costs, including directors' emoluments	7,986	7,435
Depreciation – owned plant and equipment	436	397
Depreciation – right-of-use assets	2,571	4,615
Operating leases rental in respect of		
– office and storage premises	3,868	1,662
– directors' quarters	1,084	361
Professional fees	2,697	1,570
Exchange (gains)/losses	38	(131)
Motor vehicle expenses	1,732	1,643
Others	2,621	2,829
	23,033	20,381
Total cost of sales and administrative expenses	239,044	216,614

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 loss, net and other income

	Unaudited	
	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
Other loss, net:		
– Gain on disposal of plant and equipment	(1)	–
– Other	275	–
	274	–
Other income:		
– Government grant (<i>note</i>)	–	4,454
– Other	361	43
	361	4,497

Note:

Government grant recognised during the Previous Period mainly included wage subsidies granted from the Hong Kong SAR government's Employment Support Scheme under Anti-Epidemic Fund for the use of paying wages of employees.

8 Finance income and costs

	Unaudited	
	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
Finance income:		
– Interest income on bank deposits	2,406	458
Finance costs:		
– Interest expense on bank loans	(3,591)	(1,483)
– Interest expense on leases liabilities	(559)	(158)
– Interest expense on amount due to a related company	(3,123)	(757)
	(7,273)	(2,398)
Finance costs, net	(4,867)	(1,940)

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	
	2023	2022
	HK\$'000	HK\$'000
Hong Kong profits tax		
Current income tax	185	631
Deferred income tax	(2,382)	(3,369)
	(2,197)	(2,738)

10 Loss per share

(a) Basic

Basic loss per share is calculated by dividing the loss 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	
	2023	2022
Loss attributable to equity holders of the Company (HK\$'000)	(24,913)	(86,788)
Weighted average number of ordinary shares for the purpose of calculating basic loss per share (thousands)	1,680,000	1,680,000
Basic loss per share (HK cents)	(1.48)	(5.17)

(b) Diluted

Diluted loss per share is of the same amount as the basic loss 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 (2022: Nil).

12 Plant and equipment

	Unaudited Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
At 1 April	527,186	524,935
Additions	13,341	4,175
Depreciation	(13,929)	(12,964)
	526,598	516,146
At 30 September	526,598	516,146

13 Trade and retention receivables

	Unaudited 30 September 2023	Audited 31 March 2023
	HK\$'000	HK\$'000
Trade receivables	68,045	114,428
Retention receivables	52,113	55,712
	120,158	169,960
Less: loss allowance	(17,667)	(17,667)
	102,491	152,293

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 30 September 2023	Audited 31 March 2023
	HK\$'000	HK\$'000
1 to 30 days	35,734	92,355
181 to 365 days	13,418	1,327
More than 365 days	18,893	20,566
	68,045	114,248
Total	68,045	114,248

As at 30 September 2023 and 31 March 2023, 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
	2023	2023
	HK\$'000	HK\$'000
Trade payables	68,478	76,359
Retention payables	16,090	15,399
	84,568	91,758

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

	Unaudited	Audited
	30 September	31 March
	2023	2023
	HK\$'000	HK\$'000
0 to 30 days	24,679	29,767
31 to 60 days	6,984	5,653
61 to 90 days	731	2,774
91 to 180 days	498	888
181 to 365 days	4,054	22,991
More than 365 days	31,532	14,286
	68,478	76,359

16 Borrowings

	Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 HK\$'000
Non-current		
Long-term bank loans	<u>9,761</u>	<u>49,674</u>
Current		
Short-term bank loans	35,218	93,813
Current portion of long-term bank loans due for repayment within one year	<u>92,093</u>	<u>52,340</u>
	<u>127,311</u>	<u>146,153</u>
Total borrowings	<u>137,072</u>	<u>195,827</u>

17 Capital commitments

There were no capital commitments as at 30 September 2023 and 31 March 2023.

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	
	2023	2022
	HK\$'000	HK\$'000
Rental expenses to Cheer Crown Property Holdings Limited	2,160	720
Rental expenses to East Ascent Enterprise Limited	23	8
Rental expenses to Cheer Profit International Enterprise Limited	23	8
Rental expenses to Long Ascent Development Limited	300	100
Rental expenses to Cheer Wealth International Development Limited	438	146
Rental expenses to Healthy World Investment Limited	300	100

Payments paid to related parties under lease liabilities

	Unaudited	
	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
Payments to Cheer Crown Property Holdings Limited	–	720
Payments to East Ascent Enterprise Limited	–	15
Payments to Cheer Profit International Enterprise Limited	–	15
Payments to Long Ascent Development Limited	–	200
Payments to Cheer Wealth International Development Limited	–	292
Payments to Healthy World Investment Limited	–	200

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 motor vehicle from a related party*

	Unaudited Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Purchase of motor vehicle from Redland Precast Concrete Products Limited	40	–

Purchase of motor vehicle was paid to a company beneficially wholly-owned by a director of the Company.

(c) Interest expenses payable to a related party

	Unaudited Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Interest expenses payable to a related company	3,123	757

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	
	2023	2022
	HK\$'000	HK\$'000
Fees	458	396
Salaries	1,466	1,466
Directors' quarters	1,084	1,084
	3,008	2,946

(e) Balance – non-trade

	Unaudited 30 September 2023 HK\$'000	Audited 31 March 2023 HK\$'000
Payable to a related company: Sam Woo Ship Building Limited	100,000	100,000