



Sang Hing Holdings (International) Limited 生興控股(國際)有限公司

(incorporated in the Cayman Islands with limited liability)
Stock code: 1472



INTERIM REPORT
2023

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Lai Wai (*Chairman*)

Mr. Lai Ying Wah

Independent non-executive Directors

Prof. Leung Yee Tak

Mr. Ho Tai Tung

Ms. Tsang Wing Kiu

Mr. Choi Ho Yan

(appointed on 30 April 2023)

AUDIT COMMITTEE

Mr. Choi Ho Yan (*Chairman*)

(appointed on 30 April 2023)

Prof. Leung Yee Tak

Mr. Ho Tai Tung

Ms. Tsang Wing Kiu

REMUNERATION COMMITTEE

Prof. Leung Yee Tak (*Chairman*)

(appointed on 1 September 2023)

Mr. Ho Tai Tung

Ms. Tsang Wing Kiu

Mr. Choi Ho Yan

(appointed on 30 April 2023)

NOMINATION COMMITTEE

Mr. Lai Wai (*Chairman*)

Prof. Leung Yee Tak

Mr. Ho Tai Tung

Ms. Tsang Wing Kiu

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman KY1-1111

Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

REGISTERED OFFICE

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman KY1-1111

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 215A-B, 2/F

Central Services Building

Nan Fung Industrial City

No. 18 Tin Hau Road

Tuen Mun, New Territories

Hong Kong

Corporate Information

SUSTAINABLE DEVELOPMENT COMMITTEE

Mr. Ho Tai Tung (*Chairman*)
(*appointed on 12 September 2023*)

Prof. Leung Yee Tak

Ms. Tsang Wing Kiu

Mr. Choi Ho Yan

(*appointed on 30 April 2023*)

INVESTMENT COMMITTEE

Mr. Lai Wai (*Chairman*)

Mr. Au Chun Wing

Mr. Shum Tsz Yeung

COMPANY SECRETARY

Ms. Chang Kam Lai

AUTHORISED REPRESENTATIVES

Mr. Lai Wai

Ms. Chang Kam Lai

LEGAL ADVISER

Khoo & Co.

AUDITOR

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited

Bank of Communications

(Hong Kong) Limited

Industrial and Commercial Bank of China
(Asia) Limited

Bank of China (Hong Kong) Limited

Shanghai Commercial Bank Ltd.

COMPANY WEBSITE

www.sang-hing.com.hk

STOCK CODE

1472

Financial Highlights

	Six months ended 30 September		Decrease %
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)	
Revenue	67,191	141,900	52.6
EBITDA	(6,380)	7,385	N/A
(Loss)/profit before tax	(8,885)	2,827	N/A
(Loss)/profit for the period attributable to owners of the Company	(6,918)	2,356	N/A
(Loss)/earnings per share attributable to owners of the Company			
Basic and diluted (<i>HK cents</i>)	(0.69)	0.24	N/A

Management Discussion and Analysis

The board (the “**Board**”) of directors (the “**Directors**”) of Sang Hing Holdings (International) Limited (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2023, together with the comparative figures for the six months ended 30 September 2022.

BUSINESS REVIEW AND FINANCIAL RESULTS

The Group is an established main contractor with over 20 years of experience specialising in a variety of civil engineering works, including site formation, road and bridge construction, drainage and sewerage construction, watermain installation and slope works in Hong Kong. We are a Group C contractor under the “Site Formation” and “Roads and Drainage” categories with confirmed status and are qualified to tender for public works contracts of any values exceeding HK\$400 million.

For the six months ended 30 September 2023, the Group’s revenue was approximately HK\$67.2 million (2022: approximately HK\$141.9 million), a decrease of 52.6% as compared with the same corresponding period in 2022. The loss attributable to owners of the Company for the six months ended 30 September 2023 was approximately HK\$6.9 million while the profit for the six months ended 30 September 2022 was approximately HK\$2.4 million, which was mainly due to decrease in revenue from civil engineering works related services and gross profit generated from Projects W55 and W57 in which the projects were substantially completed and under its maintenance period during the six months ended 30 September 2023.

Management Discussion and Analysis

Analysis of revenue of each project during the six months ended 30 September 2023 was as follows:

Project Code	Type of works	Location	2023 HK\$'000	2022 HK\$'000
On-going projects				
W58	Construction of sewers and sewerage system	Northern Tuen Mun	1,543	16,692
W59	Site formation and infrastructure works for public housing development	Kam Tin South, Yuen Long	6,862	13,411
W60	Temporary construction waste sorting facilities	Tseung Kwan O and Tuen Mun	49,247	30,167
Projects completed or substantially completed				
W52	Remaining works of cycle tracks	North District and Tuen Mun District	–	7,388
W55	Development of columbarium and infrastructural works	North District	6,081	23,176
W57	Development of Long Valley Nature Park	North District	3,458	51,066
Total revenue			67,191	141,900

During the six months ended 30 September 2023, we recognised revenue from 5 projects in total, of which one project was completed. The revenue for the six months ended 30 September 2023 was decreased as compared with the same corresponding period in last year due to decrease in revenue from Projects W55 and W57 in which work progress of Projects W55 and W57 was substantially completed and under its maintenance period during the period.

Management Discussion and Analysis

The gross profit margin for the six months ended 30 September 2023 was 2.0% (2022: 8.4%). Decrease in gross profit margin as compared with the same corresponding period in last year was due to Projects W55 and W57 were under its maintenance period during the six months ended 30 September 2023.

Other income and other gain or loss, net for the six months ended 30 September 2023 was amounting to approximately HK\$0.1 million (2022: approximately HK\$2.1 million), representing a decrease of 95.0% as compared with the same corresponding period in last year, which was due to decrease in government and other subsidies. Government and other subsidies were mainly related to fund received from Employment Support Scheme. As at 30 September 2023, the Group holds financial assets at fair value through profit or loss amounting to approximately HK\$0.5 million (31 March 2023: approximately HK\$2.1 million).

Administrative and operating expenses for the six months ended 30 September 2023 were amounting to approximately HK\$10.3 million (2022: approximately HK\$11.2 million), representing a slightly decrease of 8.1% as compared with the same corresponding period in last year, which was mainly due to decrease in project bidding consultancy fee and other related office operating costs.

As at 30 September 2023, prepayments, deposits and other receivables mainly represented amounts paid for insurance and subcontracting fee prepayments, deposits for material purchases, deposits for rental and utilities and other receivables. During the period, prepayments, deposits and other receivables increased by approximately HK\$20.7 million which was mainly due to increase in prepayments, deposit for raw material purchases and other receivables regarding to contra charge due from subcontractors.

Management Discussion and Analysis

OUTLOOK

Looking forward to the second half of 2023/24, the Group will continue to take part in tenders for projects from various government departments more rigorously, especially those from the Civil Engineering and Development Department, and Drainage Services Department, and other public sector or institutions in order to secure more revenue from engineering projects. We expected that the economic circumstances in Hong Kong and Mainland China will follow a downward trend and become uncertain. We anticipated that the government will keep its expenditure on the development of infrastructure in Hong Kong in order to resist the risk of an economic recession. Therefore, the number of tenders for projects from various government departments is expected to keep growing in the forthcoming future.

In addition, due to the fierce competition in the market and the increased technical requirements of the clients for bidding projects, it has become increasingly difficult to successfully win bids for projects. We will enhance the Group's bidding advantages and capabilities and strive for more successful bids for projects.

The Group will capitalise on its competitive advantages after listing to secure more projects, and to actively participate in bidding for works of the Hong Kong Government to achieve increase revenue. In addition, the Group will also explore various opportunities in the construction industry to create greater value for shareholders.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The uses of cash of the Group are mainly for the financing of the operations and working capital requirements. The Group generally finances its operations with internally generated cash flows and banking facilities provided by its principal bankers. As at 30 September 2023, the Group had cash and cash equivalents of approximately HK\$41.6 million (31 March 2023: approximately HK\$55.1 million) and pledged bank deposits of approximately HK\$4.3 million (31 March 2023: approximately HK\$4.2 million). The decrease of approximately HK\$13.5 million in cash and cash equivalents was mainly attributable to an increase in trade receivables and prepayments, deposits and other receivables and decrease in trade and retention payables. All of the bank balances were placed with banks in Hong Kong and are denominated in Hong Kong dollars. As at 30 September 2023, the Group had not experienced any liquidity problems in settling its payables in the normal course of business.

Additionally, as at 30 September 2023, the Group had unutilised banking facilities amounting to approximately HK\$79.0 million (31 March 2023: approximately HK\$79.0 million).

Management Discussion and Analysis

There has been no change in the capital structure of the Company during the six months ended 30 September 2023. The capital of the Company only comprises of ordinary shares. As at 30 September 2023, the total number of issued ordinary shares of the Company was 1,000,000,000 of HK\$0.01 each.

GEARING RATIO

As at 30 September 2023, the Group's gearing ratio was approximately 0.6% (31 March 2023: approximately 0.7%). The gearing ratio is calculated by dividing lease liabilities by total equity and expressed as a percentage. With available bank balances and cash, the Directors are of the view that the Group has sufficient liquidity to satisfy the funding requirements.

TREASURY POLICY

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

FOREIGN EXCHANGE EXPOSURE

All of the revenue-generating operations of the Group were denominated in Hong Kong dollars. There was no exposure to foreign exchange rate fluctuations. As such, no hedging or other arrangements was made by the Group during the six months ended 30 September 2023 and 2022.

SIGNIFICANT INVESTMENTS, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 September 2023, the Group did not have any significant investments. Save as those disclosed in the prospectus of the Company dated 28 February 2020 (the "Prospectus"), the Group did not have other future plans for material investments or additions of capital assets.

Management Discussion and Analysis

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the six months ended 30 September 2023, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

PLEDGE OF ASSETS

As at 30 September 2023, the Group pledged its bank deposits of approximately HK\$4.3 million (31 March 2023: approximately HK\$4.2 million) as securities for the Group's banking facilities (including letter of credit, bank overdrafts and performance bonds).

CONTINGENT LIABILITIES

As at 30 September 2023, the Group did not have any material contingent liabilities.

CAPITAL COMMITMENTS

As at 30 September 2023, the Group did not have any material capital commitments.

EVENTS AFTER REPORTING PERIOD

No major subsequent events have occurred since the end of the reporting period and up to the date of this report.

EMPLOYEE AND REMUNERATION POLICY

As at 30 September 2023, the Group had a total of 101 employees (31 March 2023: 132) who were directly employed by the Group in Hong Kong. The staff costs, including Directors' emoluments, of the Group amounted to approximately HK\$23.1 million for the six months ended 30 September 2023 (2022: approximately HK\$34.2 million).

Management Discussion and Analysis

The remuneration package the Group offered to the employees includes salary, bonuses and other cash subsidies. In general, the Group determines employee salaries based on each employee's qualifications, position and seniority. Share options are also available to the Group's employees. The Group provides various types of trainings to the employees and sponsor the employees to attend various training courses, including those on occupational health and safety in relation to the works. Such training courses include the internal training as well as courses organised by external parties such as the Construction Industry Council and the Occupational Safety and Health Council. The safety officers also provide training to the workers before commencement of works.

USE OF PROCEEDS FROM THE SHARE OFFER

The net proceeds received by the Company from the placing and public offer of the Company's shares in March 2020 were approximately HK\$79.8 million after deducting the listing expenses of approximately HK\$45.2 million. As at 30 September 2023, the Group has utilised approximately HK\$76.2 million of the net proceeds. The unutilised portion of the net proceeds is placed in licensed banks in Hong Kong and will be utilised as stated in the Prospectus.

As at 30 September 2023, the net proceeds had been utilised as follows:

Intended use of net proceeds	Net proceeds <i>HK\$' million</i>	Amount not yet utilised as at 31 March 2023 <i>HK\$ million</i>	Amount utilised during the six months ended 30 September 2023	Amount not yet utilised as at 30 September 2023	Expected timeline for utilisation of the unused net proceeds
			<i>HK\$ million</i>	<i>HK\$ million</i>	
Acquisition of additional plant and machinery	58.3	3.6	-	3.6	before March 2024
Recruitment and retiring additional staff	3.4	-	-	-	N/A
Costs for upgrading information technology system	2.9	-	-	-	N/A
Additional working capital	15.2	-	-	-	N/A
Total	79.8	3.6	-	3.6	

The actual application of the net proceeds was slower than expected and such a delay was mainly due to (i) the impact of the COVID-19 pandemic, which has caused delays in certain of our ongoing projects; (ii) delay of the projects due to inclement weather; (iii) the delay in projects due to clients have changed the design of the project and/or order in variations; and (iv) the difficulty in recruiting suitable candidates.

Corporate Governance and Other Information

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) throughout the six months ended 30 September 2023, except for the following deviation:

Under code provision C.1.6 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of the shareholders. Mr. Fung Chi Kin, the non-executive Director at the material time, was unable to attend the annual general meeting of the Company held on 12 September 2023 (“**AGM**”) due to other business engagement.

Under code provision D.1.2 of the CG Code, the management should provide all members of the Board with monthly updates giving balanced and understandable assessment of the Company’s performance, position and prospects in sufficient details. During the six months ended 30 September 2023, the management has provided all members of the Board updates on any material changes to the performance, position and prospects of the Company and sufficient information for matters brought before the Board.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors and the Company’s senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company’s securities.

The Company has made specific enquiries to all the Directors and all the Directors have confirmed their compliance with the Model Code during the six months ended 30 September 2023. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Company during the six months ended 30 September 2023.

Corporate Governance and Other Information

CHANGES IN DIRECTORS' INFORMATION

Changes in directors' information since the publication date of the 2023 annual report of the Company which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Positions held with the Company and other members of the Group

- (a) Mr. Cheung Wai Kwok Gary resigned as an independent non-executive Director and ceased to be the chairman of the remuneration committee of the Board (the "**Remuneration Committee**") and a member of the audit committee of the Board with effect from 1 September 2023;
- (b) Professor Leung Yee Tak, an independent non-executive Director, was appointed as the chairman of the Remuneration Committee with effect from 1 September 2023;
- (c) Mr. Lai Ying Keung retired by rotation as an executive Director with effect from the conclusion of the AGM and also resigned as a director of all subsidiaries of the Company with effect from 12 September 2023;
- (d) Mr. Fung Chi Kin retired by rotation as a non-executive Director and ceased to be the chairman of the sustainable development committee of the Board (the "**Sustainable Development Committee**") with effect from the conclusion of the AGM; and
- (e) Mr. Ho Tai Tung, an independent non-executive Director, was appointed as the chairman of the Sustainable Development Committee with effect from 12 September 2023.

Corporate Governance and Other Information

Emoluments

With effect from 9 September 2023, the remuneration of the following Directors has been adjusted as below:

- (a) The basis annual remuneration of Mr. Lai Wai, executive Director and chairman of the Board, has been adjusted from HK\$1,200,000 to HK\$840,000;
- (b) The basis annual remuneration of Mr. Lai Ying Wah, executive Director, has been adjusted from HK\$840,000 to HK\$600,000; and
- (c) The basis annual remuneration of each of Professor Leung Yee Tak, Mr. Ho Tai Tung and Mr. Choi Ho Yan, all being independent non-executive Directors, has been adjusted from HK\$216,000 to HK\$180,000.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

INTERIM DIVIDEND

The Board did not declare the payment of an interim dividend for the six months ended 30 September 2023 (2022: Nil).

Corporate Governance and Other Information

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

As at 30 September 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO"), which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have taken under such provisions of the SFO), or were recorded in the register required to be kept under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Long position in the issued ordinary shares of the Company (the "Shares")

Name of Director	Capacity/ Nature of interest	Number of Shares held	Percentage of shareholding in the Company
Mr. Lai Wai	Interest in a controlled corporation ^(Note 1)	600,000,000	60.0%

Note:

1. Mr. Lai Wai directly holds the entire issued share capital of Worldwide Intelligence Group Limited ("Worldwide Intelligence") and is therefore deemed to be interested in the same number of Shares in which Worldwide Intelligence is interested.

(ii) Long position in the shares of associated corporation of the Company

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Number of shares held	Percentage of shareholding
Mr. Lai Wai	Worldwide Intelligence	Beneficial owner	1	100%

Corporate Governance and Other Information

Save as disclosed above, as at 30 September 2023, none of the Directors or chief executive of the Company had interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be 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 he/she was taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, DEBENTURES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as at 30 September 2023, the following person (other than the Directors or chief executive of the Company the interests of which were disclosed above) or corporation had interest or short position in the Shares which were required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were recorded in the register of the Company required to be kept pursuant to section 336 of the SFO:

Long positions in the Shares

Name of substantial shareholder	Capacity/ Nature of interest	Number of Shares held	Percentage of shareholding in the Company
Worldwide Intelligence	Beneficial owner	600,000,000	60.0%
Ms. Dun Xin Chun ^(Note 1)	Interest of spouse	600,000,000	60.0%

Note:

1. Ms. Dun Xin Chun is cohabiting with Mr. Lai Wai as spouse. By virtue of the SFO, Ms. Dun Xin Chun is deemed, or taken to be, interested in all the Shares in which Mr. Lai Wai is deemed to be interested.

Corporate Governance and Other Information

Save as disclosed above, as at 30 September 2023, the Directors were not aware of any person (other than the Directors and the chief executive of the Company) who has an interest or short position in the Shares or underlying Shares which were required 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, which were recorded in the register of the Company required to be kept pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the “**Share Option Scheme**”) on 29 January 2020.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since the date of its adoption and there was no share option outstanding as at 30 September 2023.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the six months ended 30 September 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

AUDIT COMMITTEE

The audit committee of the Board (the “**Audit Committee**”) consists of four members, namely, Prof. Leung Yee Tak, Mr. Ho Tai Tung, Ms. Tsang Wing Kiu and Mr. Choi Ho Yan, all being independent non-executive Directors. Mr. Choi Ho Yan is the chairman of the Audit Committee.

The Audit Committee has reviewed with the management the Group’s unaudited condensed consolidated financial statements for the six months ended 30 September 2023. The Audit Committee is of the view that the applicable accounting standards and requirements have been complied with by the Company and that appropriate disclosure have been made.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2023

	Notes	Six months ended 30 September	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	3	67,191	141,900
Cost of services		(65,841)	(129,925)
Gross profit		1,350	11,975
Other income and other gain or loss, net	5	102	2,057
Administrative and operating expenses		(10,265)	(11,164)
(Loss)/profit from operations		(8,813)	2,868
Finance costs	6	(72)	(41)
(Loss)/profit before tax	7	(8,885)	2,827
Income tax	8	1,967	(471)
(Loss)/profit and total comprehensive (loss)/income for the period		(6,918)	2,356
(Loss)/profit and total comprehensive (loss)/income for the period attributable to owners of the Company		(6,918)	2,356
(Loss)/earnings per share attributable to owners of the Company			
Basic and diluted (<i>HK cents</i>)	9	(0.69)	0.24

Condensed Consolidated Statement of Financial Position

At 30 September 2023

	Notes	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	11	8,279	17,513
Right-of-use assets		2,353	2,548
Contract assets	13	3,142	2,888
		13,774	22,949
Current assets			
Trade receivables	12	16,489	25,015
Contract assets	13	88,060	109,308
Prepayments, deposits and other receivables	14	157,861	137,205
Financial assets at fair value through profit or loss		487	2,114
Tax recoverable		4,240	3,187
Pledged bank deposits		4,261	4,194
Cash and cash equivalents		41,613	55,149
		313,011	336,172
Current liabilities			
Trade and retention payables	15	15,788	38,225
Other payables and accruals	16	5,778	6,465
Lease liabilities		1,225	1,152
		22,791	45,842
Net current assets		290,220	290,330
Total assets less current liabilities		303,994	313,279

Condensed Consolidated Statement of Financial Position

At 30 September 2023

	<i>Notes</i>	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
Non-current liabilities			
Deferred tax liabilities		850	2,835
Lease liabilities		678	1,060
		1,528	3,895
Net assets			
		302,466	309,384
Capital and reserves			
Share capital	17	10,000	10,000
Reserves		292,466	299,384
Total equity attributable to owners of the Company			
		302,466	309,384

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2023

	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000 (note)	Retained profits HK\$'000	Total equity HK\$'000
At 1 April 2022 (audited)	10,000	91,979	21,149	194,653	317,781
Profit and total comprehensive income for the period	-	-	-	2,356	2,356
At 30 September 2022 (unaudited)	10,000	91,979	21,149	197,009	320,137
At 1 April 2023 (audited)	10,000	91,979	21,149	186,256	309,384
Loss and total comprehensive loss for the period	-	-	-	(6,918)	(6,918)
At 30 September 2023 (unaudited)	10,000	91,979	21,149	179,338	302,466

Note: Other reserve represented the difference between the Group's share of nominal values of the paid-up capital of the subsidiary acquired over the Group's cost of acquisition of the subsidiary under common control upon the corporate reorganisation of the Group in preparation for the listing.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2023

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Operating activities		
(Loss)/profit before tax	(8,885)	2,827
Adjustments for:		
Depreciation of property, plant and equipment	1,896	4,165
Depreciation of right-of-use assets	537	352
Bank interest income	(139)	(3)
Dividend income from equity securities listed in Hong Kong	(124)	(124)
Finance costs	72	41
Loss on disposal of financial assets at fair value through profit or loss	171	573
Loss on changes in fair value of financial assets at fair value through profit or loss	71	165
Loss on disposal of property, plant and equipment	14	60
Allowance for expected credit losses on financial assets at amortised cost	624	526
Operating cash (outflow)/inflow before movements in working capital	(5,763)	8,582
Decrease/(increase) in trade receivables	8,526	(37,195)
Decrease in contract assets	20,994	69,468
Increase in prepayments, deposits and other receivables	(13,983)	(58,471)
Decrease in trade and retention payables	(22,437)	(6,714)
(Decrease)/increase in other payables and accruals	(687)	1,783
Increase in contract liabilities	-	1,998
Cash used in operations	(13,350)	(20,549)
Hong Kong tax paid	(1,071)	(6,011)
Net cash used in operating activities	(14,421)	(26,560)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2023

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Investing activities		
Interest received	139	3
Dividend income from equity securities listed in Hong Kong	124	124
Purchases of property, plant and equipment	–	(2,694)
Proceeds from disposal of property, plant and equipment	27	72
Proceeds from disposal of financial assets at fair value through profit or loss (Placement)/withdrawal of pledged bank deposit	1,385 (67)	2,426 2,499
Net cash generated from investing activities	1,608	2,430
Financing activities		
Capital element of lease rentals paid	(651)	(432)
Interest paid	(72)	(41)
Net cash used in financing activities	(723)	(473)
Net decrease in cash and cash equivalents	(13,536)	(24,603)
Cash and cash equivalents at beginning of the period	55,149	53,448
Cash and cash equivalents at end of the period	41,613	28,845
Analysis of balances of cash and cash equivalents		
Cash and bank balances	41,613	28,845

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Act as an exempted company with limited liability on 25 June 2018 and its shares have been listed (the “**Listing**”) on the Main Board of the Stock Exchange on 17 March 2020 by way of share offer at a price of HK\$0.5 each upon Listing. The addresses of the registered office and principal place of business in Hong Kong of the Company are Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands and Room 215A-B, 2/F, Central Services Building, Nan Fung Industrial City, No. 18 Tin Hau Road, Tuen Mun, New Territories, Hong Kong, respectively.

The Company’s immediate and ultimate holding company is Worldwide Intelligence Group Limited (“**Worldwide Intelligence**”), a company incorporated in the British Virgin Islands. Worldwide Intelligence is controlled by Mr. Lai Wai who is the chairman and executive director of the Company. Worldwide Intelligence and Mr. Lai Wai are referred to as the controlling shareholders of the Company.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are provision of civil engineering works service and related services.

The condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company. All values are rounded to the nearest thousand (HK\$’000) except otherwise indicated.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have 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**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values at the end of each reporting period.

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 2023 are the same as those followed in the preparation of the consolidated financial statements for the year ended 31 March 2023.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Application of new and 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 2023 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts

The application of the amendments to HKFRSs in the current interim period has had no material effect 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

The Group's revenue represents the amount received and receivable for revenue arising on civil engineering works services and related management services which is recognised over time.

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue from civil engineering works and related management services	67,191	141,900

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

4. SEGMENT INFORMATION

(i) Operating segment information

The Group's most senior executive management has been identified as the executive directors who review the Group's internal reporting in order to assess performance and allocate resources. The Group's most senior executive management has determined the operating segments based on these reports.

The Group's most senior executive management assesses the performance based on a measure of profit after income tax and considers all businesses to be included in a single operating segment.

The Group is principally engaged in the business of civil engineering works service and related management services in Hong Kong. Information reported to the Group's most senior executive management for the purpose of resources allocation and performance assessment, focuses on the operating result of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating and geographical segment information is presented.

(ii) Information about major customers

Revenue from customers during the six months ended 30 September 2023 and 2022 contributing individually over 10% of the Group's revenue is as follows:

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Customer A	65,648	125,208
Customer B	N/A*	16,692

* The corresponding revenue did not contribute over 10% of the total revenue of the Group for the six months ended 30 September 2023.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

5. OTHER INCOME AND OTHER GAIN OR LOSS, NET

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Bank interest income	139	3
Government and other subsidies (note (i))	–	2,716
Loss on disposal of financial assets at fair value through profit or loss	(171)	(573)
Loss on change in fair value of financial assets at fair value through profit or loss	(71)	(165)
Loss on disposal of property, plant and equipment	(14)	(60)
Dividend income from equity securities listed in Hong Kong	124	124
Sundry income	95	12
	102	2,057

Note:

- (i) During the six months ended 30 September 2022, the Group recognised government subsidies of approximately HK\$2,514,000 in respect of COVID-19 related subsidies, of which approximately HK\$2,336,000 related to Employment Support Scheme and approximately HK\$178,000 was related to the Anti-Epidemic Fund Scheme provided by the Government of the Hong Kong Special Administrative Region (“**Government**”). The amount of approximately HK\$23,000 related to other subsidy provided by Construction Industry Council. The amount of approximately HK\$179,000 related to other subsidy under EX-Gratia Payment Scheme provided by the Government. There are no unfulfilled conditions or contingencies relating to these subsidies.

6. FINANCE COSTS

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest on bank overdrafts	11	13
Interest on lease liabilities	61	28
	72	41

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

7. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax is arrived at after charging:

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Auditor's remuneration	250	250
Depreciation of property, plant and equipment	1,896	4,165
Depreciation of right-of-use assets	537	352
Less: amounts included in cost of services	(1,694)	(3,821)
	739	696
Directors' remuneration		
– Other emoluments (fees, salaries, allowance, bonus and benefits in kind)	1,964	2,082
– Retirement benefit scheme contributions*	9	18
Staff costs (excluding directors' remuneration)		
– Wages, salaries, allowance and bonus	20,535	31,080
– Retirement benefits schemes contributions*	629	1,026
	21,164	32,106
Less: amounts included in cost of services	(16,625)	(27,328)
	4,539	4,778
Subcontracting costs	19,403	37,801
Allowance for expected credit losses on financial assets at amortised cost	624	526
Short-term lease expenses	48	449

* During the six months ended 30 September 2023 and 2022, there was no forfeiture of retirement benefit scheme contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) in the Group. As at 30 September 2023 and 2022, no forfeited contribution under the retirement benefit plans of the Group is available to reduce the contribution payable in future years.

8. INCOME TAX

No provision for taxation has been recognised for companies incorporated in the Cayman Islands and the British Virgin Islands as they are not subject to any tax during the period.

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2022: 16.5%) of the estimated assessable profits arising in Hong Kong during the period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

8. INCOME TAX (Continued)

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Provision for Hong Kong profits tax:		
– Current tax	–	722
Under-provision in prior year	18	–
Deferred taxation	(1,985)	(251)
Tax (credit)/charge for the period	(1,967)	471

9. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the loss for the period of approximately HK\$6,918,000 (six months ended 30 September 2022: profit for the period of approximately HK\$2,356,000) and the weighted average number of ordinary shares of the Company in issue during the periods:

	Six months ended 30 September	
	2023 (Unaudited)	2022 (Unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	1,000,000,000	1,000,000,000

No dilutive (loss)/earnings per share is presented as there was no potential dilutive ordinary shares in issue during both periods.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

10. DIVIDENDS

The Board did not declare the payment of an interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

11. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group's acquired property, plant and equipment at a total cost of approximately HK\$Nil (six months ended 30 September 2022: approximately HK\$2,694,000). During the current interim period, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of approximately HK\$41,000 (six months ended 30 September 2022: approximately HK\$132,000) for cash proceeds of approximately HK\$27,000 (six months ended 30 September 2022: approximately HK\$72,000), resulting in a loss on disposal of approximately HK\$14,000 (six months ended 30 September 2022: approximately HK\$60,000).

12. TRADE RECEIVABLES

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Trade receivables	16,489	25,015

The average credit period on construction works is 30 days.

Ageing analysis of trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
0-30 days	16,489	25,015

Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

13. CONTRACT ASSETS

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Unbilled receivables (note (i))	84,714	104,732
Retention receivables (note (ii))	6,488	7,464
	91,202	112,196
Less: non-current portion of retention receivables	(3,142)	(2,888)
	88,060	109,308

Notes:

- (i) Unbilled receivables 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.
- (ii) Retention receivables included in contract assets represents the Group's right to consideration for work performed and not yet billed because the rights are conditional on the satisfaction of the service quality by the customers over the maintenance period as stipulated in the contracts. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically after the expiry date of the maintenance period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Prepayments <i>(note(a))</i>	55,184	71,485
Deposits	1,857	2,202
Other receivables <i>(note(b))</i>	99,915	54,806
Amount due from other joint operator of a joint operation <i>(note(c))</i>	2,593	9,776
	159,549	138,269
Less: allowance for expected credit losses	(1,688)	(1,064)
	157,861	137,205

Notes:

- (a) As at 30 September 2023, the prepayments mainly represent subcontractor charge of amount approximately HK\$53,533,000 (31 March 2023: approximately HK\$69,091,000) which were prepaid to independent third parties.
- (b) As at 30 September 2023, included in the other receivables was an aggregate amount of approximately HK\$99,462,000 (31 March 2023: approximately HK\$54,413,000) representing the contra charges paid on behalf of and advance payment to the subcontractors.
- (c) The amount due from other joint operator of a joint operation is unsecured, interest-free and recoverable on demand.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

15. TRADE AND RETENTION PAYABLES

	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
Trade payables	13,102	35,363
Retention payables	2,686	2,862
	15,788	38,225

The credit period on trade payables is up to 60 days. Ageing analysis of trade payables at the end of each reporting period, based on invoice dates, is as follows:

	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
0-30 days	6,487	11,076
31-60 days	1,606	9,167
61-90 days	953	7,355
Over 90 days	4,056	7,765
	13,102	35,363

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

16. OTHER PAYABLES AND ACCRUALS

	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
Other payables and accruals	2,325	1,318
Accrued staff costs	2,953	4,647
Employee benefit obligations	500	500
	5,778	6,465

17. SHARE CAPITAL

Details of movements of share capital of the Company are as follows:

	Number of shares	Share capital <i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.01 each		
At 1 April 2022 (audited), 31 March 2023 (audited), 1 April 2023 (audited) and 30 September 2023 (unaudited)		
	10,000,000,000	100,000
Issued and fully paid:		
At 1 April 2022 (audited), 31 March 2023 (audited), 1 April 2023 (audited) and 30 September 2023 (unaudited)		
	1,000,000,000	10,000

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets are measured at fair value on a recurring basis.

The Group's financial assets at fair value through profit or loss are measured at fair value at the end of each reporting period. The following gives information about how the fair values of these financial assets are determined, as well as the level of the fair value hierarchy into which the fair value measurements are categorised based on the degree to which the inputs to the fair value measurements is observable.

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value hierarchy as at 30 September 2023 (Unaudited)

Financial assets	Fair value as at 30 September 2023	Fair value hierarchy	Valuation technique and key input
Financial assets at fair value through profit or loss – Held for trading-listed equity securities	HK\$487,000	Level 1	Quoted bid price in an active market

Fair value hierarchy as at 31 March 2023 (Audited)

Financial assets	Fair value as at 31 March 2023	Fair value hierarchy	Valuation technique and key input
Financial assets at fair value through profit or loss – Held for trading-listed equity securities	HK\$2,114,000	Level 1	Quoted bid price in an active market

There were no transfer between Level 1, 2 and 3 for the six months ended 30 September 2023 and year ended 31 March 2023.

The directors of the Company consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate to their fair values.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

19. MATERIAL RELATED PARTIES TRANSACTIONS

Material related party transactions identified during the periods are summarised as follows:

(a) Transactions with related parties

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest on lease liabilities to Mr. Lai Wai (<i>note (i)</i>)	–	2
Interest on lease liabilities to Mr. Lai Hoi Kan (<i>note (ii)</i>)	4	–
Interest on lease liabilities to Mr. Lai Hoi Chun (<i>note (ii)</i>)	4	–

Notes:

- (i) Mr. Lai Wai, an executive director and controlling shareholder of the Company.
- (ii) Mr. Lai Hoi Kan and Mr. Lai Hoi Chun are the family members of Mr. Lai Wai, an executive director and controlling shareholder of the Company.

(b) Key management personnel remuneration

The emoluments of the Directors and senior management of the Group, who represent the key management personnel during the periods are as follows:

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Salaries, fees and allowances	4,383	3,878
Retirement benefit	54	63
	4,437	3,941

20. RECLASSIFICATION

Certain comparative figures have been reclassified to conform to current year presentation.