TWINTEK INVESTMENT HOLDINGS LIMITED

乙德投資控股有限公司

INTERIM REPORT 2019/20

(Incorporated in the Cayman Islands with limited liability) Stock Code : 6182

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Lo Wing Cheung *(Chairman)*
Ms. Fung Pik Mei

Non-executive Director

Mr. Wan Ho Yin

Independent Non-executive Directors

Mr. Shu Wa Tung Laurence
Mr. Tam Wai Tak Victor
Mr. Tam Wing Lok

AUDIT COMMITTEE

Mr. Shu Wa Tung Laurence *(Chairman)*
Mr. Tam Wai Tak Victor
Mr. Tam Wing Lok
Mr. Wan Ho Yin

REMUNERATION COMMITTEE

Mr. Tam Wing Lok *(Chairman)*
Mr. Lo Wing Cheung
Mr. Shu Wa Tung Laurence
Mr. Tam Wai Tak Victor

NOMINATION COMMITTEE

Mr. Lo Wing Cheung *(Chairman)*
Mr. Shu Wa Tung Laurence
Mr. Tam Wai Tak Victor
Mr. Tam Wing Lok

COMPANY SECRETARY

Mr. Chau Wing Wo

AUDITOR

SHINEWING (HK) CPA Limited

AUTHORISED REPRESENTATIVES

Mr. Lo Wing Cheung
Ms. Fung Pik Mei

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO BOX 1093
Boundary Hall Cricket Square
Grand Cayman KY1-1102
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

REGISTERED OFFICE

PO BOX 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 806, 8/F Eastern Centre
1065 King's Road
Quarry Bay
Hong Kong

SHARE INFORMATION

Ordinary share listing

Place of listing	Main Board of The Stock Exchange of Hong Kong Limited
Stock code	06182
Board lot size	8,000 Shares

WEBSITE

www.kwantaieng.com

BUSINESS REVIEW AND MARKET PROSPECT

The Group is a building materials contractor providing building materials and the relevant installation services through its wholly-owned subsidiary, Kwan Tai Engineering Co., Limited in Hong Kong. The Group's products mainly consist of (i) timber flooring products; (ii) interior wall-fill materials, in particular, gypsum block products; (iii) woodwork products; and (iv) roof tiles.

During the six months ended 30 September 2019, the number of properties completed in 2019 has been declined as compared to that in previous years, especially for the private residential properties. In addition, uncertainty on government policy like the intended introduction of Property Vacant Tax on first-hand private residential properties and the sluggish construction progress by property developers attributable to macro economic downturn have led to inevitable decrease of revenue of the Group. Furthermore, the Group observed an increased number of competitors in bidding for new projects with cut throat price. As a result, the revenue generated from both timber flooring products and gypsum block products decreased.

In addition, based on the latest work programme and available information, one of the Group's major supply and installation project will fall behind schedule due to change of main contractor in 2018. A deed of transfer and assignment (the "**Deed**") relating to the Group's engagement in this project was signed on 22 November 2018 between a subsidiary of the project owner and the Group. According to the Deed, the Group's engagement in this project, in particular the scope of work and contract sum, shall remain the same as those of the original contract. The project would resume in late December 2019 and is targeted to be completed in mid-2020.

To cope with the keen competition and to maintain its market share, the Group has a new type of gypsum block product with qualities fitting for the building material specifications of hospitals in Hong Kong. With the introduction of this product, the Group would be able to grasp the potential business opportunities brought by the 10 Year Hospital Development Plan as set out in "The Chief Executive's 2016 Policy Address". Under the 10 Year Hospital Development Plan, the Government of Hong Kong Special Administrative Region has set up a special fund of HK$200 billion for the implementation thereof in the coming ten years, aiming to 1) construct one New Acute Hospital at Kai Tak Development Area, 2) redevelop/expand the existing 11 hospitals, 3) construct three new Community Health Centres, and 4) construct one new Supporting Services Centre. The redevelopment plan of Kwai Chung Hospital, Prince of Wales Hospital, North District Hospital and Princess Margaret Hospital, Lai King Building has been tabled in the Financial Committee of Legislative Council's schedule in November 2019. The Group expects, once the budget for the 10 Year Hospital Development Plan has been approved by the Finance Committee of the Legislative Council, the sales of gypsum block product could be increased.

Moreover, the Group is expanding with new products of interior wall panel to provide a quick and budgeted solution to the Group's customers. Furthermore, the Group has introduced the floor heating system to the market, targeting on customers seeking for higher standard of living and healthcare sector, in specific, the "silver hair market".

Subsequent to 30 September 2019, the Chief Executive announced in Chief Executive 2019's Policy Address that the cap on the value of the properties eligible for a mortgage loan of maximum cover of 90% loan-to-value ratio would be raised from HK$4 million to HK$8 million for first-time home buyers under the Mortgage Insurance Programme of the HKMC Insurance Limited. In addition, the Chief Executive did not introduce the Vacant Property Tax on first-hand private residential properties as expected. On the macro side, Hong Kong Monetary Authority has reduced its base rate by 25 basis points to 2 percent effective in late October 2019, aiming to lift the burden of companies and stimulate private consumption. With the above favorable effects and supportive governmental policies, the Group expects that the property developers would speed up the construction progress and the Group remains optimistic to its future.

Looking forward, the Group will continue to focus on its competitive edge. The Directors believe that the Group can benefit from the promising medium-to-long term outlook of the then Hong Kong construction industry. In the long run, the Group will endeavor to manage the challenges in the fast-changing environment and maintain its leading position among industry players to achieve satisfactory results in the future.

FINANCIAL REVIEW

Revenue

The Group's revenue was generated from two segments: (i) supply and installation projects; and (ii) sales of building material projects. The Group's total revenue decreased by approximately HK$64.4 million, or approximately 46.9%, from approximately HK$137.2 million for the six months ended 30 September 2018 to approximately HK$72.8 million for the six months ended 30 September 2019. Such decrease was mainly attributable to the then intended introduction of Property Vacant Tax on first-hand private residential properties, which slowdown the construction progress of residential properties, and the increase in competition from competitors with aggressive pricing strategies, which affected the Group's pricing strategy and in turn resulted in a decline in the average contract sum.

The following table sets forth the details of the Group's revenue sources:

	For the six months ended 30 September			
	2019		2018	
	HK$ million	**%**	HK$ million	%
Supply and installation	**65.8**	**90.4**	115.7	84.3
Sales of building materials	**7.0**	**9.6**	21.5	15.7
Total	**72.8**	**100.0**	137.2	100.0

Supply and installation projects

The Group's revenue generated from supply and installation projects decreased by approximately HK$49.9 million, or approximately 43.1%, from approximately HK$115.7 million for the six months ended 30 September 2018 to approximately HK$65.8 million for the six months ended 30 September 2019. Such decrease was mainly due to the then intended introduction of Property Vacant Tax on first-hand private residential properties, which slow down the construction progress of residential properties, the decline in contract sum for the projects awarded as a result of the abovementioned keen competition from market players and their aggressive pricing strategies, and the delay in progress of certain projects for the six months ended 30 September 2019.

Sales of building materials projects

The Group's revenue generated from sales of building materials projects decreased by approximately HK$14.5 million, or approximately 67.4%, from approximately HK$21.5 million for the six months ended 30 September 2018 to approximately HK$7.0 million for the six months ended 30 September 2019. Due to the decrease in projects awarded as a result of the abovementioned keen competition, revenue recorded from sales of gypsum block products dropped significantly from approximately HK$19.5 million for the six months ended 30 September 2018 to approximately HK$3.9 million for the six months ended 30 September 2019.

Cost of Sales and Services

The Group's cost of sales and services amounted to approximately HK$67.0 million for the six months ended 30 September 2019, representing a decrease of approximately 43.3% (six months ended 30 September 2018: approximately HK$118.2 million). Cost of sales and services mainly comprised material costs and subcontracting costs, which together accounted for approximately 98.5% (six months ended 30 September 2018: approximately 98.0%) of the Group's total cost of sales and services for the six months ended 30 September 2019.

The Group's material costs mainly comprises timber flooring materials and gypsum block materials. The Group recorded a decrease in material costs by approximately 52.0%, which was generally in line with the decrease in revenue for the six months ended 30 September 2019.

The Group recorded a decrease in subcontracting costs under cost of sales and services by approximately 28.2% for the six months ended 30 September 2019. Despite the decrease in revenue generated from supply and installation projects, the subcontracting costs charged on projects did not decrease proportionally.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by approximately HK$13.2 million, or approximately 69.5%, from approximately HK$19.0 million for the six months ended 30 September 2018 to approximately HK$5.8 million for the six months ended 30 September 2019, and the Group's gross profit margin decreased from approximately 13.9% for six months ended 30 September 2018 to approximately 8.0% for the six months ended 30 September 2019.

The gross profit and gross profit margin of the Group's projects are affected by a number of factors, including scope of work, technical complexity, variation orders (if any) and/or work programme, and therefore vary from project to project.

The decrease in gross profit and gross profit margin was mainly due to the increase in competition from competitors with aggressive pricing strategies which affected the Group's pricing strategy and in turn resulted in a decline in the average contract sum in bidding for new projects, and led to the decrease in gross profit and gross profit margin of the Group.

Other than the abovementioned factors, the decrease in the Group's gross profit margin was attributable to the increase in proportion of the Group's revenue generated from supply and installation projects. In general, the gross profit margin of sales of building material projects is higher than that of the supply and installation projects. Given that the proportion of revenue contribution from supply and installation projects increased from approximately 84.3% to 90.4% of the Group's total revenue for the six months ended 30 September 2019, the Group's gross profit margin decreased accordingly.

Other Income

The Group's other income increased significantly by approximately HK$1.4 million, or approximately 116.7%, from approximately HK$1.2 million for the six months ended 30 September 2018 to approximately HK$2.6 million for the six months ended 30 September 2019. During the six months ended 30 September 2019, other income of the Group was mainly constituted by royalty income of approximately HK$2.4 million for the permission to use one of the Group's own branded timber flooring projects.

Selling and Distribution Expenses

The Group's selling and distribution expenses mainly comprised transportation expenses and storage expenses. The total selling and distribution expenses decreased by approximately HK$1.3 million, or approximately 32.5%, from approximately HK$4.0 million for the six months ended 30 September 2018 to approximately HK$2.7 million for the six months ended 30 September 2019, which was mainly due to the decrease in sales of building material projects.

Administrative Expenses

The Group's administrative expenses increased by approximately HK$2.0 million, or approximately 14.8%, from approximately HK$13.5 million for the six months ended 30 September 2018 to approximately HK$15.5 million for the six months ended 30 September 2019, which is mainly caused by the increase in business development expense and entertainment expense of approximately HK$1.6 million incurred to explore potential business opportunities and maintain business relationships, and impairment on trade receivables of HK$0.5 million incurred during the six months ended 30 September 2019.

Finance Costs

With the combined effect of the increase in average bank borrowings and decrease in effective interest rate for the six months ended 30 September 2019, the Group's finance costs remained the same as approximately HK$0.8 million, as compared to the six months ended 30 September 2018.

Income Tax Credit/(Expenses)

The Group's income tax expenses decreased by approximately HK$1.7 million, from approximately HK$0.1 million for the six months ended 30 September 2018 to a tax credit of approximately HK$1.6 million for the six months ended 30 September 2019. Such decrease was attributed to the turnaround effect from profits to loss for the six months ended 30 September 2019.

Net (Loss)/Profit and Net Profit Margin

The Group's net profit decreased by approximately HK$10.9 million, from net profit of approximately HK$1.9 million for the six months ended 30 September 2018 to net loss of approximately HK$9.0 million for the six months ended 30 September 2019. The decrease in net profit to net loss was mainly attributed by the decrease in revenue and gross profit as mentioned above.

The Group's net profit margin were approximately -12.4% and 1.4% for the six months ended 30 September 2019 and 2018 respectively, and such decrease was mainly due to the reasons illustrated above.

LIQUIDITY AND FINANCIAL RESOURCES REVIEW

The Group had normally funded its liquidity and capital requirements primarily through bank borrowings and net cash generated from operating activities.

Total equity and net current assets

The total equity of the Group mainly comprises share capital, share premium and reserves. The total equity of the Group as at 30 September 2019 was approximately HK$160.1 million (31 March 2019: approximately HK$169.1 million).

As at 30 September 2019, the Group's net current assets were approximately HK$127.7 million (31 March 2019: approximately HK$138.1 million).

Cash and cash equivalents

As at 30 September 2019, the Group had cash and cash equivalents of approximately HK$63.6 million (31 March 2019: approximately HK$56.5 million).

Bank borrowings

As at 30 September 2019, the Group had borrowings of approximately HK$42.2 million (31 March 2019: approximately HK$38.9 million), and all of the Group's borrowings were at floating interest rates (31 March 2019: HK$38.9 million).

Key financial ratios

	30 September 2019	31 March 2019
Gearing ratio	**27.1%**	23.0%
Current ratio	**2.9**	3.4

Gearing ratio: Gearing ratio is calculated based on the total debts divided by the total equity as at the end of the reporting period.

Current ratio: Current ratio is calculated based on the total current assets divided by the total current liabilities.

Going forward, the Group expects to fund its future operations and expansion plans primarily with cash generated from business operations, borrowings and the net proceeds received by the Company through the Listing.

PLEDGE OF ASSETS

As at 30 September 2019, the Group's banking facilities were secured by properties with net carrying amount of approximately HK$22.0 million (31 March 2019: approximately HK$22.4 million) and pledged bank deposits of approximately HK$8.1 million (31 March 2019: approximately HK$8.1 million).

CONTINGENT LIABILITIES

As at 30 September 2019, the Group has been involved in a litigation and potential claim against the Group in relation to work-related injury. In the opinion of the Directors, the litigation and potential claim are not expected to have a material impact on the condensed consolidated financial statements. Accordingly, no provision has been made to the condensed consolidated financial statements.

In addition, the Group provided guarantee of performance bonds in its ordinary course of business. As at 30 September 2019, the Group's contingent liabilities in relation to performance bonds were approximately HK$5.9 million (31 March 2019: approximately HK$4.5 million).

CAPITAL COMMITMENTS

The Group has no capital commitment as at 30 September 2019 (31 March 2019: Nil).

PRINCIPAL RISKS AND UNCERTAINTIES

Fluctuating cash flows pattern

The Group may incur net cash outflows at the early stage of carrying out works when it is required to pay material costs and/or for subcontractors prior to receiving payment from customers. Customers will pay progress payments after works commenced and after such works have been certified by customers. Accordingly, the Group may experience net cash outflows to pay certain material costs and/or subcontractors' fees while the respective progress payments may not be received in the same periods. If during any particular period of time, there exists too many projects which require substantial cash outflows while the Group has significantly less cash inflows, the Group's cash flow position may be adversely affected.

Inaccurate estimation on the cost and work programme of projects

As contracts from customers are normally awarded through successful tendering and acceptance of quotation offer, the Group needs to estimate the time and costs based on the tender documents or quotation requests provided by customers in order to determine the tender price or quotation. There is no assurance that the actual execution time and costs of the project would not exceed the Group's estimation.

The actual time taken and costs involved in completing contracts undertaken by the Group may be adversely affected by a number of factors, such as shortage or cost escalation of materials and labour, adverse weather conditions, additional variations to the work plans requested by customers, delays in obtaining any required permits or approvals, disputes with subcontractors or other parties, accidents, changes in Hong Kong government policies and customers' priorities and any other unforeseen problems and circumstances. Any of the aforementioned factors may give rise to delays in completion of works or cost overspend or even termination of projects by customers, which in turn may adversely affect the Group's profitability and liquidity.

Irregular profit margin

The Directors believe that the profit margin of each project significantly depends on various factors, such as the terms of the contracts, the length of the contractual period, the efficiency of implementation of the contractual works and the general market conditions which are beyond the Group's control. As a result, the income flow and the profit margin of each project, which are largely dependent on the terms of the work contracts, may not be entirely regular and consistent and there is no assurance that the profitability of a project can be maintained or estimated at any level. If the profit margin of the project significantly deviates from the estimation of the Directors, the Group's financial position could be adversely affected.

Failure to obtain new projects

The Group provides materials and/or relevant installation services to customers generally on a project-by-project basis. The Group's revenue from projects is non-recurring in nature. It cannot be guaranteed that the Group will continue to secure new projects from customers after the completion of the existing awarded projects.

Currency risk

Certain transactions of the Group are denominated in currencies which are different from the functional currency of the Group, namely, Hong Kong dollars, and therefore the Group is exposed to foreign exchange risk. Payments made by the Group for the settlement of its cost of sales and services are generally denominated in Hong Kong dollars, USD and EUR. Payments received by the Group from its customers are mainly denominated in Hong Kong dollars. The Group continues to monitor closely its exposure to currency movement and may take proactive measures where necessary.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2019, the Group had 34 employees (including executive Directors), as compared to a total of 33 employees as at 31 March 2019. The total staff costs incurred by the Group for the six months ended 30 September 2019 were approximately HK$7.4 million (six months ended 30 September 2018: approximately HK$6.9 million). The increase in staff costs was mainly due to (i) increase in number of staff for the six months ended 30 September 2019; and (ii) increase in monthly average salary for staff.

Employees' remuneration packages are determined with reference to the market information and individual performance and will be reviewed on a regular basis. The Group's employees are remunerated according to their job scope, responsibilities, and performance. Employees are also entitled to discretionary bonus depending on their respective performances and the profitability of the Group. Other staff benefits include the provision of retirement benefits and sponsorship of training courses.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS OR DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 30 September 2019. Save as the business plan as disclosed under the section headed "Future plans and use of proceeds" in the prospectus of the Company dated 29 December 2017 (the "**Prospectus**"), there was no other plans for material investments or capital assets as at 30 September 2019.

USE OF NET PROCEEDS FROM THE LISTING

The net proceeds from the Listing will be utilised in accordance with the proposed applications set out under the section headed "Future plans and use of proceeds" in the Prospectus. The table below sets out the proposed applications of the net proceeds and actual usage up to 30 September 2019:

	Proposed Application HK$ million	**Actual usage up to 30 September 2019** HK$ million	**% utilised**
— Acquiring a property as a warehouse, workshop and showroom	29.9	—	0.0%
— Repayment of bank borrowings	27.8	27.8	100.0%
— Expanding capacity to undertake more projects	14.0	2.5	17.9%
— Expanding and strengthening the manpower	7.4	2.5	33.8%
— Refurbishment of the offices	5.1	3.5	49.0%
— Upgrading the information technology and project management systems	2.8	—	0.0%
— General working capital	9.4	9.4	100.0%
	96.4	45.7	47.4%

Note: All unutilised balances have been placed in licensed banks in Hong Kong.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries had sold, purchased or redeemed any of the Company's listed securities during the six months ended 30 September 2019.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintain high standards of corporate governance to safeguard the interests of the Shareholders of the Company and to enhance corporate value and accountability. Save for the deviation from provision A.2.1 of the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as disclosed below, the Company has adopted the CG Code as the Group's corporate governance practices. In the opinion of the Directors, the Company has complied with the applicable code provisions under the CG Code for the six months ended 30 September 2019 except the following:

Pursuant to Provision A.2.1 of the CG Code, the roles of chairman and chief executive officer ("**CEO**") should be separate and should not be performed by the same individual. However, the roles of the Group's chairman and CEO are both performed by Mr. Lo Wing Cheung ("**Mr. Lo**"). Mr. Lo is currently the chairman of the board of directors of the Company (the "**Board**") and the CEO, responsible for strategic planning and managing of the Group's overall business and operations. Mr. Lo has been responsible for the overall management of the Group since it was founded in 1980. The Board believes that the current management structure enables the Company to make and implement business decisions swiftly and effectively, which promotes the Group's development in line with its overall business direction. The Board considers that the balance of power and authority, accountability and independent decision-making under the present arrangement will not be impaired due to the diverse background and experience of the non-executive Director and independent non-executive Directors ("**INEDs**"). Further, the Audit Committee of the Company (the "**Audit Committee**"), which consists of three INEDs and one non-executive Director, has free and direct access to the Company's external auditors and independent professional advisers when it considers necessary.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Specific enquiry has been made to the executive Directors, non-executive Director and INEDs, who have confirmed that they have complied with the Model Code during the six months ended 30 September 2019.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 30 September 2019 and up to the date of this interim report.

AUDIT COMMITTEE'S REVIEW

The Company has established the Audit Committee which currently consists of three INEDs and a non-executive Director of the Company with written terms of reference which deal clearly with its authority and duties.

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2019 have been reviewed by the Audit Committee. The Audit Committee was satisfied that the unaudited condensed consolidated financial statements of the Group were prepared in accordance with applicable accounting standards and requirements as well as the Listing Rules and relevant adequate disclosures have been made.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2019 (six months ended 30 September 2018: nil).

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

As at 30 September 2019, the interests and short positions of the Directors or chief executive of the Company in the shares of the Company (the "**Shares**"), or any of the associated corporations (within the meaning of Part XV of the SFO) which shall have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest or short positions which they are taken or deemed to have under such provisions of the SFO) or shall be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or shall be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Long Positions in Shares

Name of Director	Capacity/ Nature of interest	Number of Shares held	Percentage of shareholding
Mr. Lo Wing Cheung ("**Mr. Lo**")	Interest in a controlled corporation *(Note)*	588,000,000	73.5%
Ms. Fung Pik Mei ("**Ms. Fung**")	Interest in a controlled corporation *(Note)*	588,000,000	73.5%

Note: These 588,000,000 Shares are held by Helios Enterprise Holding Limited ("**Helios**"), a company incorporated in the BVI and owned as to 70% by Mr. Lo and 30% by Ms. Fung. Therefore, Mr. Lo and Ms. Fung are deemed to be interested in all the Shares held by Helios for the purposes of the SFO.

Save as disclosed above, as at 30 September 2019, none of the Directors or chief executive of the Company had registered an interest or short position in the Shares or underlying Shares or debentures of the Company or any of its associated corporation (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 was taken or deemed to have under provision of the SFO) or were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

So far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) who had interests or short positions in the Shares, the underlying Shares and debentures of the Company and its associated corporation within the meaning of Part XV of the SFO which were required to be disclosed pursuant to the provision of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be recorded in the register referred to therein, were as follows:

Name of Shareholder	Capacity/ Nature of interest	Number of Shares held (L)	Percentage of shareholding
Helios	Beneficial owner	588,000,000	73.5%

Note: The letter "L" denotes long position in the Company's Shares.

Save as disclosed above, as at 30 September 2019, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be recorded in the register referred to therein.

SHARE OPTION SCHEME

The Company's share option scheme ("**Share Option Scheme**") was adopted pursuant to a resolution passed on 19 December 2017. From the date of the adoption of the Share Option Scheme and up to the end of the reporting period, no share option has been granted, or agreed to be granted, under the Share Option Scheme.

On behalf of the Board
Lo Wing Cheung
Twintek Investment Holdings Limited
Chairman and Executive Director

Hong Kong, 20 November 2019

INDEPENDENT REVIEW REPORT

SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE BOARD OF DIRECTORS OF TWINTEK INVESTMENT HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Twintek Investment Holdings Limited (the "Company") and its subsidiaries set out on page 22 to 44, which comprise the condensed consolidated statement of financial position as at 30 September 2019 and the related condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes.

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34.

Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Pang Wai Hang
Practising Certificate Number: P05044

Hong Kong
20 November 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2019

		Six months ended 30 September	
		2019	2018
	Notes	**HK$'000**	HK$'000
		(Unaudited)	(Unaudited)
Revenue	*5*	**72,794**	137,235
Cost of sales and services		**(66,979)**	(118,215)
Gross profit		**5,815**	19,020
Other income	*6*	**2,640**	1,221
Selling and distribution expenses		**(2,660)**	(3,958)
Administrative expenses		**(15,488)**	(13,467)
Finance costs	*7*	**(836)**	(774)
(Loss)/profit before taxation		**(10,529)**	2,042
Income tax credit (expenses)	*8*	**1,556**	(134)
(Loss)/profit and total comprehensive (expense) income for the period attributable to the owners of the Company	*9*	**(8,973)**	1,908
(Loss)/earnings per share:			
Basic and diluted (HK cents)	*11*	**(1.12)**	0.24

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	Notes	**As at 30 September 2019 HK$'000 (Unaudited)**	As at 31 March 2019 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	*12*	**24,873**	25,575
Right-of-use asset	*18*	**1,214**	—
Prepayment and deposits paid for life insurance policies		**5,585**	5,459
Deferred tax assets		**1,499**	—
		33,171	31,034
Current assets			
Inventories		**3,465**	3,432
Contract assets	*14*	**87,626**	82,873
Trade receivables	*13*	**11,947**	27,522
Deposits, prepayments and other receivables		**18,568**	14,626
Tax recoverable		**2,791**	2,394
Pledged bank deposits		**8,073**	8,069
Bank balances and cash		**63,605**	56,483
		196,075	195,399
Current liabilities			
Trade and bills payables	*15*	**13,489**	11,623
Contract liabilities	*14*	**5,496**	1,883
Retention monies payables		**4,561**	3,166
Accrual and other payables		**2,192**	1,776
Bank borrowings		**42,200**	38,861
Lease liability	*18*	**420**	—
		68,358	57,309
Net current assets		**127,717**	138,090
Total assets less current liabilities		**160,888**	169,124
Non-current liabilities			
Deferred tax liability		**—**	57
Lease liability	*18*	**794**	—
		794	57
		160,094	169,067
Capital and reserves			
Share capital	*16*	**8,000**	8,000
Reserves		**152,094**	161,067
		160,094	169,067

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000 *(Note i)*	Retained profits HK$'000	Total HK$'000
At 31 March 2019 (Audited)	**8,000**	**103,940**	**5,024**	**52,103**	**169,067**
Loss and total comprehensive expense for the period	**–**	**–**	**–**	**(8,973)**	**(8,973)**
At 30 September 2019 (Unaudited)	**8,000**	**103,940**	**5,024**	**43,130**	**160,094**
At 31 March 2018 (Audited)	8,000	103,940	5,024	51,596	168,560
Effect of change in accounting policies	–	–	–	(262)	(262)
At 1 April 2018 (Restated)	8,000	103,940	5,024	51,334	168,298
Profit and total comprehensive income for the period	–	–	–	1,908	1,908
At 30 September 2018 (Unaudited)	8,000	103,940	5,024	53,242	170,206

Note:

i) Capital reserve represented the difference between the nominal amount of the share capital and share premium of Fortuna Enterprise Holdings Limited and the nominal amount of the shares issued by the Company pursuant to a group reorganisation.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

	Six months ended 30 September	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES	**4,778**	(8,245)
NET CASH USED IN INVESTING ACTIVITIES	**(123)**	(622)
NET CASH GENERATED FROM FINANCING ACTIVITIES	**2,467**	5,438
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**7,122**	(3,429)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**56,483**	63,727
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash	**63,605**	60,298

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

1. GENERAL INFORMATION

Twintek Investment Holdings Limited (the "Company") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 8 February 2017 and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited with effect from 17 January 2018. Its ultimate and immediate holding company is also Helios Enterprise Holding Limited ("Helios"), a company incorporated in the British Virgin Islands (the "BVI") with limited liability. Its ultimate controlling parties are Mr. Lo Wing Cheung and Ms. Fung Pik Mei. The address of the registered office of the Company is PO Box 309 Ugland House Grand Cayman KY1-1104, the Cayman Islands and the principal place of business of the Company is at Room 806, 8/F., Eastern Centre, 1065 King's Road, Quarry Bay, Hong Kong.

The Company is engaged in investment holding and its major operating subsidiaries are mainly engaged in sales of building materials and provision of construction and engineering services.

The condensed consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company and its subsidiaries (collectively refer to as the "Group").

2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended 30 September 2019 have been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

3. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2019 except as described below.

In the current interim period, the Group has applied, for the first time, the following new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning 1 April 2019:

HKFRS 16	Leases
HK(IFRIC)-Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

The adoption of HKFRS 16 resulted in changes in the Group's accounting policies and adjustments to the amounts recognised in the condensed consolidated financial statements. The new accounting policies are set out below. The application of other new and 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 these condensed consolidated financial statements.

3.1 Impacts on adoption of HKFRS 16 Leases

HKFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating lease and finance lease and requiring the recognition of right-of-use asset and a lease liability for all leases, except for short-term leases. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new accounting policies are described in note 4. The Group has applied HKFRS 16 Leases retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of equity, where appropriate, at 1 April 2019, and has not restated comparatives for the 2018 reporting period as permitted under the specific transitional provisions in the standard. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 17 Leases.

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which arrangements are, or contain, leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

The major impacts of the adoption of HKFRS 16 on the Group's condensed consolidated financial statements are described below:

The lease entered by the Group as lessee as at 1 April 2019 was lease with remaining lease term less than 12 months. Therefore, there is no impact on the opening balance of equity and all financial line items.

The Group as lessee

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 at the end of 31 March 2019 could be reconciled to the lease liability at the date of initial application on 1 April 2019:

	HK$'000
Operating lease commitments disclosed as at 31 March 2019	1,010
Less: Short-term leases with remaining lease term ending on or before 31 March 2020	(1,010)
Lease liability recognised as at 1 April 2019	—

On the date of initial application of HKFRS 16, the Group has used the following practical expedients permitted by the standard:

- not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease; and

- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases.

4. CHANGE IN ACCOUNTING POLICIES

Leases

Definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liability

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;

- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date; and

- the amount expected to be payable by the lessee under residual value guarantees.

The lease liability is presented as a separate line in the condensed consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Right-of-use asset
The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, provision is recognised and measured under HKAS 37 "Provision, Contingent Liabilities and Contingent Assets". The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses. It is depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use asset is presented as a separate line on the condensed consolidated statement of financial position. The Group applies HKAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Impairment on tangible assets" policy as stated in the Group's annual consolidated financial statements for the year ended 31 March 2019.

Leasehold land and building
For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements.

5. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on sales of building materials and construction contracts. The following is an analysis of the Group's revenue for the period:

	Six months ended 30 September	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Disaggregation by products or services lines		
Sales of building materials		
— Gypsum block	**3,913**	19,456
— Wooden flooring	**2,595**	1,906
— Others	**490**	140
Revenue from construction contracts		
— Gypsum block	**5,465**	18,536
— Wooden flooring	**41,976**	83,728
— Others	**18,355**	13,469
	72,794	137,235

Six months ended 30 September 2019 (Unaudited)

	Sales of building materials HK$'000	Construction contracts HK$'000	Total HK$'000
Disaggregation by geographical market and timing of revenue recognition			
Geographical market			
Hong Kong	**6,998**	**65,796**	**72,794**
Timing of revenue recognition			
A point in time	**6,998**	**—**	**6,998**
Over time	**—**	**65,796**	**65,796**
Total	**6,998**	**65,796**	**72,794**

Six months ended 30 September 2018 (Unaudited)

	Sales of building materials HK$'000	Construction contracts HK$'000	Total HK$'000
Geographical market			
Hong Kong	21,502	115,733	137,235
Timing of revenue recognition			
A point in time	21,502	—	21,502
Over time	—	115,733	115,733
Total	21,502	115,733	137,235

Information reported to the directors of the Company, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The directors of the Company have chosen to organise the Group around differences in nature of revenue. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments are as follows:

— Sales of building materials — trading of goods on building materials; and

— Construction contracts — provision of construction and engineering services.

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

Six months ended 30 September 2019 (Unaudited)

	Sales of building materials HK$'000	**Construction contracts HK$'000**	**Total HK$'000**
Segment revenue			
External sales	**6,998**	**65,796**	**72,794**
Segment profit	**1,631**	**3,678**	**5,309**
Unallocated income			**2,640**
Unallocated corporate expenses			**(17,642)**
Unallocated finance costs			**(836)**
Loss before taxation			**(10,529)**

Six months ended 30 September 2018 (Unaudited)

	Sales of building materials HK$'000	Construction contracts HK$'000	Total HK$'000
Segment revenue			
External sales	21,502	115,733	137,235
Segment profit	4,653	14,567	19,220
Unallocated income			1,021
Unallocated corporate expenses			(17,425)
Unallocated finance costs			(774)
Profit before taxation			2,042

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of certain central administration costs and selling and distribution expenses, directors' emoluments, certain other income and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

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

Segment assets

	As at 30 September 2019 HK$'000 (Unaudited)	As at 31 March 2019 HK$'000 (Audited)
Sales of building materials	**2,227**	4,780
Construction contracts	**97,346**	105,615
Total segment assets	**99,573**	110,395
Unallocated corporate assets	**129,673**	116,038
Total assets	**229,246**	226,433

Segment liabilities

	As at 30 September 2019 HK$'000 (Unaudited)	As at 31 March 2019 HK$'000 (Audited)
Sales of building materials	**2,678**	2,040
Construction contracts	**21,157**	14,632
Total segment liabilities	**23,835**	16,672
Unallocated corporate liabilities	**45,317**	40,694
Total liabilities	**69,152**	57,366

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

— only assets of contract assets and trade receivables are allocated to operating segments; and

— only liabilities of contract liabilities, trade and bills payables, retention monies payables and certain accrual and other payables are allocated to operating segments.

6. OTHER INCOME

	Six months ended 30 September 2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
Bank interest income	**34**	4
Royalty income	**2,494**	—
Interest income from deposits paid for life insurance policies	**112**	108
Reversal of impairment loss on retention monies receivables	**—**	200
Net foreign exchange gain	**—**	897
Others	**—**	12
	2,640	1,221

7. FINANCE COSTS

	Six months ended 30 September	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Interest on bank borrowings	**836**	774

8. INCOME TAX (CREDIT) EXPENSES

	Six months ended 30 September	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong Profits Tax	**–**	197
Deferred taxation	**(1,556)**	(63)
	(1,556)	134

9. (LOSS)/PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
(Loss)/profit for the period has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	**855**	870
Depreciation of right-of-use asset	**36**	–
Loss on disposal of property, plant and equipment	**–**	68
Net foreign exchange loss/(gain)	**127**	(897)
Impairment loss on trade receivables, net	**506**	–
Amortisation of prepayment paid for life insurance policies	**4**	3
Minimum lease payments paid under operating lease in respect of rented premises	**–**	695
Expense relating to short-term lease	**490**	–
Amount of inventories recognised as an expense	**4,551**	21,446

10. DIVIDEND

No dividend was paid or proposed during the six months ended 30 September 2019, nor has any dividend been proposed by the board of directors since the end of the interim period (six months ended 30 September 2018: nil).

11. (LOSS)/EARNINGS PER SHARE

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

	Six months ended 30 September	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
(Loss)/earnings		
(Loss)/earnings for the purpose of basic and diluted (loss)/earnings per share, representing (loss)/profit for the period attributable to the owners of the Company	**(8,973)**	1,908

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share ('000 shares)	**800,000**	800,000

The diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share as there were no dilutive potential ordinary shares outstanding for the six months ended 30 September 2019 and 2018.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2019, the Group has spent approximately HK$153,000 (six months ended 30 September 2018: approximately HK$622,000) on acquisition of leasehold improvement and furniture, fixture and office equipment.

During the six months ended 30 September 2018, the Group has written-off certain leasehold improvement and furniture and office equipment with an aggregate carrying value of approximately HK$68,000 (six months ended 30 September 2019: Nil).

13. TRADE RECEIVABLES

The following is an analysis of trade receivables at the end of each reporting period:

	As at 30 September 2019 HK$'000 (Unaudited)	As at 31 March 2019 HK$'000 (Audited)
Trade receivables	**13,975**	29,044
Less: impairment loss on trade receivables	**(2,028)**	(1,522)
	11,947	27,522

The average credit period granted to trade customers ranged from 30 to 60 days.

The following is an aging analysis of trade receivables net of impairment loss of trade receivables presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of each reporting period.

	As at 30 September 2019 HK$'000 (Unaudited)	As at 31 March 2019 HK$'000 (Audited)
Within 30 days	**322**	2,856
31 to 60 days	**4,577**	10,487
61 to 90 days	**2,222**	4,142
Over 90 days	**4,826**	10,037
	11,947	27,522

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The ECL on trade receivables are estimated individually on significant customer or collectively by using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The input and assumption applied to calculate the ECL for the current period are same as those applied for the year ended 31 March 2019.

The movement in the allowance for impairment of trade receivables is set out below:

	As at 30 September 2019 HK$'000 (Unaudited)	As at 31 March 2019 HK$'000 (Audited)
At beginning of the reporting period	**1,522**	1,456
Increase during the period/year	**517**	116
Reversal of impairment losses	**(11)**	(50)
At the end of the reporting period	**2,028**	1,522

14. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	As at 30 September 2019 HK$'000 (Unaudited)	As at 31 March 2019 HK$'000 (Audited)
Analysed as current:		
Retention monies receivables	**20,857**	19,861
Less: Impairment loss recognised	**(1,586)**	(1,586)
	19,271	18,275
Amounts due from customers for contract work	**68,355**	64,598
	87,626	82,873

Contract assets are initially recognised for revenue earned from construction contracts as receipt of consideration is conditional on successful completion of work. The contract assets are transferred to trade receivables when the rights become unconditional. Upon completion of work and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

(b) Contract liabilities

	As at 30 September 2019 HK$'000 (Unaudited)	As at 31 March 2019 HK$'000 (Audited)
Analysed as current:		
Receipt in advance	**2,982**	711
Amounts due to customers for contract work	**2,514**	1,172
	5,496	1,883

Contract liabilities represent advance from customers in respect of sale of goods and construction contract. In general, the Group receives certain percentage of the contract sum when enter the agreements depends on the negotiation with individual customers. These deposits are recognised as contract liabilities until the services are rendered.

15. TRADE AND BILLS PAYABLES

	As at 30 September 2019 HK$'000 (Unaudited)	As at 31 March 2019 HK$'000 (Audited)
Trade payables	**11,273**	8,160
Bills payables	**2,216**	3,463
	13,489	11,623

The following is an aged analysis of trade and bills payables presented based on the invoice date at the end of each reporting period:

	As at 30 September 2019 HK$'000 (Unaudited)	As at 31 March 2019 HK$'000 (Audited)
Within 30 days	**9,566**	5,844
31 to 90 days	**1,941**	4,532
91 to 180 days	**746**	878
Over 180 days	**1,236**	369
	13,489	11,623

The average credit period on purchases of goods is 30 to 60 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

16. SHARE CAPITAL

	Number of shares	**Share capital HK$'000**
Ordinary share of HK$0.01 each		
Authorised:		
At 1 April 2018, 31 March 2019 and 30 September 2019	**2,000,000,000**	**20,000**
Issued and fully paid:		
At 1 April 2018, 31 March 2019 and 30 September 2019	**800,000,000**	**8,000**

17. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of the Company

The Company's share option scheme (the "Scheme"), was adopted pursuant to special written resolution of the Company passed on 19 December 2017 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 18 December 2027. Under the Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 30% of the shares of the Company in issue at any point in time, without prior approval from the Company's Shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's Shareholders. Options granted to substantial Shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5,000,000 must be approved in advance by the Company's Shareholders.

Options granted must be taken up on the date of grant, upon payment of HK$1.00. Options may be exercised at any time from the date of grant of the share option to the tenth anniversary of the date of grant. The exercise price is determined by the board of directors of the Company, and will not be less than the highest of (i) the nominal value of the Company's share; (ii) the closing price of the Company's shares on the date of grant; and (iii) the average closing price of the shares for the five business days immediately preceding the date of grant.

No share options have been granted for the six months ended 30 September 2019 and 2018.

18. RIGHT-OF-USE ASSET AND LEASE LIABILITY

(a) Right-of-use asset

As at 30 September 2019, the carrying amounts of right-of-use asset was approximately HK$1,214,000 in respect of the leased property.

(b) Lease liability

As at 30 September 2019, the carrying amount of lease liability was approximately HK$1,214,000.

(c) Amounts recognised in profit or loss

	Six months ended 30 September 2019 HK$'000 (Unaudited)
Depreciation on right-of-use asset	**36**

(d) Others

The total cash outflow for leases amount to approximately HK$36,000.

All lease payments of the Group are fixed.

19. MAJOR NON-CASH TRANSACTION

During the period ended 30 September 2019, the Group entered into lease arrangement in respect of right-of-use asset for the use of the leased property with an aggregate present value at the inception of the lease of approximately HK$1,250,000.

20. OPERATING LEASES COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments on office and car parking space for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 31 March 2019 HK$'000 (Audited)
Within one year	1,010

Notes: Commitments disclosed for as at 31 March 2019 represent future minimum lease payments under non-cancellable operating leases as defined under HKAS 17.

21. RELATED PARTY TRANSACTIONS

(a) Save as disclosed elsewhere in the condensed consolidated financial statements, during the period, the Group entered into transactions with related party as follows:

		Six months ended 30 September	
Related party	**Nature of transaction**	**2019 HK$'000 (Unaudited)**	2018 HK$'000 (Unaudited)
Sun Warm *(note i)*	Rental expenses *(note ii)*	**468**	468

Notes:

(i) Sun Warm Holding Company Limited ("Sun Warm") is directly owned by Mr. Lo Wing Cheung and Ms. Fung Pik Mei, the beneficial owners and directors of the Company.

(ii) During the six months ended 30 September 2019 and 2018, Sun Warm leased a property to the Group for a two-year term commencing from 1 April 2018 and ending on 31 March 2020.

(b) Compensation of key management personnel

The remuneration of directors of the Company and other members of key management personnel during the period was as follows:

	Six months ended 30 September	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Short-term benefits	**3,298**	2,979
Post-employment benefits	**54**	54
	3,352	3,033

The remuneration of directors of the Company and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

22. CONTINGENT LIABILITIES

At 30 September 2019 and 31 March 2019, the Group has been involved in a litigation and potential claim against the Group in relation to work-related injury.

In the opinion of the directors of the Company, the litigation and potential claim are not expected to have a material impact on the condensed consolidated financial statements. Accordingly, no provision has been made to the condensed consolidated financial statements.