



TWINTEK INVESTMENT HOLDINGS LIMITED

乙德投資控股有限公司

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

The background of the lower half of the page is a complex, abstract composition of overlapping circles and semi-circles. Some circles have a wood grain texture, while others are solid colors in shades of blue, orange, and yellow. The overall effect is a modern, layered design.

2024/25

INTERIM REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Lo Wing Cheung (*Chairman*)

Ms. Fung Pik Mei

Non-executive Director

Mr. Li Pui Ho

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. Li Pui Ho

Mr. Tam Wai Tak Victor

Mr. Tam Wing Lok

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
17/F, Far East Finance Centre
16 Harcourt Road
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
Stock code
Board lot size

Main Board of The
Stock Exchange of
Hong Kong Limited
06182
8,000 Shares

WEBSITE

www.kwantaieng.com

MANAGEMENT DISCUSSION AND ANALYSIS

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) interior composite panel lining, in particular, SPC wall panels; (iv) demountable partition system; (v) timber doors; and (vi) roof tiles.

During the six months ended 30 September 2024, the Group continued to operate in a challenging business environment owing to the adverse impact on the macroeconomic setting brought by the ongoing geopolitical tensions, the high inflation and interest rate hikes in some major economies including the United States of America. In the local context, economic recovery was slower than expected against a backdrop of global economic uncertainties and slowdown of China's economy, tightened budget from main developers and increase in costs of raw materials. However, the Group has secured several large-scale projects in 2024, and these projects started to commence in the second half of 2024. Therefore, the Group recorded an increase in revenue to approximately HK\$68.7 million, and recorded a net profit of approximately HK\$3.0 million for the six months ended 30 September 2024, respectively, compared to revenue and a net loss of approximately HK\$56.8 million and approximately HK\$16.9 million for the six months ended 30 September 2023, respectively.

The Group noted the increasing competition on timber flooring products with its competitors' aggressive pricing strategy, and drop in number of private residential properties completed in 2024, according to the provisional data from the Rating and Valuation Department. Hence, the number of projects available in the market remained at low level, and developers tightened their budget, which has affected the tender sum for projects. Despite the property market is gloomy, proven quality of the Group's timber flooring products makes the Group still recorded a slight increase in revenue generated from timber flooring projects to approximately HK\$30.4 million for the six months ended 30 September 2024. In addition, the Group was working on a timber door project in Hong Kong Islands and generated revenue of approximately HK\$2.4 million.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The 10-Year Hospital Development Plan contained in the 2016 Policy Address of the Chief Executive would continue to be the key footprint for the Group to pursue in its business development. Having considered the stringent requirements related to hospitals construction projects, the Group kept up the efforts to improve the technicality of its gypsum block installation system, so as to facilitate compliance with the enhanced construction standards to maintain its competitiveness. In previous years, the Group's efforts have been proven successful by its completion of several large-scale hospital projects in both private and public sectors. Going onward, the Group trusts it remains well-positioned to take on further potential business opportunities brought by the 10-Year Hospital Development Plan, the implementation of which is being robustly driven by the Hong Kong Government. As of now, the Group is currently working on a public utility project and a hospital project in Eastern Kowloon, and started to commence the construction work on a mega-sized project under the 10-Year Hospital Development Plan. Moving forward, the Group would deploy additional resources in securing additional projects brought by the 10-Year Hospital Development Plan, and other public utility projects.

In 2019, the Group introduced several new products including interior composite panel lining, in particular, the SPC wall panel, a panel lining with anti-bacterial, eco-friendly properties, which provides a quicker and budgeted solution to the Group's customers compared to conventional installation methods. This product started to penetrate the market in 2020 and is especially well-suited to the latest industry trend requiring faster construction. After completing a large-scale hospital project for the supply and installation of over 20,000 square meters of SPC wall panels in early 2021, the Group is well-prepared to take part in other large-scale projects in the future. During the six months ended 30 September 2024, the Group has been awarded another large-scale hospital project in supply and installation of SPC wall panels with contract sum of approximately HK\$12.2 million, and is currently working on the design plans for this project. With an increasing awareness about public health and safety following the COVID-19 pandemic, the Group foresees an increase in demand for the anti-bacterial SPC wall panels from its customers.

The Group's demountable partition system has started to emerge into the market. During the six months ended 30 September 2024, the Group was striving its best on completing three public utility projects in supply and installation of demountable partition system.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The Group also started to explore the fitout sector so as to fully utilise its interior installation experience and to achieve vertical integration and diversification of its business segments. The Group has so far received positive response from its customers.

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

FINANCIAL REVIEW

Revenue

The Group's revenue was generated from two segments: (i) construction contracts; and (ii) sales of building material. The Group's total revenue increased by approximately HK\$11.9 million, or approximately 21.0%, from approximately HK\$56.8 million for the six months ended 30 September 2023 to approximately HK\$68.7 million for the six months ended 30 September 2024. Save as the Group's core products gypsum block and timber flooring, during the six months ended 30 September 2024, the Group offered a wider scope of service and generated additional revenue.

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

	For the six months ended 30 September			
	2024		2023	
	HK\$ million	%	HK\$ million	%
Construction contracts	62.3	90.7	53.0	93.3
Sales of building materials	6.4	9.3	3.8	6.7
Total	68.7	100.0	56.8	100.0

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Construction Contracts

The Group's revenue generated from construction contracts increased by approximately HK\$9.3 million, or approximately 17.5%, from approximately HK\$53.0 million for the six months ended 30 September 2023 to approximately HK\$62.3 million for the six months ended 30 September 2024. During the six months ended 30 September 2024, the Group offered a wider scope of service, including partition system and timber door, which contributed revenue of approximately HK\$10.8 million in aggregate.

Sales of Building Materials

The Group's revenue generated from sales of building materials increased by approximately HK\$2.6 million, or approximately 68.4%, from approximately HK\$3.8 million for the six months ended 30 September 2023 to approximately HK\$6.4 million for the six months ended 30 September 2024. The increase in sales of building materials is directly attributable to the increase in sales of gypsum block products of approximately HK\$2.0 million.

Cost of Sales and Services

The Group's cost of sales and services amounted to approximately HK\$54.5 million for the six months ended 30 September 2024, slightly increased by approximately 0.9% (six months ended 30 September 2023: approximately HK\$54.0 million). Cost of sales and services mainly comprised material costs and subcontracting costs.

The Group's material costs mainly comprises timber flooring materials, gypsum block materials, timber doors and partition system. During the six months ended 30 September 2024, the Group recorded an increase in material costs by approximately HK\$4.7 million, or approximately 19.4%, which was in line with the increase in revenue.

The Group recorded a decrease in subcontracting costs under cost of sales and services by approximately HK\$3.1 million, or approximately 10.8% for the six months ended 30 September 2024. As fewer additional costs were incurred during the completion stage of certain supply and installation projects, this resulted in decrease in subcontracting costs.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by approximately HK\$11.4 million, from approximately HK\$2.8 million for the six months ended 30 September 2023 to approximately HK\$14.2 million for the six months ended 30 September 2024, and the Group's gross profit margin increased from approximately 4.9% for six months ended 30 September 2023 to approximately 20.6% for the six months ended 30 September 2024.

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

With the increase in competition from competitors with aggressive pricing strategies, the Group carefully estimated the gross profit of each project before accepting a new bid.

Other than the abovementioned factors, the increase in the Group's gross profit margin was attributable to the increase in proportion of the Group's revenue generated from sales of building material projects. In general, the gross profit margin of sales of building materials is higher than that of construction contracts, as the labour cost in Hong Kong is generally much higher than the material cost which lowers the gross profit margin of construction contracts. Given that the sales of building materials has been increased significantly for the six months ended 30 September 2024 as compared to the six months ended 30 September 2023, the Group's gross profit margin increased accordingly.

Other Income

The Group's other income increased from approximately HK\$0.4 million for the six months ended 30 September 2023, to approximately HK\$7.0 million for the six months ended 30 September 2024. Such increase is attributable to reversal of impairment loss provided on a project of approximately HK\$6.5 million for the six months ended 30 September 2024.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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\$0.4 million, or approximately 36.4%, from approximately HK\$1.1 million for the six months ended 30 September 2023 to approximately HK\$0.7 million for the six months ended 30 September 2024. Such decrease is owing to the drop in shipments of German-made gypsum block products during the six months ended 30 September 2024.

Administrative Expenses

The Group's administrative expenses slightly decreased by approximately HK\$1.2 million, from approximately HK\$16.5 million for the six months ended 30 September 2023 to approximately HK\$15.3 million for the six months ended 30 September 2024, which is caused by the decrease in business development expense of approximately HK\$0.8 million in exploring new market for the six months ended 30 September 2024.

Finance Costs

With the decrease in effective interest rate for the six months ended 30 September 2024, the Group's finance costs slightly decreased by approximately HK\$0.3 million, from approximately HK\$2.5 million for the six months ended 30 September 2023 to approximately HK\$2.2 million for the six months ended 30 September 2024.

Income Tax Expenses

The Group recorded a minimal tax expenses of approximately HK\$31,000 for the six months ended 30 September 2024, as the Group has tax loss to offset the assessable profits, resulting in minimal income tax exposure.

Net Profit (Loss)

The Group recorded a net profit of approximately HK\$3.0 million for the six months ended 30 September 2024, as compared to the net loss of approximately HK\$16.9 million for the six months ended 30 September 2023. The turnaround from consolidated net loss to consolidated net profit was mainly attributed to the increase in revenue and gross profit, and reversal of impairment loss of a project as mentioned above.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 2024 was approximately HK\$95.3 million (31 March 2024: approximately HK\$92.4 million).

As at 30 September 2024, the Group's net current assets were approximately HK\$39.4 million (31 March 2024: approximately HK\$35.8 million).

Cash and Cash Equivalents

As at 30 September 2024, the Group had cash and cash equivalents of approximately HK\$14.9 million (31 March 2024: approximately HK\$29.7 million).

Bank Borrowings

As at 30 September 2024, the Group had borrowings of approximately HK\$55.3 million carried at floating interest rates (31 March 2024: approximately HK\$52.2 million carried at floating interest rates).

Key Financial Ratios

	30 September 2024	31 March 2024
Gearing ratio	59.8%	57.4%
Current ratio	1.4	1.5

Gearing ratio: Gearing ratio is calculated based on the total debts (including all interest-bearing borrowings and loans, and lease liabilities) 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Going forward, the Group expects to fund its future operations and expansion plans primarily with cash generated from business operations and bank borrowings.

PLEDGE OF ASSETS

As at 30 September 2024, the Group's banking facilities were secured by properties with net carrying amount of approximately HK\$47.0 million (31 March 2024: approximately HK\$47.8 million), prepayment and deposits paid for life insurance policies of approximately HK\$6.8 million (31 March 2024: approximately HK\$6.7 million) and pledged bank deposits of approximately HK\$8.8 million (31 March 2024: approximately HK\$8.6 million).

CONTINGENT LIABILITIES

As at 30 September 2024, the Group was involved in two litigations and potential claims against the Group in relation to work-related injury. In the opinion of the Directors, the litigations and potential claims are not expected to have a material impact on the consolidated financial statements, as insurance policy has been adopted by main contractor to cover potential losses. Accordingly, no provision has been made to the interim condensed consolidated financial statements for the six months ended 30 September 2024.

The Group provided guarantee of performance bonds in its ordinary course of business. As at 30 September 2024, the Group's contingent liabilities in relation to performance bonds were approximately HK\$10.9 million (31 March 2024: approximately HK\$14.0 million).

CAPITAL COMMITMENTS

The Group has no capital commitment as at 30 September 2024 (31 March 2024: 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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, scope of work, technical complexity, variation orders (if any), 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.

Interest Rate Risk

As at 30 September 2024, the Group had interest-bearing bank borrowings of approximately HK\$55.3 million. The Group has not hedged against the respective interest rate risks. All of the Group's current interest-bearing bank borrowings have a floating interest rate. Should there be an increase in interest rate in the future, interest expenses of the Group may increase and cash flows and profitability of the Group may be adversely affected.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Credit Risk – Contract Assets

Contract assets represent a large portion of the Group's assets. The carrying amount of the Group's contract assets of approximately HK\$84.7 million as at 30 September 2024 represents the maximum exposure to credit risk in relation to contract assets (31 March 2024: approximately HK\$64.1 million). In order to minimise the Group's credit risk exposure, the management of the Group is closely monitoring the contract assets and will take follow-up action if needed.

In assessing credit risk, the Company has taken into the following factors:

1. Recovery history of the counterparties;
2. Credit rating of the counterparties; and
3. Forward-looking factors of the market.

In addition, the Group has appointed an independent professional valuer in assessing the expected credit loss of contract assets as at 30 September 2024 to ensure impairment loss provided is adequate.

Subsequent to 30 September 2024 and up to 14 November 2024, approximately 24.5% of contract assets as at 30 September 2024 have been subsequently billed to the customers and approximately 18.3% of contract assets as at 30 September 2024 have been settled.

Customer Concentration Risk

During the six months ended 30 September 2024, the Group's five largest customers in aggregate accounted for approximately 64.0% (six months ended 30 September 2023: approximately 68.6%) of the Group's total revenue. The largest customer accounted for approximately 22.9% (six months ended 30 September 2023: approximately 27.1%) of the Group's total revenue.

If there is a significant decrease in business engagements with the Group's major customers for whatever reasons, and Group is unable to obtain comparable business engagements as replacement, the financial conditions and operating results of the Group would be materially and adversely affected. Meanwhile, if any of the Group's five largest customers experiences any liquidity problems, it may result in delay or default of payments to the Group, which in turn would have an adverse impact on the cash flows and financial conditions of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2024, including executive Directors, the Group had 29 full-time employees and 1 part-time employee (31 March 2024: 29 full-time employees and 1 part-time employee). The total staff costs incurred by the Group for the six months ended 30 September 2024 were approximately HK\$7.9 million (six months ended 30 September 2023: approximately HK\$8.2 million). The decrease in staff costs was mainly due to decrease in average number of 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 DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group had no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 30 September 2024. Save as disclosed in this interim report, the Group did not have any concrete plan for material investments or capital assets as at 30 September 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2024.

OTHER INFORMATION

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 code provision C.2.1 of the Corporate Governance Code (the “**CG Code**”) set out in Appendix C1 to 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 during the six months ended 30 September 2024 except the following:

Pursuant to code provision C.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 and the CEO, responsible for strategic planning and management 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 (“**INED(s)**”). Further, the audit committee (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.

OTHER INFORMATION (CONTINUED)

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 C3 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 2024.

EVENTS AFTER THE REPORTING PERIOD

The Group is not aware of any significant event requiring disclosure that has taken place subsequent to 30 September 2024 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 one 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 2024 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 2024 (six months ended 30 September 2023: nil).

OTHER INFORMATION (CONTINUED)

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

As at 30 September 2024, 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 Securities and Futures Ordinance (the “**SFO**”)) which shall have to be notified to the Company and The Stock Exchange of Hong Kong Limited (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 (<i>Note 1</i>)	588,000,000	73.5%
Ms. Fung Pik Mei (“ Ms. Fung ”)	Interest in a controlled corporation (<i>Note 1</i>)	588,000,000	73.5%
Mr. Li Pui Ho (“ Mr. Li ”)	Interest in spouse (<i>Note 2</i>)	6,000,000	0.75%

Note 1: These 588,000,000 Shares are held by Helios Enterprise Holding Limited (“**Helios**”), a company incorporated in the British Virgin Islands 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.

Note 2: These 6,000,000 Shares are held by Ms. Lo Pui Ying Janice, spouse of Mr. Li and daughter of Mr. Lo and Ms. Fung. Therefore, Mr. Li is deemed to be interested in all the Shares held by Ms. Lo Pui Ying Janice for the purposes of the SFO.

OTHER INFORMATION (CONTINUED)

Save as disclosed above, as at 30 September 2024, 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 2024, 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.

OTHER INFORMATION (CONTINUED)

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. Number of share options available for grant under the Share Option Scheme as at 1 April 2024 and 30 September 2024 are 80,000,000 and 80,000,000, respectively.

CONSTITUTIONAL DOCUMENTS

At the annual general meeting of the Company held on 20 August 2024, a special resolution was passed to adopt the third amended and restated memorandum and articles of association of the Company (the "**Articles**"), primarily to (i) update and bring the memorandum and articles of association of the Company in line with the relevant amendments made to the Listing Rules in respect of the electronic dissemination of corporate communications by listed issuer (effective from 31 December 2023); and (ii) incorporate certain housekeeping amendments. A copy of the latest consolidated version of the Articles is posted on the Company's and the Stock Exchange's respective websites. Save as the above, there was no significant change in the Company's constitutional documents during the six months ended 30 September 2024.

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

Hong Kong, 21 November 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2024

		Six months ended 30 September	
	Notes	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	4	68,709	56,791
Cost of sales and services		(54,535)	(54,021)
Gross profit		14,174	2,770
Other income	5	6,965	405
Selling and distribution expenses		(732)	(1,088)
Administrative expenses		(15,251)	(16,454)
Finance costs	6	(2,159)	(2,489)
Profit (loss) before taxation		2,997	(16,856)
Income tax expenses	7	(31)	(27)
Profit (loss) and total comprehensive income (expenses) for the period attributable to the owners of the Company	8	2,966	(16,883)
Earnings (loss) per share:			
Basic and diluted (HK cents)	10	0.37	(2.11)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

	Notes	As at 30 September 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	11	47,958	49,331
Right-of-use assets	12	1,708	809
Prepayment and deposits paid for life insurance policies		6,802	6,670
Deposits, prepayments and other receivables		241	110
		56,709	56,920
Current assets			
Inventories		1,812	1,602
Contract assets	14	84,670	64,074
Trade receivables	13	14,595	1,839
Deposits, prepayments and other receivables		4,486	3,880
Tax recoverable		–	2,883
Pledged bank deposits		8,820	8,643
Bank balances and cash		14,878	29,701
		129,261	112,622
Current liabilities			
Trade and bills payables	15	14,217	8,268
Contract liabilities	14	10,877	10,918
Retention monies payables		2,420	2,503
Accrual and other payables		5,894	2,266
Bank borrowings	16	55,298	52,210
Lease liabilities	12	1,082	680
Tax payable		32	–
		89,820	76,845
Net current assets		39,441	35,777
Total assets less current liabilities		96,150	92,697

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 September 2024

	<i>Notes</i>	As at 30 September 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
Non-current liabilities			
Deferred tax liability		182	185
Lease liabilities	12	636	146
		818	331
		95,332	92,366
Capital and reserves			
Share capital	17	8,000	8,000
Reserves		87,332	84,366
		95,332	92,366

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2024

	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000 <i>(Note i)</i>	(Accumulated losses) retained profits HK\$'000	Total HK\$'000
At 1 April 2024 (Audited)	8,000	89,940	5,024	(10,598)	92,366
Profit and total comprehensive income for the period	-	-	-	2,966	2,966
At 30 September 2024 (Unaudited)	8,000	89,940	5,024	(7,632)	95,332
At 1 April 2023 (Audited)	8,000	89,940	5,024	26,119	129,083
Loss and total comprehensive expense for the period	-	-	-	(16,883)	(16,883)
At 30 September 2023 (Unaudited)	8,000	89,940	5,024	9,236	112,200

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 2024

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES	(15,486)	5,145
NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES	320	(212)
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES	343	(5,969)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(14,823)	(1,036)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	29,701	24,774
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash	14,878	23,738

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

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 were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 17 January 2018. Its ultimate and immediate holding company is Hellos Enterprise Holding Limited, a company incorporated in the British Virgin Islands 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 (“**HK\$**”), which is also the functional currency of the Company and its subsidiaries (collectively referred to as the “**Group**”).

2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended 30 September 2024 have been prepared in accordance with the applicable disclosure provisions of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2024

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 2024 except as described below.

In the current interim period, the Group has applied, for the first time, the Amendments to References to the Conceptual Framework for Hong Kong Financial Reporting Standards ("HKFRSs") and the following amendments to HKFRSs issued by the HKICPA which are effective for the Group's financial year beginning 1 April 2024:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangement

The application of the amendments to HKFRSs in the current interim period has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2024

4. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on sales of building materials and construction contracts. An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Disaggregation by major products or services lines		
Sales of building materials		
– Gypsum block	5,216	3,184
– Wooden flooring	1,129	567
– Others	40	51
Revenue from construction contracts		
– Gypsum block	20,043	21,825
– Wooden flooring	29,295	26,931
– Others	12,986	4,233
	68,709	56,791

Disaggregation of the Group's revenue by timing of recognition

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
At a point in time	6,385	3,802
Over time	62,324	52,989
Total revenue from contract with customers	68,709	56,791

All revenue are generated in Hong Kong for both periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2024

Segment revenues and results

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 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.

For the six months ended 30 September 2024 (Unaudited)

	Sales of building materials HK\$'000	Construction contracts HK\$'000	Total HK\$'000
Segment revenue			
External sales	6,385	62,324	68,709
Segment profit	3,873	16,746	20,619
Unallocated income			479
Unallocated corporate expenses			(15,942)
Unallocated finance costs			(2,159)
Profit before taxation			2,997

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2024

For the six months ended 30 September 2023 (Unaudited)

	Sales of building materials HK\$'000	Construction contracts HK\$'000	Total HK\$'000
Segment revenue			
External sales	3,802	52,989	56,791
Segment profit	1,608	826	2,434
Unallocated income			405
Unallocated corporate expenses			(17,206)
Unallocated finance costs			(2,489)
Loss before taxation			(16,856)

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2024

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 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
Sales of building materials	2,700	741
Construction contracts	96,565	65,172
Total segment assets	99,265	65,913
Unallocated corporate assets	86,705	103,629
Total assets	185,970	169,542

Segment liabilities

	As at 30 September 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
Sales of building materials	2,210	1,746
Construction contracts	25,304	19,943
Total segment liabilities	27,514	21,689
Unallocated corporate liabilities	63,124	55,487
Total liabilities	90,638	77,176

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

- only contract assets and trade receivables are allocated to operating segments; and
- only contract liabilities, trade and bills payables and retention monies payables are allocated to operating segments.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2024

5. OTHER INCOME

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Bank interest income	196	189
Gain on disposal of property, plant and equipment	133	–
Net foreign exchange gain	14	–
Interest income from deposits paid for life insurance policies	136	131
Reversal of impairment loss on contract assets	6,486	–
Storage fee and transportation income	–	12
Others	–	73
	6,965	405

6. FINANCE COSTS

	Six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Interest expenses on bank borrowings	2,143	2,465
Interest expenses on lease liabilities	16	24
	2,159	2,489

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2024

7. INCOME TAX EXPENSES

	Six months ended 30 September 2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Current tax:		
Hong Kong Profits Tax	34	30
Deferred taxation	(3)	(3)
	31	27

Under the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of qualifying corporation will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%.

For the periods ended 30 September 2024 and 2023, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime were taxed at the flat rate of 16.5%.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2024

8. PROFIT (LOSS) FOR THE PERIOD

	Six months ended 30 September 2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Profit (loss) for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	1,205	1,185
Depreciation of right-of-use assets	579	578
Impairment loss on trade receivables	41	–
Amortisation of prepayment paid for life insurance policies	4	4
(Reversal of impairment loss) impairment loss on contract assets	(6,486)	336
Gain on disposal of property, plant and equipment	(133)	–
Net foreign exchange (gain) loss	(14)	37
Expense relating to short-term leases	119	145
Amount of inventories recognised as an expense	2,295	3,526

9. DIVIDEND

No dividend was proposed during the six months ended 30 September 2024, nor has any dividend been proposed by the board of directors since the end of the interim period (six months ended 30 September 2023: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2024

10. EARNINGS (LOSS) PER SHARE

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

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings (loss)		
Earnings (loss) for the purpose of basic and diluted earnings (loss) per share, representing profit (loss) for the period attributable to the owners of the Company	2,966	(16,883)
	Six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share ('000 shares)	800,000	800,000

The diluted earnings (loss) per share is the same as the basic earnings (loss) per share as there were no dilutive potential ordinary shares outstanding for the six months ended 30 September 2024 and 2023.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2024, the Group has spent approximately HK\$11,000 on office equipment (six months ended 30 September 2023: approximately HK\$238,000 on leasehold improvement).

12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

During the six months ended 30 September 2024, the Group entered into new lease arrangements in respect of properties. Right-of-use assets and lease liabilities of approximately HK\$1,478,000 were recognised at the commencement of the lease (six months ended 30 September 2023: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2024

13. TRADE RECEIVABLES

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

	As at 30 September 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
Trade receivables	16,145	3,348
Less: impairment loss on trade receivables	(1,550)	(1,509)
	14,595	1,839

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, at the end of the reporting period.

	As at 30 September 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
Within 30 days	11,357	1,334
31 to 60 days	442	167
61 to 90 days	190	254
Over 90 days	2,606	84
	14,595	1,839

Before accepting any new customers, the Group uses internal credit approval procedures to assess the potential customer's credit quality and defines credit limits for each customer.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The ECL on trade receivables are estimated collectively by using a provision matrix by reference to historical credit loss experience of the debtor, 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.

There has been no change in the estimation techniques or significant assumptions made during both periods in assessing the loss allowance for trade receivables.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2024

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

	As at 30 September 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
At beginning of the reporting period	1,509	1,835
Increase (decrease) during the period/year	41	(326)
At the end of the reporting period	1,550	1,509

14. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	As at 30 September 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
Analysed as current:		
Retention monies receivables	33,197	30,630
Less: allowance for impairment loss recognised on retention monies receivables	(2,204)	(2,179)
	30,993	28,451
Unbilled revenue	54,166	42,623
Less: allowance for impairment loss of unbilled revenue	(489)	(7,000)
	53,677	35,623
	84,670	64,074

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2024

Unbilled revenue included in contract assets represents the Group's right to receive consideration for work completed but not yet claimed because the right to receive the consideration is conditional upon satisfaction by the customers on the contract work completed by the Group. The contract assets are transferred to trade receivables when the rights become unconditional.

The Group's construction contracts include payment schedules which require stage payment over the construction period once certain stages are reached. Retention monies receivables, in relation to the construction contract works, represented certain percentage of progress payments made to the Group of up to 10% of the value of works done from each progress payment withheld by the customers as retention money, subject to a maximum of 5% of the total contract value. Half of the retention money is released to the Group upon or soon after certification of the final progress payment application by customers, and the remaining half is usually released to the Group upon the end of the retention period, which would normally take place one to two years from the date of certification of the final progress payment application or the completion of the entire project by the main contractor, depending on the terms of the contract between the Group and its customers and the satisfaction of service quality by customers over certain period as stipulated in the contract.

The Group measures the loss allowance for contract assets at an amount equal to lifetime ECL. The ECL on certain contract assets are estimated collectively by using a provision matrix by reference to historical credit loss experience of the debtor, 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 ECL on remaining contract assets are estimated individually for customers with significant balances.

There has been no change in the estimation techniques or significant assumptions made during both periods in assessing the loss allowance of contract assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2024

The movement in the allowance for impairment of contract assets is set out below:

	As at 30 September 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
At beginning of the reporting period	9,179	3,292
(Decrease) increase during the period/year	(6,486)	5,887
At the end of the reporting period	2,693	9,179

(b) Contract liabilities

	As at 30 September 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
Analysed as current:		
Receipt in advance	7,003	7,883
Billing in advance	3,874	3,035
	10,877	10,918

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.

Revenue recognised during the six months ended 30 September 2024 that was included in the contract liabilities as at 1 April 2024 is approximately HK\$1,881,000 (year ended 31 March 2024: HK\$2,473,000). There was no revenue recognised in the current period that related to performance obligations that were satisfied in a prior period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2024

15. TRADE AND BILLS PAYABLES

	As at 30 September 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
Trade payables	8,847	5,714
Bills payables	5,370	2,554
	14,217	8,268

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

	As at 30 September 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
Within 30 days	7,785	5,269
31 to 90 days	5,725	2,365
91 to 180 days	229	162
Over 180 days	478	472
	14,217	8,268

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2024

16. BANK BORROWINGS

The Group has raised the bank borrowings of approximately HK\$28,000,000 (six months ended 30 September 2023: HK\$43,000,000) and repaid the bank borrowings of approximately HK\$24,912,000 (six months ended 30 September 2023: HK\$45,907,000) respectively during the six months ended 30 September 2024.

17. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary share of HK\$0.01 each		
<i>Authorised:</i>		
At 1 April 2023, 31 March 2024 and 30 September 2024	2,000,000,000	20,000
<i>Issued and fully paid:</i>		
At 1 April 2023, 31 March 2024 and 30 September 2024	800,000,000	8,000

18. 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 which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and other share option schemes of the Company must not exceed 30% of the shares of the Company in issue from time to time. The total number of shares in respect of which options may be granted under the Scheme and other share option schemes of the Company is not permitted to exceed 10% 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 2024 and 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2024

19. RELATED PARTY TRANSACTIONS

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	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short-term benefits	3,991	3,908
Post-employment benefits	27	27
	4,018	3,935

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.

20. PERFORMANCE BONDS

At the end of reporting period, the Group had provided the following guarantees:

	As at 30 September 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
Guarantees in respect of performance bonds in favour of its customers	10,859	14,010

21. CONTINGENT LIABILITIES

At 30 September 2024, the Group has been involved in two litigations and potential claims against the Group in relation to work-related injury.

In the opinion of the directors of the Company, as insurance policies have been adopted by the main contractor to cover potential loss, the litigations and potential claims are not expected to have a material impact on the consolidated financial statements. Accordingly, no provision has been made to the consolidated financial statements for the six months ended 30 September 2024.