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SAM WOO CONSTRUCTION GROUP LIMITED

三和建築集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3822)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

The board of directors of Sam Woo Construction Group Limited (the “Company”) is pleased to present the unaudited interim results of the Company and its subsidiaries for the six months ended 30 September 2024. This announcement, containing the full text of the 2024/25 Interim Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcement of interim results.

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

Hong Kong, 25 November 2024

As at the date of this announcement, the executive directors are Mr. Lau Chun Ming, Mr. Lau Chun Kwok, Mr. Lau Chun Ka and Ms. Lau Pui Shan; and the independent non-executive directors are Mr. Chu Tak Sum, Mr. Ip Tin Chee, Arnold and Mr. Pang Tat Choi, Paul.

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INTERIM REPORT
2024/25



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The board of directors (the “Board”) of Sam Woo Construction Group Limited (the “Company”) is pleased to present the unaudited interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2024 (the “Period”), together with the comparative figures for the corresponding period in 2023 (the “Previous Period”). These information should be read in conjunction with the annual financial statements for the year ended 31 March 2024.

HIGHLIGHTS

	1H 2024/25	1H 2023/24
Revenue	HK\$389 million	HK\$217 million
Profit/(loss) for the period	HK\$3 million	HK\$(25) million
Earnings/(loss) per share	0.19 HK cents	(1.48) HK cents
	As at 30 September 2024	As at 31 March 2024
Net gearing	30%	33%
Current ratio	0.9x	1.4x
Total equity	HK\$474 million	HK\$471 million
Aggregate value of major contracts on hand (<i>approximate</i>)	HK\$1,253 million yet to complete	HK\$886 million yet to complete

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Group Revenue and Profit

The Group's revenue for the Period increased by approximately 80% to approximately HK\$389 million (Previous Period: approximately HK\$217 million), which was mainly attributable to a new project, namely Kai Tak Public Housing (2024). This project had progressed efficiently throughout the six months during the Period, and generated a satisfactory gross profit for the Group. However, the previous Kai Tak Public Housing (2022) project had not progressed as scheduled attributable to certain parts of the construction works having been postponed by the contract employer. The overhead costs incurred as a result of the prolonged programme has adversely impacted the estimated gross profit of that project. As a result of the foregoing two major projects, the Group recorded a gross profit of approximately HK\$58 million for the Period (Previous Period: approximately HK\$1 million).

Major Projects

	As at 30 September 2024 Completion status	Expected Completion Date	Estimated Remaining Contract Value (HK\$) (Note)
Kai Tak Public Housing (2024)	81%	2024 Q4	65 million
Kai Tak Public Housing (2022)	66%	2025 Q2	342 million
Lantau Island project	0%	2026 Q2	846 million

Note: The above remaining contract values were determined with reference to internal estimates based on currently available information, and may be subsequently revised subject to the then status and/or progress of the subject project.

Kai Tak Public Housing (2024)

This project was awarded around March 2024, with a contract value of approximately HK\$454 million (including contingencies and provisional sums) for bored pile works of a public housing development.

This project contributed to approximately 71% of the Group's revenue for the Period.

Kai Tak Public Housing (2022)

This project was awarded around July 2022, with a contract value of approximately HK\$970 million (including contingencies and provisional sums), for bored pile and pile cap works of a public housing development.

This project contributed to about 25% of the Group's revenue for the Period.

As mentioned in the annual report of the Company for the year ended 31 March 2024, certain parts of the construction works have been postponed until the contract employer has formulated a practical solution to overcome the technicalities arising from the complicated ground conditions of this project. During the Period, they had not reached a conclusion in respect of the variation of works and contract fees relating to the relevant works which were on hold. Meanwhile, this pending issue has affected the work progress of the whole project leading to, among others, labour idling and other extra overhead costs being incurred by the Group. Such created uncertainties to the Group's financial performance in the second half of the financial year because further delay to the project may continue to adversely impact the profits of this project and the fees for variation of works have yet to be agreed.

Lantau Island project

This is a new project awarded around August 2024, with contract value of approximately HK\$846 million (including contingencies and provisional sums) for bored pile works.

This project did not contribute to the Group's revenue for the Period as the preparation works was only commenced in or around October 2024.

Other projects

Other projects of the Group contributed to approximately 4% of the Group's revenue for the Period.

BUSINESS OUTLOOK

Amidst the slowdown in the Hong Kong economy, the Group recently won a new contract for the foundation works for a development project on Lantau Island (i.e. the Lantau Island project). The Group expects this project to be a main contributor of revenue for the Group in the second half of this financial year. The Group also anticipates more construction works under the Northern Metropolis to be rolled out in the near future. The Group will use its best endeavour to compete for new projects.

Furthermore, the Group recorded provision for impairment of trade and retention receivables in the amount of approximately HK\$25 million during the Period, the balance of which was attributable to two non-major projects with two customers. However, these projects were, directly and indirectly, related to a company listed on the main board of the stock exchange in Hong Kong, which is subject to certain petitions based on publicly available information. Despite continuous efforts made by the management of the Group, the recoverability and the timing of settlement in relation to the associated trade and retention receivables are subject to uncertainties. For additional details, please refer to the paragraph headed "FINANCIAL REVIEW AND ANALYSIS" and the relevant note to the consolidated financial statements of the Group below.

The management considers that the Group will face many uncertainties related to the market and the existing projects on hand, some of which are beyond the control of the management. On this basis, although the management will continue its prudent financial and operational management of the Group's business, the financial performance of the Group will continue to be subject to, among others, the status and progress of major projects undertaken by the Group at the material time, as well as the timely certification of interim progress payments and settlement of the trade receivables in full by the contract customers. Therefore, the recent turnaround of the Group's financial performance may not necessarily be an indication of the Group's future financial performance.

FINANCIAL REVIEW AND ANALYSIS

Administrative expenses were approximately HK\$24 million for the Period (Previous Period: approximately HK\$23 million), which remained stable as compared to the Previous Period.

Net finance costs were approximately HK\$8 million for the Period (Previous Period: approximately HK\$5 million), which increased by approximately 58% mainly due to the hike of Hong Kong Interbank Offered Rate (HIBOR) at the material time and the decrease in interest income from time deposits as compared to the Previous Period.

During the Period, certain customers were unable to settle the outstanding contract fees accordingly to the payment schedule agreed with the Group. The management performed specific assessment on the recoverability of outstanding payments in relation to each project and made additional provision for impairment of trade and retention receivables in the amount of approximately HK\$25 million. The management has taken into account the then most recent progress of negotiation with these customers and the settlements received and/or expected payment schedule in its assessment on the recoverability and adequacy of the subject provisions. The management would continue to monitor the situation, and might further adjust the amount of provision depends on the latest development in the second half of this financial year.

As a result of the foregoing, the Group recorded a moderate profit before tax of approximately HK\$2 million, and after taken into account tax credits, the Group recorded a net profit of approximately HK\$3 million for the Period, compared to a net loss of approximately HK\$25 million in the Previous Period.

Capital Expenditures and Capital Commitments

The Group generally finances its capital expenditures by internally generated resources, long-term bank loans and leases. During the Period, the Group invested HK\$25 million in additional machinery and equipment. As at 30 September 2024 and 31 March 2024, the Group did not have capital commitments relating to the purchase of machinery and equipment. During the Period, save as disclosed herein, the Group did not make any material acquisition or disposal of asset.

Liquidity, Financial Resources and Gearing

Liquidity

The Group generally meets its working capital requirements by cash flows generated from its operations and short-term borrowings. During the Period, the Group had a net cash inflow of approximately HK\$43 million generated from operating activities (Previous Period: HK\$21 million). Together with bank facilities available, the Group has been financially sound in its daily operations throughout the Period.

Cash and Bank Balances

As at 30 September 2024, the Group had total cash and bank balances of approximately HK\$103 million (31 March 2024: approximately HK\$86 million) mainly denominated in Hong Kong dollars. Cash and bank balances increased mainly because of the increase in net cash inflow generated from operating activities.

Borrowings

As at 30 September 2024, the Group had total borrowings of approximately HK\$154 million (31 March 2024: HK\$140 million) denominated in Hong Kong dollars. Borrowings generally included short-term and long-term bank loans bearing floating interest rates. Of the total borrowings, approximately HK\$125 million (31 March 2024: HK\$62 million) were short-term bank loans and approximately HK\$15 million (31 March 2024: HK\$57 million) were current portion of long-term bank loans with maturity dates within 12 months.

Gearing Ratio and Total Equity

As at 30 September 2024, the Group's net gearing (net borrowings divided by total equity) was approximately 30% (31 March 2024: 33%). For the purpose of calculating the Group's net gearing ratio, net borrowings refer to the total borrowings less cash and cash equivalents.

The Group's total equity as at 30 September 2024 was approximately HK\$474 million (31 March 2024: approximately HK\$471 million).

Foreign Exchange Exposure

Operations of the Group are mainly conducted in Hong Kong dollars. Its revenue, expenses, cash and bank balances, borrowings, other monetary assets and liabilities are principally denominated in Hong Kong dollars. Other than the purchases paid in Euros and Singapore dollars, the Group was not exposed to any significant foreign currency risk. As such, the Group did not employ any financial instrument for hedging.

Contingent Liabilities

As at 30 September 2024, save for guarantee of performance bond relating to a foundation works and ancillary services project of the Group of approximately HK\$29 million (31 March 2024: same), the Group did not have any material contingent liabilities. The performance bonds are expected to be released in accordance with the terms of the respective construction contracts.

Pledge of Assets

As at 30 September 2024, the net book amount of plant and equipment of approximately HK\$85 million (31 March 2024: approximately HK\$109 million) was pledged for long-term bank loans. None of the banking facilities of the Group were secured by the Group's bank deposits (31 March 2024: none).

HUMAN RESOURCES

As at 30 September 2024, the Group had around 318 employees (31 March 2024: 325). The remuneration packages that it offers to employees include salary, discretionary bonus and allowance. In general, the Group determines employees' salaries based on individual qualification, position and performance (where applicable).

OTHER INFORMATION

Disclosure of Interests

At 30 September 2024, the interests and short positions of directors in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”) as recorded in the register required to be kept under section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 of the Listing Rules, are as follows:

Remark: Ms. Leung Lai So, who was an executive director of the Company and the beneficiary of the discretionary trust mentioned below, passed away on 23 June 2024. The Company had not received notice about any subsequent changes in the relevant interests in the shares of the Company. As confirmed with Mr. Lau Chun Ming, who is the founder of the discretionary trust, the status disclosed below remained the same as at 30 September 2024. Meanwhile, he has been handling the matter and the Company would be informed once there is any change related to such interests in the discretionary trust.

(a) Directors’ interest in the Company:

Name of director	Number of ordinary shares of HK\$0.0025 each (long position)	Percentage of shareholding	Capacity
Mr. Lau Chun Ming	1,200,000,000	71.43%	Founder of a discretionary trust
Ms. Leung Lai So	1,200,000,000	71.43%	Beneficiary of a discretionary trust

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

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

So far as the directors are aware, as at 30 September 2024 the interest and short positions of the persons, other than a director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO are as follows:

(c) Substantial shareholders' interests in the Company

Name of shareholder	Number of shares (long position)	Percentage of shareholding	Capacity
Actiease Assets Limited	1,200,000,000	71.43%	Beneficial owner
Silver Bright Holdings Limited	1,200,000,000	71.43%	Interest of a controlled corporation
SW AA Holdings Limited	1,200,000,000	71.43%	Trustee

Notes:

- 1,200,000,000 shares were held by Actiease Assets Limited, a company wholly owned by Silver Bright Holdings Limited which is indirectly owned by a discretionary trust of which Ms. Leung Lai So was the beneficiary.
- Silver Bright Holdings Limited is 100% held by SW AA Holdings Limited as trustee of a discretionary trust set up by Mr. Lau Chun Ming.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period.

Loan Agreement with Covenants relating to Specific Performance of the Controlling Shareholder

On 26 September 2022, the Group entered into a bank facility letter (the "Facility Letter") for a term loan of two years in the aggregate amount of HK\$100,000,000 for working capital purpose. Pursuant to the Facility Letter, the Company undertakes to the bank that Mr. Lau Chun Ming shall remain as chairman of the Board; and Mr. Lau Chun Ming or Ms. Leung Lai So shall maintain, directly or indirectly, not less than 55% legal and beneficial ownership of the issued share capital of the Company. This term loan was fully repaid prior to 30 September 2024 and the said covenants ceased to have effect upon the full settlement of the subject term loan.

Corporate Governance

The Company had complied with the Corporate Governance Code as set out in Appendix C1 of the Listing Rules during the Period.

Model Code of Securities Transactions by Directors

All directors confirmed that they complied with the required standards as set out in the Model Code throughout the Period.

Audit Committee

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

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

Hong Kong, 25 November 2024

As at the date of this report, the executive directors are Mr. Lau Chun Ming, Mr. Lau Chun Kwok, Mr. Lau Chun Ka and Ms. Lau Pui Shan; and the independent non-executive directors are Mr. Chu Tak Sum, Mr. Ip Tin Chee, Arnold and Mr. Pang Tat Choi, Paul.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	Note	Unaudited Six months ended 30 September	
		2024 HK\$'000	2023 HK\$'000
Revenue from contracts with customers	5	388,785	216,714
Cost of sales	6	(330,346)	(216,011)
Gross profit		58,439	703
Other (loss)/income, net	7	(2)	87
Provision for impairment of trade and retention receivables	13(c)	(24,946)	–
Administrative expenses	6	(23,602)	(23,033)
Operating profit/(loss)		9,889	(22,243)
Finance income	8	768	2,406
Finance costs	8	(8,460)	(7,273)
Finance costs, net	8	(7,692)	(4,867)
Profit/(loss) before income tax		2,197	(27,110)
Income tax credit	9	1,040	2,197
Profit/(loss) and total comprehensive income/(loss) for the period		3,237	(24,913)
Profit/(loss) and total comprehensive income/(loss) attributable to equity holders of the Company		3,237	(24,913)
		HK cents	HK cents
Basic and diluted earnings/(loss) per share	10	0.19	(1.48)

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30 SEPTEMBER 2024

	Note	Unaudited 30 September 2024 HK\$'000	Audited 31 March 2024 HK\$'000
ASSETS			
Non-current assets			
Right-of-use assets		43,127	22,887
Plant and equipment	12	521,398	513,843
Deferred income tax assets		4,724	4,724
Financial assets at fair value through other comprehensive income		20,580	20,580
Deposits and prepayments		1,294	1,143
		591,123	563,177
Current assets			
Trade and retention receivables	13	162,888	120,866
Deposits, prepayments and other receivables		12,367	10,592
Contract assets		57,394	80,596
Income tax recoverable		2,628	2,632
Cash and cash equivalents		103,099	85,727
		338,376	300,413
Total assets		929,499	863,590
EQUITY			
Share capital	14	4,200	4,200
Reserves		469,640	466,403
Total equity		473,840	470,603
LIABILITIES			
Non-current liabilities			
Borrowings	16	13,998	20,544
Deferred income tax liabilities		40,453	41,493
Lease liabilities		18,259	10,238
Amount due to a related company		-	100,000
		72,710	172,275

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

AS AT 30 SEPTEMBER 2024

		Unaudited	Audited
		30 September	31 March
		2024	2024
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
Current liabilities			
Trade and retention payables	15	116,406	86,970
Accruals and other payables		23,740	8,159
Borrowings	16	139,873	118,993
Lease liabilities		12,600	5,862
Income tax payable		330	728
Amount due to a related company		90,000	–
		382,949	220,712
Total liabilities		455,659	392,987
Total equity and liabilities		929,499	863,590

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

Unaudited

	Unaudited					
	Share capital	Share premium	Financial assets at fair value through other comprehensive income	Other reserves	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2023	4,200	194,087	1,900	10,500	289,267	499,954
Comprehensive loss						
Loss for the period	-	-	-	-	(24,913)	(24,913)
At 30 September 2023	4,200	194,087	1,900	10,500	264,354	475,041
At 1 April 2024	4,200	194,087	830	10,500	260,986	470,603
Comprehensive income						
Profit for the period	-	-	-	-	3,237	3,237
At 30 September 2024	4,200	194,087	830	10,500	264,223	473,840

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

		Unaudited	
		Six months ended	
		30 September	
		2024	2023
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
Cash flows from operating activities			
Net cash generated from operations		50,751	30,764
Interest paid		(7,701)	(6,714)
Interest received		768	2,406
Interest element of lease payments	8	(759)	(559)
Hong Kong profits tax paid		(394)	(4,910)
		<hr/>	<hr/>
Net cash generated from operating activities		42,665	20,987
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Cash flows from investing activities			
Purchase of plant and equipment		(25,455)	(13,341)
Proceeds from sales of plant and equipment		3	1
		<hr/>	<hr/>
Net cash used in investing activities		(25,452)	(13,340)
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Cash flows from financing activities			
Drawdown of long-term bank loans		–	6,503
Repayment of long-term bank loans		(49,147)	(6,663)
Drawdown of short-term bank loans		190,952	63,878
Repayment of short-term bank loans		(127,471)	(122,473)
Principal elements of lease payments		(4,175)	(4,282)
Loan from a related company		(10,000)	–
		<hr/>	<hr/>
Net cash generated from/(used in) financing activities		159	(63,037)
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	Unaudited	
	Six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net increase/(decrease) in cash and cash equivalents	17,372	(55,390)
Cash and cash equivalents at beginning of the period	<u>85,727</u>	<u>197,074</u>
Cash and cash equivalents at end of the period	<u>103,099</u>	<u>141,684</u>
Analysis of cash and cash equivalents		
Cash and cash equivalents	<u>103,099</u>	<u>141,684</u>
	<u>103,099</u>	<u>141,684</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information

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

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

The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

These condensed consolidated interim financial information is presented in Hong Kong dollars ("HK\$"), unless otherwise stated and was approved for issue on 25 November 2024.

This condensed consolidated interim financial information has not been audited.

2 Basis of preparation and accounting policies

2.1 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 September 2024 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) and has been prepared under the historical cost convention except for financial assets at fair value through other comprehensive income which are measured at fair values.

2.2 Accounting policies

The accounting policies applied to this condensed consolidated interim financial information are consistent with those of the annual financial statements for the year ended 31 March 2024 as described in those annual financial statements except that income tax is accrued using the tax rate that would be applicable to expected total annual earnings and the adoption of new and amended standards as set out below.

In the current interim period, the Group has applied, for the first time, the following new and amended standards for the financial year beginning 1 April 2024:

HKFRS 17	Insurance Contracts
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information
HKFRS 17 (Amendments)	Amendments to HKFRS 17 Insurance Contracts
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
HKAS 8 (Amendments)	Definition of Accounting Estimates
HKAS 12 (Amendments)	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

The application of the above new and amended standards in the current period has no material impact on the Group’s results and financial position.

3 Financial risk management

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended 31 March 2024.

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

4 Critical accounting estimates and judgements

The preparation of the condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed consolidated interim financial information, the critical accounting estimates and judgements applied were consistent with those described in the annual financial statements for the year ended 31 March 2024.

5 Revenue from contract with customers and segment information

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

	Unaudited	
	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Foundation works and ancillary services	388,785	216,714

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

6 Expenses by nature

	Unaudited	
	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Cost of sales		
Construction contracts costs <i>(note)</i>	307,521	195,682
Depreciation – owned plant and equipment	14,090	13,493
Depreciation – right-of-use assets	587	518
Repair and maintenance	7,873	5,997
Others	275	321
	330,346	216,011
Administrative expenses		
Staff costs, including directors' emoluments	8,466	7,986
Depreciation – owned plant and equipment	383	436
Depreciation – right-of-use assets	1,529	2,571
Operating leases rental in respect of		
– office and storage premises	4,699	3,868
– directors' quarters	1,084	1,084
Professional fees	3,702	2,697
Exchange losses	9	38
Motor vehicle expenses	1,284	1,732
Others	2,446	2,621
	23,602	23,033
Total cost of sales and administrative expenses	353,948	239,044

Note:

Construction contract costs included but not limited to costs of construction materials, staff costs, consultancy fee, parts and consumables, subcontracting charges and transportation.

7 Other (loss)/income, net

	Unaudited	
	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
(Loss)/gain on disposal of plant and equipment	(2)	1
Compensation from litigation	–	361
Other	–	(275)
	<u>(2)</u>	<u>87</u>

8 Finance income and costs

	Unaudited	
	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Finance income:		
– Interest income on bank deposits	<u>768</u>	<u>2,406</u>
Finance costs:		
– Interest expense on bank loans	(4,660)	(3,591)
– Interest expense on leases liabilities	(759)	(559)
– Interest expense on amount due to a related company	<u>(3,041)</u>	<u>(3,123)</u>
	<u>(8,460)</u>	<u>(7,273)</u>
Finance costs, net	<u>(7,692)</u>	<u>(4,867)</u>

9 Income tax credit

Hong Kong profits tax has been provided at the rate of 16.5%, on the estimated assessable profit for the Period and the Previous Period.

	Unaudited	
	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Hong Kong profits tax		
Current income tax	–	185
Deferred income tax	(1,040)	(2,382)
	(1,040)	(2,197)

10 Earnings/(loss) per share

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the respective periods.

	Unaudited	
	Six months ended	
	30 September	
	2024	2023
Profit/(loss) attributable to equity holders of the Company (HK\$'000)	3,237	(24,913)
Weighted average number of ordinary shares for the purpose of calculating basic loss per share (thousands)	1,680,000	1,680,000
Basic earnings/(loss) per share (HK cents)	0.19	(1.48)

(b) Diluted

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

11 Dividends

The Board resolved not to declare interim dividend for the Period (2023: Nil).

12 Plant and equipment

	Unaudited	
	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
At 1 April	513,843	527,186
Additions	22,033	13,341
Disposals	(5)	–
Depreciation	(14,473)	(13,929)
	521,398	526,598

13 Trade and retention receivables

	Unaudited	Audited
	30 September	31 March
	2024	2024
	HK\$'000	HK\$'000
Trade receivables (note (a))	136,394	83,531
Retention receivables (note (b))	69,107	55,002
	205,501	138,533
Less: loss allowance (note (c))	(42,613)	(17,667)
	162,888	120,866

13 Trade and retention receivables (Continued)

Notes:

- (a) The credit period granted to trade customers other than for retention receivables generally ranged from 45 to 90 days. The terms and conditions in relation to the release of retention vary from contract to contract, which may be subject to practical completion, the expiry of the defect liability period or a pre-agreed time period. The Group does not hold any collateral as security.

Approximately 100% trade receivables aged within 30 days as at 30 September 2024 had been settled up to the date of this report. The ageing analysis of trade receivables based on invoice date is as follows:

	Unaudited 30 September 2024 HK\$'000	Audited 31 March 2024 HK\$'000
1 to 30 days	95,488	46,909
91 to 180 days	3,126	5,650
181 to 365 days	21,452	–
More than 365 days	16,328	30,972
	<hr/> 136,394	<hr/> 30,972
Total	<hr/> 136,394	<hr/> 83,531

- (b) As at 30 September 2024 and 31 March 2024, there were no retention receivables which were past due.

13 Trade and retention receivables (Continued)*Notes: (Continued)*

- (c) Movement in the provision for impairment of trade and retention receivables are as follows:

	Unaudited	
	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
At 1 April	17,667	17,667
Provision for impairment of trade and retention receivables	24,946	–
At 30 September	42,613	17,667

Two customers were unable to settle the outstanding contract fees accordingly to the payment schedule agreed with the Group. Specific assessment was performed by the management on the recoverability of outstanding receivables in relation to each project and made additional provision for impairment of trade and retention receivables in the amount of approximately HK\$25 million. The management has taken into account the then most recent progress of negotiation with these customers and the settlements received and/or expected payment schedule in its assessment on the recoverability and adequacy of provisions.

14 Share capital and reserves

There had been no change in the share capital of the Company during the Period.

15 Trade and retention payables

	Unaudited	Audited
	30 September	31 March
	2024	2024
	HK\$'000	HK\$'000
Trade payables	96,233	69,411
Retention payables	20,173	17,559
	116,406	86,970

15 Trade and retention payables (Continued)

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

	Unaudited 30 September 2024 HK\$'000	Audited 31 March 2024 HK\$'000
0 to 30 days	36,070	22,137
31 to 60 days	14,694	7,893
61 to 90 days	3,849	1,829
91 to 180 days	3,920	494
181 to 365 days	1,122	876
More than 365 days	36,578	36,182
	96,233	69,411

16 Borrowings

	Unaudited 30 September 2024 HK\$'000	Audited 31 March 2024 HK\$'000
Non-current		
Long-term bank loans	13,998	20,544
Current		
Short-term bank loans	125,288	61,807
Current portion of long-term bank loans due for repayment within one year	14,585	57,186
	139,873	118,993
Total borrowings	153,871	139,537

17 Capital commitments

There was no capital expenditure contracted but not yet incurred as at 30 September 2024 and 31 March 2024.

18 Related party transactions

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

(a) *Rental expenses paid to related parties recognised in statement of comprehensive income*

	Unaudited	
	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Rental expenses to Cheer Crown Property Holdings Limited	2,280	2,160
Rental expenses to East Ascent Enterprise Limited	23	23
Rental expenses to Cheer Profit International Enterprise Limited	23	23
Rental expenses to Long Ascent Development Limited	300	300
Rental expenses to Cheer Wealth International Development Limited	438	438
Rental expenses to Healthy World Investment Limited	300	300
	3,664	3,604

(b) *Purchase of motor vehicle from a related party*

	Unaudited	
	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Purchase of motor vehicle from Redland Precast Concrete Products Limited	–	40
	–	40

Purchase of motor vehicle was paid to a company beneficially wholly-owned by a director of the Company.

18 Related party transactions (continued)*(c) Interest expenses payable to a related party*

	Unaudited	
	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Interest expenses payable to a related company	3,041	3,123

Interest expenses was payable to a related company, Sam Woo Ship Building Limited, in respect of the amount due to a related company.

(d) Balance – non-trade

	Unaudited	Audited
	30 September	31 March
	2024	2024
	HK\$'000	HK\$'000
Payable to a related company: Sam Woo Ship Building Limited	90,000	100,000