



INTERIM REPORT
2014/15

SAM WOO CONSTRUCTION GROUP LIMITED

三和建築集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code : 3822)

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The board (the “Board”) of directors (the “Directors”) of Sam Woo Construction Group Limited (the “Company”) is pleased to present the unaudited interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2014 (the “Period”), together with the comparative figures for the corresponding period in 2013 (the “Previous Period”). These information should be read in conjunction with the prospectus of the Company dated 29 September 2014 (the “Prospectus”).

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in the provision of foundation works and ancillary services.

BUSINESS REVIEW

During the Period, the Group derived revenue of HK\$255.8 million and HK\$262.1 million from foundation works and ancillary services projects based in Hong Kong and Macau, respectively. As at 30 September 2014, the Group had five contracts on hand for which the awarded contract sum and outstanding contract sum (including contracts in progress and contracts of which the work has yet to commence) amounted to HK\$1.3 billion and HK\$0.8 billion, respectively. Barring any unforeseen circumstances, the Directors anticipate that the works under three of these projects, namely Multi-storey logistics centre at Tsing Yi, Shatin to Central rail link project and the Hotel Casino Project will be completed in the second half of this financial year; while the works of Hong Kong boundary crossing facilities and the Composite Development Project are expected to carry on into the next financial year.

In November 2014, the Group mobilised its machinery and equipment to commence the piling works for the Composite Development Project following the grant of quota for non-Macau resident construction workers by the Macau government and the issuance of bored pile works construction instruction by the employer.

Since 30 September 2014, the Group had not been awarded with new material contracts in relation to tenders/quotation submitted for both public and private sectors up to the date of this report. Due to the recent uncertainties in the timing of funding approvals to be obtained from the relevant government councils, there may be delay in the rolling out of certain public infrastructure works. While the Directors take a cautious view in the business growth in the forthcoming year, they remain positive on the prospect of the construction industry attributable to the demand for commercial and residential buildings and infrastructure developments in Hong Kong and Macau.

FINANCIAL REVIEW

The Group recorded revenue of HK\$517.9 million for the Period, representing an increase of 29.4% as compared to HK\$400.1 million for the Previous Period. The increase was mainly due to increased contract value of foundation works and ancillary services performed by the Group.

Administrative expenses increased by HK\$20.7 million from HK\$12.7 million for the Previous Period to HK\$33.4 million for the Period, mainly due to professional fees related to the Company's initial public offering (the "IPO") of HK\$11.5 million, provision for legal and professional fees related to legal and arbitration proceedings arising from operations of HK\$3.6 million, as well as the increase in salaries and wages and other administrative expenses.

Finance costs for the Period were HK\$7.2 million, representing an increase of 50.0% when compared to HK\$4.8 million for the Previous Period. The increase was mainly attributable to the increase in bank borrowings for acquisition of machinery and equipment and for working capital.

As a result, profit before income tax of the Group was HK\$126.6 million which was 9.4% higher than that of HK\$115.7 million for the Previous Period.

The Group acquired machinery and equipment of HK\$120.2 million during the Period which were mainly financed by bank borrowings. Total bank borrowings increased by HK\$89.4 million to HK\$426.1 million as at 30 September 2014 (31 March 2014: HK\$336.7 million).

Liquidity, Financial Resources and Gearing

The Group generally finances its operations with internally generated resources and banking facilities. As at 30 September 2014, the Group had total cash and banks balances of HK\$158.7 million (31 March 2014: HK\$122.1 million) and total borrowings of HK\$426.1 million (31 March 2014: HK\$336.7 million). Borrowings usually include short term and long term bank loans, finance leases and overdrafts. As at 30 September 2014, borrowings classified under current liabilities were HK\$274.0 million (31 March 2014: HK\$298.9 million). The Group's net gearing ratio, calculated by dividing net borrowings by total equity, was 1.00 times as at 30 September 2014 (31 March 2014: 1.10 times). For the purpose of calculating the Group's net gearing ratio, net borrowings represent total bank borrowings minus cash and cash equivalents and restricted bank balances for securing the Group's revolving loan facilities.

Foreign Exchange Exposure

Operations of the Group are mainly conducted in HK\$ and MOP and its revenue, expenses, cash and bank balances, borrowings, other monetary assets and liabilities are principally denominated in HK\$ and MOP. For the Period, the Group was not posed to significant foreign currency risk nor had employed any financial instrument for hedging.

Pledge of Assets

As at 30 September 2014, the net book value of plant and equipment held under finance leases and pledged for long term bank loans amounted to HK\$161.5 million (31 March 2014: HK\$114.1 million) and HK\$109.0 million (31 March 2014: HK\$99.1 million), respectively. Certain banking facilities of the Group were secured by the Group's bank deposits of HK\$27.0 million (31 March 2014: HK\$36.1 million).

Capital Commitments

As at 30 September 2014, the Group had capital commitments of HK\$0.3 million (31 March 2014: HK\$104.8 million) in relation to acquisitions of machinery and equipment.

Human Resources

As at 30 September 2014, the Group had approximately 232 employees. The remuneration package includes salary, discretionary bonuses and allowances. In general, the Group determines employee salaries based on the individual's qualifications, position and performance (where applicable).

Material Acquisitions and Disposals of Assets

During the Period, save as disclosed in the Prospectus, the Group did not have any material acquisitions or disposals of assets.

Contingent Liabilities

There has been no material change in the Group's contingent liabilities since the publication of the Prospectus. As at 30 September 2014, save for guarantee of performance bond relating to a foundation works and ancillary services project of our Group of approximately HK\$67.3 million, such performance bond is expected to be released in October 2016, the Group did not have material contingent liabilities.

RECENT DEVELOPMENT

On 16 October 2014, the shares of the Company were successfully listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with stock code 3822. The Group intends to apply a substantial part of the net proceeds to finance the acquisition of machinery and equipment in accordance with the proposed application set out in the Prospectus. Since the Listing and up to the date of this report, the Group had not utilised any of the net proceeds from the IPO.

OTHER INFORMATION

Disclosure of Interests

As the shares of the Company were listed on the Stock Exchange on 16 October 2014, the Company was not required to keep any register under Part XV of the Securities and Futures Ordinance ("SFO") as at 30 September 2014.

Immediately after the listing of the Company on 16 October 2014 ("Listing"), the interests and short positions of directors in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance) as recorded in the register required to be kept under section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules, are as follows:

(a) Directors' interest in the Company:

| Name of director | Number of shares (long position) | Percentage of shareholding | Capacity |
|-------------------|-------------------------------------|-------------------------------|--------------------------------------|
| Mr. Lau Chun Ming | 300,000,000 | 75% | Founder of a discretionary trust |
| Ms. Leung Lai So | 300,000,000 | 75% | Beneficiary of a discretionary trust |

(b) Directors' interest in associated corporations of the Company:

| Name of director | Name of associated corporation | Percentage of shareholding | Capacity |
|-------------------------|---------------------------------------|-----------------------------------|--------------------------------------|
| Mr. Lau Chun Ming | Actiease Assets Limited | 100% | Founder of a discretionary trust |
| Mr. Lau Chun Ming | Silver Bright Holdings Limited | 100% | Founder of a discretionary trust |
| Ms. Leung Lai So | Actiease Assets Limited | 100% | Beneficiary of a discretionary trust |
| Ms. Leung Lai So | Silver Bright Holdings Limited | 100% | Beneficiary of a discretionary trust |

Immediately following the Listing of the Company, so far as the directors are aware, the interest and short positions of the persons, other than a director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO are as follows:

(c) **Substantial shareholders' interests in the Company**

| Name of shareholder | Number of shares (long position) | Percentage of shareholding | Capacity |
|---|---|---------------------------------------|--------------------------------------|
| Actiease Assets Limited | 300,000,000 | 75% | Beneficial owner |
| Silver Bright Holdings Limited | 300,000,000 | 75% | Interest of a controlled corporation |
| Managecorp Limited as trustee of a unit trust | 300,000,000 | 75% | Trustee |
| Nautilus Trustees Asia Limited | 300,000,000 | 75% | Trustee |

Notes:

- 300,000,000 shares were held by Actiease Assets Limited, a company wholly owned by Silver Bright Holdings Limited which is indirectly owned by a discretionary trust of which Ms. Leung Lai So is the beneficiary.
- Silver Bright Holdings Limited is 100% held by Managecorp Limited as trustee of a unit trust, of which issued units are 100% held by Nautilus Trustees Asia Limited (formerly known as DBS Trustee H.K. (Jersey) Limited) as trustee of a discretionary trust set up by Mr. Lau Chun Ming.

Purchase, Sale or Redemption of Listed Securities

As the shares of the Company were not yet listed on the Stock Exchange as at 30 September 2014, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period.

Corporate Governance

As the shares of the Company were not yet listed on the Stock Exchange as at 30 September 2014, the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules was not applicable to the Company for the Period. The Company has adopted and complied with the code provisions, where applicable, upon Listing.

Model Code of Securities Transactions by Directors

As the shares of the Company were not yet listed on the Stock Exchange as at 30 September 2014, the Model Code was not applicable to the Company during the Period. The Company has adopted the Model Code upon Listing. The Company has made specific enquiry with the Directors and all Directors have confirmed that they complied with the required standards as set out in the Model Code throughout the period from the date of Listing up to the date of this report.

Audit Committee

The audit committee, comprising three independent non-executive directors, namely Professor Wong Sue Cheun, Roderick, Mr. Chu Tak Sum and Mr. Ip Tin Chee, Arnold, has reviewed the accounting principles and practice adopted by the Group, and the unaudited consolidated financial statements of the Group for the Period.

On behalf of the Board of
Sam Woo Construction Group Limited
Lau Chun Ming
Chairman

Hong Kong, 27 November 2014

As at the date of this report, the executive directors are Mr. Lau Chun Ming, Mr. Lau Chun Kwok, Mr. Lau Chun Ka and Ms. Leung Lai So; and the independent non-executive directors are Professor Wong Sue Cheun, Roderick, Mr. Chu Tak Sum and Mr. Ip Tin Chee, Arnold.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

| | Note | Unaudited | |
|---|------|-----------|-----------|
| | | 2014 | 2013 |
| | | HK\$'000 | HK\$'000 |
| Revenue | 5 | 517,880 | 400,056 |
| Cost of sales | 6 | (351,242) | (268,006) |
| Gross profit | | 166,638 | 132,050 |
| Other income and gain, net | | 229 | 1,017 |
| Administrative expenses | 6 | (33,433) | (12,738) |
| Operating profit | | 133,434 | 120,329 |
| Finance income | 7 | 345 | 109 |
| Finance costs | 7 | (7,194) | (4,767) |
| Finance costs, net | 7 | (6,849) | (4,658) |
| Profit before income tax | | 126,585 | 115,671 |
| Income tax expense | 8 | (10,679) | (4,236) |
| Profit for the period | | 115,906 | 111,435 |
| Other comprehensive income | | – | – |
| Profit and total comprehensive income attributable to equity holders of the Company | | 115,906 | 111,435 |
| Basic and diluted earnings per share (HK cents) | 9 | 38.64 | 37.15 |
| Dividends | 10 | 50,000 | 50,000 |

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30 SEPTEMBER 2014

| | <i>Note</i> | Unaudited 30 September 2014 HK\$'000 | Audited 31 March 2014 HK\$'000 |
|--|-------------|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Plant and equipment | 11 | 510,390 | 398,832 |
| Deferred income tax assets | | 3,603 | 3,602 |
| Deposits and prepayments | | 936 | 1,368 |
| | | 514,929 | 403,802 |
| Current assets | | | |
| Trade and retention receivables | 12 | 209,735 | 78,586 |
| Deposits, prepayments and other receivables | | 7,155 | 3,115 |
| Amounts due from customers for contract work | 13 | 14,808 | 19,481 |
| Amounts due from related companies | | – | 386 |
| Income tax receivable | | 27 | 27 |
| Restricted bank balances | 14 | 26,996 | 36,138 |
| Cash and cash equivalents (excluding bank overdraft) | | 131,708 | 85,937 |
| | | 390,429 | 223,670 |
| Total assets | | 905,358 | 627,472 |
| EQUITY | | | |
| Capital and reserves | | | |
| Share capital | 15(a) | – | – |
| Reserves | | 284,625 | 218,719 |
| Total equity | | 284,625 | 218,719 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Long-term borrowings | 18 | 152,067 | 37,806 |
| Deferred income tax liabilities | | 39,799 | 31,846 |
| | | 191,866 | 69,652 |

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

AS AT 30 SEPTEMBER 2014

| | | Unaudited | Audited |
|--|-------------|---------------------|-----------------|
| | | 30 September | 31 March |
| | | 2014 | 2014 |
| | <i>Note</i> | HK\$'000 | <i>HK\$'000</i> |
| Current liabilities | | | |
| Trade and retention payables | 16 | 38,090 | 14,873 |
| Accruals and other payables | 17 | 37,264 | 22,284 |
| Amounts due to customers for contract work | 13 | 74,364 | – |
| Borrowings | 18 | 274,028 | 298,876 |
| Income tax payable | | 5,121 | 3,068 |
| | | 428,867 | 339,101 |
| Total liabilities | | 620,733 | 408,753 |
| Total equity and liabilities | | 905,358 | 627,472 |
| Net current liabilities | | (38,438) | (115,431) |
| Total assets less current liabilities | | 476,491 | 288,371 |

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

| | Unaudited | | | |
|--|---------------|----------------|-------------------|----------|
| | Share capital | Other reserves | Retained earnings | Total |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (note 15(a)) | (note 15(b)) | | |
| At 1 April 2013 | – | 10,500 | 131,133 | 141,633 |
| Comprehensive income | | | | |
| Profit for the period | – | – | 111,435 | 111,435 |
| Contribution by and distribution to owners | | | | |
| Dividends relating to the year ended 31 March 2013 paid to the then shareholders | – | – | (50,000) | (50,000) |
| At 30 September 2013 | – | 10,500 | 192,568 | 203,068 |
| At 1 April 2014 | – | 10,500 | 208,219 | 218,719 |
| Comprehensive income | | | | |
| Profit for the period | – | – | 115,906 | 115,906 |
| Contribution by and distribution to owners | | | | |
| Dividends relating to the year ended 31 March 2014 paid to the then shareholders (note 10) | – | – | (50,000) | (50,000) |
| At 30 September 2014 | – | 10,500 | 274,125 | 284,625 |

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

| | | Unaudited | |
|---|---|------------------|-----------------|
| | | Six months ended | |
| | | 30 September | |
| | | 2014 | 2013 |
| Note | | HK\$'000 | HK\$'000 |
| Cash flows from operating activities | | | |
| | Net cash generated from operations | 122,490 | 120,351 |
| | Interest paid | (5,484) | (3,581) |
| | Interest received | 345 | 109 |
| 7 | Interest element of finance lease payments | (1,710) | (929) |
| 14 | Increase in restricted bank balances | (158) | (16,975) |
| | Hong Kong profits tax (paid)/refund | (674) | 288 |
| | Net cash generated from operating activities | 114,809 | 99,263 |
| Cash flows from investing activities | | | |
| | Purchase of plant and equipment | (56,912) | (24,559) |
| | Prepayment for purchase of plant and equipment | – | (1,441) |
| | Proceeds from sales of plant and equipment | 2,380 | – |
| 14 | Decrease in restricted bank balances | 9,300 | – |
| | Net cash used in investing activities | (45,232) | (26,000) |
| Cash flows from financing activities | | | |
| | Capital element of finance lease payments | (9,758) | (10,697) |
| | Drawdown of long-term bank loans | 54,630 | 5,387 |
| | Repayment of long-term bank loans | (72,012) | (9,854) |
| | Drawdown of short-term bank loans | 89,726 | 190,655 |
| | Repayment of short-term bank loans | (25,032) | (111,122) |
| 14 | Increase in restricted bank balances | – | (9,700) |
| | Dividends paid | (50,000) | (50,000) |
| | Net cash (used in)/generated from financing activities | (12,446) | 4,669 |

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

| | | Unaudited | |
|---|------|------------------|----------|
| | | Six months ended | |
| | | 30 September | |
| | | 2014 | 2013 |
| | Note | HK\$'000 | HK\$'000 |
| Net increase in cash and cash equivalents | | 57,131 | 77,932 |
| Cash and cash equivalents at beginning of the period | | 57,482 | 22,506 |
| Cash and cash equivalents at end of the period | | 114,613 | 100,438 |
| Analysis of cash and cash equivalents | | | |
| Cash and cash equivalents | | 131,708 | 101,581 |
| Bank overdraft | 18 | (17,095) | (1,143) |
| | | 114,613 | 100,438 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information and key events

1.1 General information

The Company was incorporated in the Cayman Islands on 17 September 2012 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries now comprising the Group (together the "Group") are principally engaged in foundation works and ancillary services in Hong Kong and Macau.

The Company has listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited on 16 October 2014.

These condensed consolidated interim financial information is presented in Hong Kong dollars ("HK\$"), unless otherwise stated and was approved for issue on 27 November 2014.

This condensed consolidated interim financial information has not been audited.

1.2 Key events

Prior to the completion of the group reorganisation set out under the section "History and Corporate Structure" in the Prospectus, which was completed on 15 September 2014 (the "Reorganisation"), companies now comprising the Group were principally held under Sam Woo Group Limited ("SW (BVI)"), of which the sole shareholder was Actiease Assets Limited ("Actiease Assets").

On 15 September 2014, Actiease Assets transferred its entire interest in the issued share capital of SW (BVI) to the Company by crediting the Company's existing one nil-paid share in issue as fully paid and the Company allotting and issuing 999 additional shares, credited as fully paid, to Actiease Assets. Upon completion of the Reorganisation, the Company has become the holding company of the companies now comprising the Group.

On 15 September 2014, pursuant to the written resolution passed by the shareholders on 15 September 2014, the authorised share capital of the Company was increased from HK\$380,000 to HK\$10,000,000 by the creation of an additional 962,000,000 shares of HK\$0.01 each.

1 General information and key events (Continued)

1.2 Key events (Continued)

On 16 October 2014, pursuant to the Share Offer (as mentioned in the Prospectus), the Company issued a total 100,000,000 shares at a price of HK\$1.5 per share. The Group intends to apply the net proceeds for acquisition and/or part finance of machinery and equipment and for working capital.

On 16 October 2014, pursuant to the Capitalisation Issue (as mentioned in the Prospectus), the Company issued additional 299,999,000 shares, credited as fully paid, to Actiease Assets.

2 Basis of preparation and summary of significant accounting policies

2.1 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 September 2014 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated interim financial information should be read in conjunction with the Accountant's Report included in Appendix I to the Prospectus, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and has been prepared under the historical cost convention.

As at 30 September 2014, the Group's current liabilities exceeded its current assets by approximately HK\$38,438,000, because of (i) certain bank borrowings contractually due for repayment after one year with a repayment on demand clause amounting to approximately HK\$24,476,000 have been classified as current liabilities in accordance with the HK Interpretation 5, "Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause"; and (ii) an increase in the Group's non-current assets of approximately HK\$111,127,000 during the period, which was partly financed by the borrowings classified under current liabilities.

In preparing the condensed consolidated interim financial information, the directors have taken into account all information that could reasonably be expected to be available, and consider that (i) it is not probable that the relevant banks will exercise their discretion to demand immediate repayment; (ii) it has various construction contracts on hand that can generate positive cash flows, and (iii) the net proceeds from the listing had been received. Management and the directors consider the Group has sufficient financial resources in the coming twelve months to meet its financial obligations as and when they fall due.

2 Basis of preparation and summary of significant accounting policies (Continued)

2.2 Summary of significant accounting policies

Except as described below, the accounting policies applied are consistent with those described in the Accountant's Report included in Appendix I to the Prospectus.

- (a) New, revised and amended standards adopted by the Group
The following amendments to standards and interpretation are mandatory for the Group's financial year beginning 1 April 2014 and have been adopted by the Group:

| | |
|---|--|
| HKAS 32 (Amendment) | Offsetting Financial Assets and Financial Liabilities |
| HKAS 36 (Amendment) | Impairment of Assets – Recoverable amount disclosures for non-financial assets |
| HKAS 39 (Amendment) | Financial instruments: Recognition and Measurement |
| HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment) | Investment entities |
| HK(IFRIC) – Int 21 | Levies |

The adoption of these new standards, amendments and interpretation to the existing standards does not have any significant impact to the results and financial position of the Group's condensed consolidated interim financial information.

2 Basis of preparation and summary of significant accounting policies (Continued)

2.2 *Summary of significant accounting policies (Continued)*

(b) New and amended standards not yet adopted

The following new standards and amendments have been issued but are not effective for the financial year beginning on or after 1 April 2014 and have not been early adopted:

| | | Effective for annual periods beginning on or after |
|----------------------------------|--|--|
| HKAS 16 and HKAS 38 (Amendment) | Clarification of Acceptable Methods of Depreciation and Amortisation | 1 January 2016 |
| HKAS 16 and HKAS 41 (Amendment) | Bearer Plants | 1 January 2016 |
| HKAS 19 (2011) (Amendment) | Defined Benefit Plans: Employee Contribution | 1 July 2014 |
| HKAS 27 (Amendment) | Equity Method | 1 January 2016 |
| HKFRS 9 | Financial Instruments | 1 January 2018 |
| HKFRS 10 and HKAS 28 (Amendment) | Sale or Contribution of Assets between an Investor and its Associate and Joint Venture | 1 January 2016 |
| HKFRS 11 (Amendment) | Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operation | 1 January 2016 |
| HKFRS 14 | Regulatory Deferral Accounts | 1 January 2016 |
| HKFRS 15 | Revenue from Contracts with Customers | 1 January 2017 |
| HKFRSs (Amendment) | Annual improvements to HKFRSs 2010 – 2012 cycle | 1 July 2014 |
| HKFRSs (Amendment) | Annual improvements to HKFRSs 2011 – 2013 cycle | 1 July 2014 |
| HKFRSs (Amendment) | Annual improvements to HKFRSs 2012 – 2014 cycle | 1 July 2016 |

Management is in the process of making an assessment on the impact of these standards, amendments and interpretations to existing HKFRSs and is not yet in a position to state whether they will have a significant impact on the Group's results of operations and financial position.

3 Financial risk management

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the Accountant's Report included in Appendix I to the Prospectus.

During the Period, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and liabilities.

4 Critical accounting estimates and judgements

The preparation of the condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed consolidated interim financial information, the critical accounting estimates and judgements applied were consistent with those described in the Accountant's Report included in Appendix I to the Prospectus.

5 Revenue and segment information

Revenue, which is also the Group's turnover, represents gross contract receipts on foundation works and ancillary services in the ordinary course of business. Revenue recognised is as follows:

| | Unaudited | |
|---|-------------------------|----------|
| | Six months ended | |
| | 30 September | |
| | 2014 | 2013 |
| | HK\$'000 | HK\$'000 |
| Turnover | | |
| Foundation works and ancillary services | 517,880 | 400,056 |

The chief operating decision-maker has been identified as the executive directors of the Company. The executive directors regard the Group's business as a single operating segment and review financial information accordingly. Therefore, no segment information is presented.

6 Expenses by nature

| | Unaudited | |
|--|-------------------------|----------|
| | Six months ended | |
| | 30 September | |
| | 2014 | 2013 |
| | HK\$'000 | HK\$'000 |
| Cost of sales | | |
| Construction contracts costs (<i>note (a)</i>) | 340,105 | 260,479 |
| Depreciation | 7,302 | 4,619 |
| Repair and maintenance | 3,741 | 2,024 |
| Others | 94 | 884 |
| | 351,242 | 268,006 |
| Administrative expenses | | |
| Depreciation | 356 | 325 |
| Operating leases rental in respect of | | |
| – Office premises and storage premises | 1,762 | 1,643 |
| – Directors' quarters | 1,084 | 1,084 |
| Professional fees | | |
| – incurred for initial public offering | 11,481 | 12 |
| – others | 6,856 | 1,640 |
| Staff costs, including directors' emoluments (<i>note (b)</i>) | 7,293 | 5,209 |
| Others | 4,601 | 2,825 |
| | 33,433 | 12,738 |
| Total cost of sales and administrative expenses | 384,675 | 280,744 |

note:

(a) Construction contract costs included but not limited to costs of construction materials, staff costs (refer to note (b) below), consultancy fee, parts and consumables, subcontracting charges and transportation.

| | | |
|--|-----------------|----------|
| (b) Total staff cost | 85,951 | 74,062 |
| Less: amount included in construction contracts costs or capitalised in work-in progress | (78,658) | (68,853) |
| | 7,293 | 5,209 |

7 Finance income and costs

| | Unaudited | |
|---|-------------------------|----------|
| | Six months ended | |
| | 30 September | |
| | 2014 | 2013 |
| | HK\$'000 | HK\$'000 |
| Finance income: | | |
| – Interest income on bank deposits | 345 | 109 |
| Finance costs: | | |
| – Interest expense on bank loans wholly repayable within 5 years | (5,308) | (3,733) |
| – Interest expense on obligations under finance leases | (1,710) | (929) |
| – Interest expense on bank overdrafts | (176) | (105) |
| | (7,194) | (4,767) |
| Finance costs, net | 6,849 | 4,658 |

8 Income tax expense

Hong Kong profits tax and Macau complementary tax have been provided at the rate of 16.5% and 12%, respectively, on the estimated assessable profit for the Period and the Previous Period.

| | Unaudited | |
|-----------------------|-------------------------|----------|
| | Six months ended | |
| | 30 September | |
| | 2014 | 2013 |
| | HK\$'000 | HK\$'000 |
| Hong Kong profits tax | | |
| Current income tax | 772 | 2 |
| Deferred income tax | 7,952 | 3,257 |
| Macau profits tax | | |
| Current income tax | 1,955 | 977 |
| | 10,679 | 4,236 |

9 Earnings per share

(a) *Basic*

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the respective periods. The weighted average number of ordinary shares used for such purpose has been retrospectively adjusted for the effects of the issue of shares in connection with the Reorganisation completed on 15 September 2014 and the Capitalisation Issue of ordinary shares which took place on 16 October 2014. It does not take into account the issue of shares pursuant to the Share Offer which took place after the Period end date.

| | Unaudited Six months ended 30 September | |
|--|--|-------------|
| | 2014 | 2013 |
| Profit attributable to equity holders of the Company (HK\$'000) | 115,906 | 111,435 |
| Weighted average number of ordinary shares for the purpose of calculating basic earnings per share | 300,000,000 | 300,000,000 |
| Basic earnings per share (HK cents) | 38.64 | 37.15 |

(b) *Diluted*

Diluted earnings per share is of the same amount as the basic earnings per share as there were no potential dilutive ordinary shares outstanding at Period end.

10 Dividends

The Board does not recommend the payment of interim dividend for the Period (2013: nil).

Final dividends of HK\$50,000,000 relating to the year ended 31 March 2013 and HK\$50,000,000 relating to the year ended 31 March 2014 were declared and paid to the then shareholders in August 2013 and September 2014, respectively.

11 Plant and equipment

| | Unaudited | |
|--------------|-------------------------|----------|
| | Six months ended | |
| | 30 September | |
| | 2014 | 2013 |
| | HK\$'000 | HK\$'000 |
| At 1 April | 398,832 | 314,777 |
| Additions | 120,231 | 26,944 |
| Disposals | (717) | – |
| Write-off | (298) | – |
| Depreciation | (7,658) | (4,944) |
| | 510,390 | 336,777 |

12 Trade and retention receivables

| | Unaudited | Audited |
|-----------------------|---------------------|----------|
| | 30 September | 31 March |
| | 2014 | 2014 |
| | HK\$'000 | HK\$'000 |
| Trade receivables | 153,788 | 27,799 |
| Retention receivables | 55,947 | 50,787 |
| | 209,735 | 78,586 |

The credit period granted to trade customers other than for retention receivables was within 45 days. The terms and conditions in relation to the release of retention vary from contract to contract, which may be subject to practical completion, the expiry of the defect liability period or a pre-agreed time period. The Group does not hold any collateral as security.

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

| | Unaudited | Audited |
|--------------|---------------------|----------|
| | 30 September | 31 March |
| | 2014 | 2014 |
| | HK\$'000 | HK\$'000 |
| 1 to 30 days | 153,788 | 27,799 |

As at 30 September 2014 and 31 March 2014, retention receivables of HK\$2,072,000 were past due but not impaired.

13 Contracting work-in-progress

| | Unaudited 30 September 2014 HK\$'000 | Audited 31 March 2014 HK\$'000 |
|---|---|---|
| Contract costs incurred plus attributable profits less foreseeable losses to date | 557,650 | 118,807 |
| Progress billings to date | (617,206) | (99,326) |
| | (59,556) | 19,481 |
| Included in current assets/(liabilities) are the following: | | |
| Due from customers for contract work | 14,808 | 19,481 |
| Due to customers for contract work | (74,364) | - |
| | (59,556) | 19,481 |

14 Restricted bank balances

As at 30 September 2014, bank deposits of HK\$26,996,000 were placed to secure the issuance of a performance bond and revolving loan facilities.

15 Share capital and reserves

(a) *Share capital*

On 17 September 2012, the Company was incorporated with an authorised share capital of HK\$380,000 divided into 38,000,000 shares with par value of HK\$0.01 each. On the same day, one subscriber share was allotted and issued nil-paid. The subscriber share was subsequently transferred to Actiease Assets. Pursuant to the increase in authorised and issued share capital mentioned in note 1.2, the Company's share capital as at 30 September 2014 was as follows:

| | Number of shares | <i>HK\$</i> |
|----------------------------------|-----------------------------|-------------------|
| Ordinary shares of HK\$0.01 each | | |
| Authorised | 1,000,000,000 | 10,000,000 |
| Issued and fully paid: | 1,000 | 10 |

15 Share capital and reserves (Continued)*(b) Reserves*

Other reserves of the Group represented the difference between the share capital of the subsidiaries acquired pursuant to the Reorganisation over the nominal value of the share capital of the Company issued in exchange thereof and the difference between the aggregation of the nominal value of the share capital of Sam Woo Bore Pile Foundation Limited and Sam Woo Engineering Equipment Limited acquired over the nominal value of the share capital of SW (BVI) issued in exchange thereof pursuant to the reorganisation completed in 2003.

16 Trade and retention payables

| | Unaudited 30 September 2014 HK\$'000 | Audited 31 March 2014 HK\$'000 |
|--------------------|---|---|
| Trade payables | 37,396 | 14,534 |
| Retention payables | 694 | 339 |
| | 38,090 | 14,873 |

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

| | Unaudited 30 September 2014 HK\$'000 | Audited 31 March 2014 HK\$'000 |
|--------------------|---|---|
| 0 to 30 days | 12,987 | 13,275 |
| 31 to 60 days | 16,814 | 641 |
| 61 to 90 days | 7,595 | – |
| 91 to 180 days | – | 10 |
| 181 to 365 days | – | 196 |
| More than 365 days | – | 412 |
| | 37,396 | 14,534 |

17 Accruals and other payables

Accruals and other payables mainly represent the accruals and other payables for wages, legal and professional fees and other miscellaneous expenses.

18 Bank overdrafts and borrowings

| | Unaudited 30 September 2014 HK\$'000 | Audited 31 March 2014 HK\$'000 |
|---|---|---|
| Non-current | | |
| Obligations under finance leases | 69,621 | 23,656 |
| Long-term bank loans | 82,446 | 14,150 |
| | 152,067 | 37,806 |
| Current | | |
| Bank overdraft | 17,095 | 28,455 |
| Short-term bank loans | 157,251 | 92,556 |
| Current portion of long-term bank loans due for repayment within one year | 43,972 | 44,023 |
| Long-term bank loans due after one year which contain repayment on demand clause | 24,476 | 110,104 |
| Obligations under finance leases due for repayment within one year | 31,234 | 15,354 |
| Obligations under finance leases due after one year which contain repayment on demand clause | – | 8,384 |
| | 274,028 | 298,876 |
| Total borrowings | 426,095 | 336,682 |

19 Commitments

(a) *Capital commitments*

| | Unaudited 30 September 2014 HK\$'000 | Audited 31 March 2014 HK\$'000 |
|---|---|---|
| Contracted but not provided for: Plant and equipment | 317 | 104,815 |

19 Commitments (continued)*(b) Operating lease commitments – as lessee*

The future aggregate minimum lease rental expenses in respect of hiring equipment, office and storage premises, and quarters for workers and directors under non-cancellable operating leases are payable in the following periods:

| | Unaudited 30 September 2014 HK\$'000 | Audited 31 March 2014 HK\$'000 |
|---|---|---|
| No later than 1 year | 5,414 | 3,264 |
| Later than 1 year and no later than 5 years | 8,610 | 917 |
| | 14,024 | 4,181 |

20 Related party transactions

Save as disclosed elsewhere in the condensed consolidated interim financial information, the following were carried out with related parties in normal course of business during the Period.

(a) Rental expenses paid to related companies

| | Unaudited Six months ended 30 September 2014 HK\$'000 | 2013 HK\$'000 |
|--|--|------------------|
| Rental expenses paid to: | | |
| Cheer Crown Limited | 960 | 900 |
| East Ascent Enterprise Limited | 23 | 23 |
| Cheer Profit International Enterprise Limited | 23 | 23 |
| Long Ascent Development Limited | 300 | 300 |
| Cheer Wealth International Development Limited | 438 | 438 |
| Healthy World Investment Limited | 300 | 300 |

Rental expenses in respect of storage premises and directors' quarters were paid to companies beneficially owned by certain directors of the Company based on agreements entered into between the parties involved with reference to market rates of similar properties.

20 Related party transactions (continued)

(b) *Reimbursement of expenses from related parties*

| | Unaudited | |
|---|-------------------------|------------|
| | Six months ended | |
| | 30 September | |
| | 2014 | 2013 |
| | HK\$'000 | HK\$'000 |
| Received from related parties: | | |
| Reimbursement of administrative expenses from Redland Precast Concrete Products Limited | 58 | 67 |
| Reimbursement of staff costs from Asian Giant Limited | 484 | 635 |
| | <u>484</u> | <u>635</u> |

Reimbursement of administrative expenses and staff costs were charged at cost.

(c) *Key management compensation*

Key management includes directors (executive and non-executive) of the Group. The compensation paid or payable to key management for employee services is disclosed below.

| | Unaudited | |
|---|-------------------------|--------------|
| | Six months ended | |
| | 30 September | |
| | 2014 | 2013 |
| | HK\$'000 | HK\$'000 |
| Salaries | 1,346 | 1,226 |
| Directors' quarters | 1,084 | 1,084 |
| Employer's contribution to pension scheme | 17 | 15 |
| | <u>2,447</u> | <u>2,325</u> |

21 Subsequent events

Save as disclosed in note 1, the following significant events took place subsequent to 30 September 2014:

- (a) In October 2014, a director deposited a sum of HK\$20,000,000 into a bank account maintained by the Group solely for the purpose of settling any claim and/or legal costs for which our Group may become liable to pay, by reason of or in connection with any transaction contemplated in or carried out pursuant to the machinery leasing arrangements among certain subsidiaries before the listing date of the Company. For details, please refer to the Prospectus.
- (b) Bank overdrafts, bank loans and finance leases under personal guarantee and/or security provided by certain executive directors as at 30 September 2014 had been released upon the Listing and replaced by guarantees provided by the Company.