



# Luen Wong Group Holdings Limited

## 聯旺集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8217

## 2022

### INTERIM REPORT

## **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This report, for which the directors (the “Directors”) of Luen Wong Group Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) of the Stock Exchange for the purpose of giving information with regard to the Company and its subsidiaries (together, the “Group”). The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

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## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

#### **EXECUTIVE DIRECTORS**

Ms. Lau Wing Yu

Ms. Yu Xiao

#### **INDEPENDENT NON-EXECUTIVE DIRECTORS**

Mr. Liao Honghao

Ms. Lao In lam

Mr. Wong Chi Kan

#### **COMPANY SECRETARY**

Mr. So Pan

#### **AUDIT COMMITTEE**

Mr. Wong Chi Kan (*Chairman*)

Ms. Lao In lam

Mr. Liao Honghao

#### **REMUNERATION COMMITTEE**

Mr. Wong Chi Kan (*Chairman*)

Ms. Yu Xiao

Mr. Liao Honghao

#### **NOMINATION COMMITTEE**

Mr. Liao Honghao (*Chairman*)

Mr. Wong Chi Kan

Ms. Lao In lam

#### **REGISTERED OFFICE**

PO Box 1350

Clifton House 75 Fort Street

Grand Cayman KY1-1108

Cayman Islands

## **HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS**

Unit 2202, 22/F,

Causeway Bay Plaza I,

489 Hennessy Road,

Causeway Bay

Hong Kong

## **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

Estera Trust (Cayman) Limited

PO Box 1350

Clifton House

75 Fort Street

Grand Cayman KY1-1108

Cayman Islands

## **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Union Registrars Limited

Suite 3301-4

Two Chinachem Exchange Square

338 King's Road

North Point

Hong Kong

## **AUDITORS**

Elite Partners CPA Limited

## **PRINCIPAL BANKERS**

Bank of China (Hong Kong) Limited

The Hongkong and Shanghai Banking

Corporation Limited

## **WEBSITE ADDRESS**

[www.todayir.com/en/showcases.php?code:8217](http://www.todayir.com/en/showcases.php?code:8217)

## **STOCK CODE**

8217

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

The Group has over 22 years of experience in providing civil engineering works as a subcontractor in Hong Kong. The civil engineering works undertaken by the Group are mainly related to (i) roads and drainage works (including construction and improvement of local road, carriageway with junction improvement and the associated footpaths, planting areas, drains, sewers, water mains and utilities diversion); (ii) structural works (including construction of reinforced concrete structures for bridges and retaining walls); and (iii) site formation works (including excavation and/or filling works for forming a new site or achieving designed formation level for later development).

The Group experienced a decrease in revenue for the six months ended 30 September 2022 compared with the corresponding period in 2021. Such decrease was mainly due to some large constructions projects reaching completion stage and the outbreak of COVID-19 affected the progress of the projects.

In the 2022-23 Budget Speech, the Government reiterated its commitment to infrastructure and announced the average annual capital works expenditure will exceed HK\$100 billion from 2023 to 2027. While the recurrent government expenditure is expected to drop by 1.8% in 2023-24, it will subsequently grow at a rate between 4.1% and 4.6% per annum. However, challenges like delaying in budget approval due to filibustering, delaying in progress due to social demonstration and shortage of manpower will continue to strike the civil engineering industry.

As to the Group, we are confident with the prospects of the Group for the next few years as we have recently secured few projects. These projects could ensure sustainability of the Group and increase employees' loyalty towards the Group.

2023 is expected to be full of opportunities and challenges. The planned commitment in the Government's public expenditure on infrastructure will result in more business opportunities being presented to the market. Whilst factors including but not limited to difficult geological conditions, adverse weather conditions, variations to the construction plans instructed by customers and other unforeseen problems or circumstances that occur during project implementation continue being threats that likely affect the Group's profit as a subcontractor.

Looking forward, the Group will continue to strengthen the competitive edge of the Group over the competitors in the civil engineering industry and at the same time carefully evaluate each projects and control the Group's overall costs to a reasonable level; which in turn is expected to increase shareholders' return. Besides, in order to increase shareholders' return, the Group will put efforts to evaluate the feasibility of obtaining necessary licenses to carry out civil engineering works and related operations in other countries, such as Japan and Thailand.

## SIGNIFICANT INVESTMENT

Financial asset at FVTPL Significant Investments	For the six months ended 30 September 2022 Realised and unrealised gain HK\$'000	As at 30 September 2022		Approximately percentage to the total asset	As at 1 April 2022 Fair value HK\$'000
		Number of shares held '000	Fair value HK\$'000		
WLS Holdings Limited ("WLS")	16,030	381,660	34,731	28%	18,701
<b>Other listed equity securities</b> (note 1)			14,870	12%	17,798
<b>Total</b>			49,601	40%	36,499

Note:

- As at 30 September 2022, other listed equity securities comprised 9 listed equity securities in Hong Kong. None of the other listed equity securities was more than 5% of the total assets of the Group as at 30 September 2022.

WLS is principally engaged in provision of scaffolding and fitting out services and other services for construction and buildings work, provision of gondolas, parapet railings and access equipment installation and maintenance services, money lending business, securities investment business, and assets management business. Based on WLS's first quarterly report for the three months ended 31 July 2022, revenue and loss after income tax of WLS was approximately HK\$43.4 million and HK\$5.8 million respectively.

The future performance of the listed securities may be influenced by the Hong Kong stock market. In this regard, the Group will continue to maintain a diversified investment portfolio and closely monitor the performance of its investments and the market trends to adjust its investment strategies.

## FINANCIAL REVIEW

### Revenue

All of the Group's revenue was generated from the provision of civil engineering works. The total revenue of the Group decreased by approximately HK\$11,616,000 from approximately HK\$49,403,000 for the six months ended 30 September 2021 to approximately HK\$37,787,000 for the six months ended 30 September 2022. Such decrease was mainly due to some large constructions projects reaching completion stage and the outbreak of COVID-19 affected the progress of the projects.

### **Gross Profit and Gross Profit Margin**

The Group's gross result turnaround from profit of approximately HK\$1,610,000 for the six months ended 30 September 2021 to loss of approximately HK\$4,143,000 for the six months ended 30 September 2022.

The gross profit margin varied substantially from project to project and is mainly attributable to its pricing strategy, which is determined based on a cost-plus pricing model in general with mark-up determined on a project-by-project basis. Details are set out in the paragraph headed "Gross Profit and Gross Profit Margin" in the section headed "Management Discussion and Analysis" in the Company's 2022 annual report dated 23 June 2022.

### **Other Gain/(Loss)**

Other gain/(loss) of the Group increased from gain of approximately HK\$6,373,000 for the six months ended 30 September 2021 to gain of approximately HK\$15,137,000 for the six months ended 30 September 2022. The increase was mainly due to the increase of the unrealised gain of investments in listed securities, increase in refund of severance payment and increase in the subsidies received from Employment Support Scheme launched by HKSAR Government for the six months ended 30 September 2022.

### **Administrative Expenses**

Administrative expenses of the Group decreased by approximately HK\$1,835,000 from approximately HK\$12,477,000 for the six months ended 30 September 2021 to approximately HK\$10,642,000 for the six months ended 30 September 2022. Administrative expenses consist mainly of staff costs, professional fees and other administrative expenses. Such decrease was the net effect of the decrease in professional fee of approximately HK\$1,555,000 (2021: HK\$3,458,000), decrease in share-based payment at Nil recognised during the period (2021: HK\$1,782,000) and the increase in expected credit loss of approximately HK\$7,485,000 recognised (2021: HK\$4,869,000).

### **Finance Costs**

Finance costs for the Group decreased by approximately HK\$7,000 from approximately HK\$728,000 for the six months ended 30 September 2021 to approximately HK\$721,000 for the six months ended 30 September 2022.

### **Income Tax Expense**

Income tax expense for the Group remained at HK\$Nil for the six months ended 30 September 2021 and 2022 as no assessable profit generated during the period.

## Loss for the Period

Result for the period improved from loss of approximately HK\$5,222,000 for the six months ended 30 September 2021 to loss of approximately HK\$369,000 for the six months ended 30 September 2022. Such improvement was primarily attributable to the net effect of the increase in gross loss, increase in other gain/(loss) and decrease in administrative expenses for the six months ended 30 September 2022 as discussed above.

## LIQUIDITY AND FINANCIAL RESOURCES

Cash and bank balances are denominated in Hong Kong dollar. The current ratio of the Group remain steady as at 30 September 2022 and was approximately 1.92 times as compared to that of approximately 1.71 times as at 31 March 2022.

The total interest bearing debts of the Group, including bank overdraft and finance lease liabilities, decreased from approximately HK\$12,155,000 as at 31 March 2022 to approximately HK\$12,000,000 as at 30 September 2022. All borrowings are denominated in Hong Kong dollar and are repayable within 5 years. The Group did not carry out any hedging for its floating borrowings.

As at 30 September 2022, the Group had no general banking facilities. As at 30 September 2022, the finance lease liabilities amounted at Nil (31 March 2022: approximately HK\$155,000).

The gearing ratio, calculated based on all interest-bearing borrowings and obligations under finance leases divided by total equity at the end of the period and multiplied by 100%, stood at approximately 20% as at 30 September 2022 (31 March 2022: approximately 20%). With available bank balances and cash, the Group has sufficient liquidity to satisfy its funding requirements.

## CAPITAL STRUCTURE

As at 30 September 2022, the Company's issued and fully paid capital and total equity attributable to equity holders of the Company amounted to approximately HK\$48,298,000 and HK\$60,144,000 respectively.

## COMMITMENTS

As at 30 September 2022, there was no capital commitment for the Group (31 March 2022: HK\$Nil).

## FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this report, the Group did not have other plans for material investments and capital assets.

## **CONTINGENT LIABILITIES**

As at 30 September 2022, the Group did not have any material contingent liabilities (31 March 2022: HK\$Nil).

## **SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS**

Save as disclosed in the section headed "SIGNIFICANT INVESTMENT" in this report, the Group did not have any significant investments, acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 30 September 2022.

## **EXPOSURE TO EXCHANGE RATE FLUCTUATION**

The Group's business operations were conducted in Hong Kong and the transactions, monetary assets and liabilities of the Group were denominated in Hong Kong dollars and United States dollars. Since United States dollars is linked to Hong Kong dollars at the rate of United States dollars 1 to Hong Kong dollars 7.80, the directors therefore consider the impact of foreign exchange exposure to the Group is minimal. The Group current does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities.

## **CHARGE OVER GROUP'S ASSETS**

The total interest bearing debts of the Group, including finance lease liabilities amounted at Nil (31 March 2022: HK\$155,000) as at 30 September 2022.

As at 31 March 2022, the Group had no general banking facilities. As at 31 March 2022, the finance lease liabilities amounted to approximately HK\$155,000.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2022, the Group had approximately 38 employees (31 March 2022: 43 employees). The total staff costs incurred, including Directors' emoluments, of the Group were approximately HK\$8,115,000 for the six months ended 30 September 2022 (six months ended 30 September 2021: approximately HK\$13,007,000). Remuneration is determined based on each employee's qualifications, position and seniority. In addition to a basic salary, year-end discretionary bonuses were offered with reference to the Group's performance as well as individual's performance to attract and retain appropriate and suitable personnel to serve the Group. Furthermore, the Group offers other staff benefits like provision of retirement benefits, various types of trainings and sponsorship of training courses. The Group has also adopted an annual review system to assess the performance of its staff, which forms the basis of its decisions with respect to salary raises and promotions.

## **INTERIM DIVIDEND**

The board of directors (the "Board") did not recommend a payment of an interim dividend for the six months ended 30 September 2022 and 2021.

## PRINCIPAL RISK AND UNCERTAINTIES

The Group's financial position, results of operations and business prospects may be affected by a number of risks and uncertainties directly and indirectly pertaining to the Group's business. The following are the key risks and uncertainties identified by the Group:

- (i) A significant portion of the Group's revenue was derived from a small number of customers. The five largest customers' revenue contribution for the six months ended 30 September 2022 was approximately 100% (six months ended 30 September 2021: 100.0%) of its total revenue, while the largest customer accounted for approximately 74.3% during the six months ended 30 September 2022 (six months ended 30 September 2021: 58.3%). There is no assurance that the Group will be able to retain its customers upon expiry of the contract period and to obtain suitable projects of a comparable size and quantity as replacement, failing to do so will have a material impact on the Group's financial conditions and operating results;
- (ii) If the Group cannot factor accounts receivables to obtain funds or if the Group is unable to generate sufficient cash flow for its operations or otherwise unable to obtain sufficient funds to finance its business in the future, the liquidity and financial condition may be materially and adversely affected;
- (iii) Error or inaccurate estimation of project duration and costs when determining the tender price or increase in construction costs may adversely affect the Group's profitability or result in substantial loss;
- (iv) If net cash outflows to pay certain operating expenditures do not align with progress payments to be received at any particular period of time, the Group's cash flow position may be adversely affected;
- (v) The Group's success is attributable to the contribution of, among others, its senior management personnel and in-house professional. The Group relies on the professional knowledge, experience and expertise of its senior management and in-house professional to facilitate the formulation of competitive tenders and in deciding the best suitable construction methodology in order to carry out our project works in an efficient manner while being able to meet customers' demand. Fail to hire in a timely manner and to retain suitable, skilled and qualified senior management personnel and in-house professional to meet construction needs could adversely impact our business, results of operation and profitability of the Group; and
- (vi) The Group's operations are conducted outdoors and are affected by weather conditions. If the Group has to halt operations during inclement weather conditions or a natural disaster, it may continue to incur operating expenses while experience reduced revenues and profitability, financial conditions and growth potentials of the Group will be adversely affected.

## DISCLOSURE OF INTERESTS

### A. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 September 2022, 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 SFO) (i) 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 were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, are as follows:

#### Long position in the shares and underlying shares of the Company

<b>Name of Director</b>	<b>Number of issued ordinary shares/ underlying shares of the Company</b>	<b>Personal interests</b>	<b>Total</b>	<b>Percentage of the issued shares capital of the Company</b>
Yu Xiao				
– Ordinary shares	780,000		1,671,540	0.55%
– Unlisted share options	891,540			
Liao Honghao				
– Ordinary shares	780,000		780,000	0.26%
Lao In lam				
– Ordinary shares	780,000		780,000	0.26%

Save as disclosed above, none of the Directors nor chief executive of the Company has registered an interest 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) (i) 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 were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

## **B. SUBSTANTIAL SHAREHOLDERS' INTEREST AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

As at 30 September 2022 and so far as is known to the Directors, no person, other than the Directors and chief executive of the Company whose interests are set out in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company" above, had notified the Company of an interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

## **COMPETING INTERESTS**

The Directors confirm that none of the then Controlling Shareholders or the Directors and their respective close associates (as defined in the GEM Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group's business during the six months ended 30 September 2022 and up to the date of this report.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

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

## **CORPORATE GOVERNANCE CODE**

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "Code") contained in Appendix 15 of the GEM Listing Rules. The Directors consider that during the six months ended 30 September 2022 and up to the date of this report, the Company has complied with all the applicable code provisions set out in the Code.

## **CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors in respect of the shares of the Company (the "Code of Conduct"). The Company has made specific enquiry to all Directors, and all Directors have confirmed that they have fully complied with the required standard of dealings set out in the Code of Conduct during the six months ended 30 September 2022 and up to the date of this report.

## **DISCLOSURE REQUIRED UNDER RULE 17.50(2) OF THE GEM LISTING RULES**

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, there are no other matters with respect to the appointment of the Directors that need to be brought to the attention of the Shareholders and there was no information in relation to the Directors that is required to be disclosed pursuant to Rules 17.50(2) of the GEM Listing Rules as at the date of this report.

## SHARE OPTION SCHEME

The share option scheme of the Company (the "Share Option Scheme") has been adopted by way of shareholder's written resolution passed on 24 March 2016. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

As at 30 September 2022, 26,974,800 share options has been granted by the Company pursuant to such Share Option Scheme. The options are unlisted. Each option gives the holder the right to subscribe for one share of HK\$0.16 each of the Company.

	Date of grant	Exercise price per option	Exercise period	Vesting period	Balance as at 1 April 2022	Granted during the period	Exercised during the period	Lapsed during the period	Balance as at 30 September 2022
<b>Directors</b>									
	11 July 2019	HK\$1.414	5 years from the date of grant	No	891,540	-	-	(891,540)	-
	11 July 2019	HK\$1.414	5 years from the date of grant	No	891,540	-	-	-	891,540
<b>Other employees</b>									
	11 July 2019	HK\$1.414	5 years from the date of grant	No	3,566,160	-	-	-	3,566,160 (note (i))
	21 July 2021	HK\$0.315	5 years from the date of grant	No	10,698,480	-	-	-	10,698,480 (note (ii))
	18 March 2022	HK\$0.163	5 years from the date of grant	No	9,144,000	-	-	-	9,144,000 (note (iii))
<b>Consultants</b>									
	11 July 2019	HK\$1.414	5 years from the date of grant	No	2,674,620	-	-	-	2,674,620 (note (iv))
Total					27,866,340	-	-	(891,540)	26,974,800

Notes:

- (i) The share options have been granted to 4 employees and each of them hold 891,540 share options.
- (ii) The share options have been granted to 10 employees and each of them hold 1,069,848 share options.
- (iii) The share options have been granted to 4 employees and each of them hold 2,286,000 share options.
- (iv) The share options have been granted to 3 consultants and each of them hold 891,540 share options.

Each consultant provides consultancy services and business development support to the Group, including but not limited to provision of consultancy services in relation to the construction projects, sourcing potential construction projects and business development opportunity to the Group.

The management consider that in view of the limited resources of the Group and to maintain a long-term growth, the options granted to the consultants can help to retain and motivates these non-employees to generate growth in company value. The options were granted as in incentive for these consultants to provide ongoing service to the Group and to maintain a long-term relationship with them so that the Group can maintain a streamline operation with stability. Apart from the options granted, the Company has not provided any other remuneration to these consultants for their services provided.

## EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, the Board is not aware of any significant event requiring disclosure that has been taken place subsequent to 30 September 2022 and up to the date of this report.

## AUDIT COMMITTEE

An audit committee has been established with its terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules, and paragraphs C.3.3 and C.3.7 of the Code. The audit committee consists of three members, namely Mr. Liao Honghao, Mr. Wong Chi Kan and Ms. Lao In lam, all being independent non-executive Directors. Mr. Wong Chi Kan currently serves as the chairman of the audit committee.

The committee is to assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting, by satisfying themselves as to the effectiveness of the internal controls of our Group, and as to the adequacy of the external and internal audits.

The audit committee has reviewed the unaudited consolidated financial statements of the Group for the six months ended 30 September 2022 and is of the view that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

By order of the Board  
**Luen Wong Group Holdings Limited**  
**Yu Xiao**  
*Executive Director*

Hong Kong, 14 November 2022

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three months and six months ended 30 September 2022

	Note	Three months ended 30 September		Six months ended 30 September	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
<b>Revenue</b>	3	<b>17,891</b>	27,243	<b>37,787</b>	49,403
Cost of sales		<b>(19,548)</b>	(26,600)	<b>(41,930)</b>	(47,793)
<b>Gross profit/(loss)</b>		<b>(1,657)</b>	643	<b>(4,143)</b>	1,610
Other gain/(loss)	5	<b>17,490</b>	(1,456)	<b>15,137</b>	6,373
Administrative and other operating expenses		<b>(5,732)</b>	(10,829)	<b>(10,642)</b>	(12,477)
<b>Profit/(loss) from operations</b>		<b>10,101</b>	(11,642)	<b>352</b>	(4,494)
Finance costs	6	<b>(360)</b>	(364)	<b>(721)</b>	(728)
<b>Profit/(loss) before income tax</b>	7	<b>9,741</b>	(12,006)	<b>(369)</b>	(5,222)
Income tax expense	8	<b>–</b>	–	<b>–</b>	–
<b>Profit/(loss) for the period</b>		<b>9,741</b>	(12,006)	<b>(369)</b>	(5,222)
<b>Total comprehensive income/(loss) for the period attributable to equity holders of the Company</b>		<b>9,741</b>	(12,006)	<b>(369)</b>	(5,222)
		<b>HK cents</b>	HK cents	<b>HK cents</b>	HK cents
<b>Earnings/(loss) per share attributable to equity holders of the Company</b>					
Basic and diluted	11	<b>3.23</b>	(11.98)	<b>(0.12)</b>	(5.39)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2022

	Note	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	363	403
Right-of-use assets		181	280
Prepayment		667	667
		<b>1,211</b>	<b>1,350</b>
<b>Current assets</b>			
Contract assets	13	40,231	39,656
Contract cost		2,926	3,400
Trade and other receivables	14	25,461	55,241
Financial assets at fair value through profit or loss		49,601	36,499
Cash and cash equivalents		4,596	8,201
		<b>122,815</b>	<b>142,997</b>
<b>Current liabilities</b>			
Contract liabilities		2,922	3,400
Trade and other payables	15	28,291	24,688
Amount due to a former shareholder		20,042	42,964
Lease liabilities		–	155
Bond payables		12,000	12,000
Tax payable		627	627
		<b>63,882</b>	<b>83,834</b>
<b>Net current assets</b>		<b>58,933</b>	<b>59,163</b>
<b>Total assets less current liabilities</b>		<b>60,144</b>	<b>60,513</b>
<b>Net assets</b>		<b>60,144</b>	<b>60,513</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	16	48,298	48,298
Reserves		11,846	12,215
<b>Total equity attributable to equity holders of the Company</b>		<b>60,144</b>	<b>60,513</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 September 2022

	Total equity attributable to equity holders of the Company						Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Share-based payment reserve HK\$'000	Other reserve HK\$'000	Capital reserve HK\$'000	Accumulated losses HK\$'000	
Balance as at 1 April 2021 (audited)	14,976	39,242	5,338	10,400	3,820	(49,016)	24,760
Issue of shares upon exercise of share options during the period	1,123	2,847	(1,443)	-	-	-	2,527
Share options issued during the period	-	-	1,782	-	-	-	1,782
Loss and total comprehensive loss for the period	-	-	-	-	-	(5,222)	(5,222)
<b>Balance as at 30 September 2021 (unaudited)</b>	<b>16,099</b>	<b>42,089</b>	<b>5,677</b>	<b>10,400</b>	<b>3,820</b>	<b>(54,238)</b>	<b>23,847</b>
Balance as at 1 April 2022 (audited)	48,298	60,696	6,462	10,400	3,820	(69,163)	60,513
Lapse of share options during the period	-	-	(433)	-	-	433	-
Loss and total comprehensive loss for the period	-	-	-	-	-	(369)	(369)
<b>Balance as at 30 September 2022 (unaudited)</b>	<b>48,298</b>	<b>60,696</b>	<b>6,029</b>	<b>10,400</b>	<b>3,820</b>	<b>(69,099)</b>	<b>60,144</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30 September 2022

	Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Net cash used in operating activities	(3,605)	(9,724)
Net cash generated from investing activities	–	–
Net cash generated from financing activities	–	2,527
<b>Net decrease in cash and cash equivalents</b>	<b>(3,605)</b>	<b>(7,197)</b>
Cash and cash equivalents at the beginning of the period	<b>8,201</b>	15,572
<b>Cash and cash equivalent at the end of the period</b>	<b>4,596</b>	<b>8,375</b>

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 16 October 2015. The address of the Company's registered office and principal place of business are P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and Unit 2202, 22/F, Causeway Bay Plaza I, 489 Hennessy Road, Causeway Bay, Hong Kong respectively.

The Company is an investment holding company and the Group is principally engaged in the provision of civil engineering works and investment holding.

The Company's shares are listed on the GEM of the Stock Exchange on 12 April 2016.

### 2. BASIS OF PREPARATION

The unaudited interim financial report of the Group for the six months ended 30 September 2022 has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of the GEM Listing Rules.

The unaudited interim financial report should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 March 2022. The accounting policies used in the preparation of the unaudited interim financial report are consistent with those adopted in the annual consolidated financial statements of the Group for the year ended 31 March 2022.

As at the date of authorisation of the unaudited interim financial report, HKICPA has issued a number of new and amended HKFRSs. For those which are effective for accounting period beginning on 1 April 2022, the adoption of these new and amended HKFRSs had no material impact on how the results and financial position of the Group for the current or prior accounting periods have been prepared and presented. The Group has not early adopted any new and amended HKFRSs that are relevant to the Group have been issued but are not yet effective for the current accounting period.

The unaudited interim financial report has been prepared on the historical cost basis, except investments in debt and equity securities are stated at their fair value.

The unaudited interim financial report is presented in Hong Kong Dollars ("HK\$"), which is the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousands ("HK\$'000"), except when otherwise indicated.

The preparation of the unaudited interim financial report in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the accounting policies of the Group.

The unaudited interim financial report has not been audited by the Company's auditors, but has been reviewed by the Company's audit committee.

### 3. REVENUE

Revenue represents the consideration received and receivable from the provision of civil engineering works.

#### 4. SEGMENT INFORMATION

The Group's operating activities are attributable to a single reportable and operating segment focusing primarily on the provision of civil engineering works. This operating segment has been identified on the basis of internal management reports reviewed by the chief operating decision maker ("CODM"), being the executive directors of the Company. The CODM mainly reviews revenue derived from the provision of civil engineering works. The CODM reviews the overall results of the Group as a whole to make decisions about resources allocation. Accordingly other than the entity-wide disclosure, no segment analysis is presented.

##### (a) Geographical information

The Group's operations are located in Hong Kong and all the revenue of the Group were derived from Hong Kong customers. The Group's non-current assets are located in Hong Kong.

##### (b) Major customers

Revenue from customers which individually contributed over 10% of the Group's revenue is as follows:

	Three months ended 30 September		Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Customer 1	2,916	12,660	8,493	28,780
Customer 2	–	3,438	–	7,897
Customer 3	13,765	5,920	28,084	7,501

\* The corresponding revenue did not individually contribute over 10% of the Group's revenue during the corresponding periods.

There is no other single customer contributing over 10% of total revenue of the Group for the three and six months ended 30 September 2022 and 2021.

#### 5. OTHER GAIN/(LOSS)

	Three months ended 30 September		Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Over-provision of severance payment	450	159	1,080	159
Realised and unrealised gain/(loss) on fair value change on financial assets at fair value through profit or loss	16,953	(1,620)	13,102	6,209
Subsidies granted by HKSAR government	72	–	512	–
Refund of employees' compensation claim	–	–	413	–
Sundry income	15	5	30	5
	17,490	(1,456)	15,137	6,373

## 6. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Interest on bond payables	360	360	720	720
Finance charges on obligations under finance leases	–	4	1	8
	<b>360</b>	<b>364</b>	<b>721</b>	<b>728</b>

## 7. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) before income tax is arrived at after charging:

	Three months ended 30 September		Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Depreciation	70	154	140	209
Impairment loss recognised under expected credit loss model, net of reversal	4,624	4,869	7,485	4,869
Site equipment rental costs (included in cost of sales)	701	1,627	1,374	4,196
Share-based payment expense	–	1,782	–	1,782

## 8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 8.25% and 16.5% on the estimated assessable profit for the periods ended 30 September 2022 and 2021 respectively.

	Three months ended 30 September		Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Current tax				
– Hong Kong profits tax	–	–	–	–
– Deferred tax	–	–	–	–
Income tax expense	–	–	–	–

## 9. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Three months ended 30 September		Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Salaries, wages and other benefits	2,397	6,814	4,965	12,619
Contributions to defined contribution retirement plan	69	177	150	388
	<b>2,466</b>	<b>6,991</b>	<b>5,115</b>	<b>13,007</b>

## 10. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2022 and 2021.

## 11. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share attributable to equity holders of the Company is based on the following:

	Three months ended 30 September		Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
<b>Earnings/(loss)</b>				
Earnings/(loss) for the period attributable to equity holders of the Company	9,741	(12,006)	(369)	(5,222)
<b>Number of shares</b>				
Weighted average number of ordinary shares (in thousands)	301,860	100,200	301,860	96,900

There were no dilutive potential ordinary shares during the periods ended 30 September 2022 and 2021 and therefore, diluted loss per share equals to the basic loss per share.

## 12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2022, the Group did not acquire or dispose any property, plant and equipment (six months ended 30 September 2021: HK\$Nil).

### 13. CONTRACT ASSETS

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
<b>Contract assets</b>		
Retention receivables of construction contracts	40,309	39,689
Less: allowances on credit loss	(78)	(33)
	<b>40,231</b>	<b>39,656</b>

Upon the adoption of HKFRS 9, opening adjustments were made as at 1 April 2018 to recognise additional expected credit losses (ECLs) on contract assets. This has resulted in a decrease in this balance as at that date.

Typical payment terms which impact on the amount of contract assets recognised are as follows:

The Group's construction contracts include payment schedules which require stage payments over the construction period once milestones are reached. These payment schedules prevent the build-up of significant contract assets. The Group also typically agrees to a twelve months retention period for 5% to 10% of the contract value. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on the Group's work satisfactorily passing inspection.

The amount of contract assets that is expected to be recovered after more than one year is HK\$29,765,000 (31 March 2022: HK\$29,765,000), all of which relates to retentions.

### 14. TRADE AND OTHER RECEIVABLES

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
Trade receivables	44,207	68,649
Less: allowances on credit loss	(25,822)	(18,554)
	<b>18,385</b>	50,095
Receivables from securities brokers	203	203
Deposits for surety bonds	2,981	3,154
Other receivables, deposits and prepayments	4,559	2,456
	<b>26,128</b>	55,908
Less: prepayment classified as non-current portion	(667)	(667)
	<b>25,461</b>	<b>55,241</b>

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

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
0 – 30 days	1,510	6,444
31 – 60 days	851	1,443
61 – 90 days	598	–
91 – 180 days	4,025	–
181 – 365 days	439	1,772
Over 365 days	10,962	40,436
	<b>18,385</b>	<b>50,095</b>

The Group usually grants customers a credit period ranging from 30 to 45 days.

## 15. TRADE AND OTHER PAYABLES

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
Trade payables	6,829	8,613
Retention monies payables	11,786	11,171
Provision for long services payment	966	965
Amounts due to directors of certain subsidiaries	1,169	1,145
Accruals and other payables	7,541	2,794
	<b>28,291</b>	<b>24,688</b>

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

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
0 – 30 days	2,299	5,724
31 – 60 days	847	585
61 – 90 days	1,053	292
Over 90 days	2,630	2,012
	<b>6,829</b>	<b>8,613</b>

The Group is granted by its suppliers a credit period ranging from 0 to 30 days.

## 16. SHARE CAPITAL

	<b>Number of shares</b> <i>'000</i>	<b>Nominal value of shares</b> <i>HK\$'000</i>
Authorised: Share capital of HK\$0.16 each <b>As at 1 April 2022 and 30 September 2022</b>	<u>500,000</u>	<u>80,000</u>
Issued and fully paid: Share capital of HK\$0.16 each <b>As at 1 April 2022 and 30 September 2022</b>	<u>301,860</u>	<u>48,298</u>