

Shun Wo Group Holdings Limited 汛和集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1591



2024
INTERIM REPORT

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Wong Yan Hung (*Chairman*)
Mr. Wong Tony Yee Pong (*Chief executive officer*)
Mr. Lai Kwok Fai (*Chief operating officer*)

Independent Non-Executive Directors

Mr. Law Ka Ho
Mr. Leung Wai Lim
Mr. Tam Wai Tak Victor

AUDIT COMMITTEE

Mr. Tam Wai Tak Victor (*Chairman*)
Mr. Law Ka Ho
Mr. Leung Wai Lim

REMUNERATION COMMITTEE

Mr. Law Ka Ho (*Chairman*)
Mr. Leung Wai Lim
Mr. Wong Tony Yee Pong

NOMINATION COMMITTEE

Mr. Wong Yan Hung (*Chairman*)
Mr. Law Ka Ho
Mr. Tam Wai Tak Victor

COMPANY SECRETARY

Ms. To Kit Man

AUTHORISED REPRESENTATIVES

Mr. Wong Tony Yee Pong
Ms. To Kit Man

REGISTERED OFFICE

Windward 3
Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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68 Shaaukeiwan Road
Hong Kong

LEGAL ADVISER

David Fong & Co.
Solicitors, Hong Kong
Unit A, 12/F
China Overseas Building
139 Hennessy Road
Wan Chai
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3
Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F
148 Electric Road
North Point
Hong Kong

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31/F, Gloucester Tower
The Landmark
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Hong Kong

PRINCIPAL BANK

Bank of China (Hong Kong) Limited

COMPANY'S WEBSITE

www.swgrph.com

STOCK CODE

1591

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

The Group has more than 20 years history in Hong Kong foundation industry, specialising in excavation and lateral support works, socketed H-piling and mini-piling works and pile caps construction works. Hop Kee Construction Company Limited ("**Hop Kee**"), the principal operating subsidiary, is registered under the Buildings Ordinance as a Registered Specialist Contractor under the sub-register of "Foundation Works" and "Site Formation Works" category since December 2009.

As at 30 September 2024, the Group had a total of 10 ongoing projects (including projects that have commenced but not completed as well as projects that have been awarded but not yet commenced) undertaken with the original contract sum of approximately HK\$203.7 million.

During the Period, the Group reported a net loss of approximately HK\$5.1 million compared to a net profit of approximately HK\$32.9 million for the corresponding period in 2023. The turnaround of financial performance was mainly attributable to the dramatic decrease in revenue and significant input amount of direct material and direct overhead for new foundation projects. The increase in expected credit loss on trade receivables and contract assets of approximately HK\$3.9 million further deepen the loss for the Period. Fortunately, benefiting from the high interest rate, the Group recorded approximately HK\$2.0 million interest income, representing an increase of approximately HK\$1.3 million as compared with corresponding period in 2023. Furthermore, the Group earned a management fee of approximately HK\$2.4 million in which the project was awarded in early 2024. Consequently, the Group recorded a net loss of approximately HK\$5.1 million in the Period.

Throughout the Period, the Group operated under the pressure of fierce competition in foundation industry and sluggish local economy. Amid adversities, the management team actively expanded its customer base by way of flexible pricing strategy and implementation of sound cost control measures. The Group remains positive about the prospects of foundation industry in Hong Kong. The scrapping of cooling measures and recent downtrend in interest rate is expected to release purchasing power from current sluggish property market. In the coming second half year, we will continue to explore new potential business opportunities and revenue streams with a view to enhance our shareholders' overall long-term returns.

FINANCIAL REVIEW

Revenue

For the Period, the revenue of the Group has sharply decreased by approximately HK\$170.8 million, or approximately 72.7% compared to the corresponding period in 2023, from approximately HK\$234.8 million to approximately HK\$64.0 million. The significant decline was mainly because several sizable foundation projects awarded in prior years were substantially completed and the newly awarded foundation projects were at initial stages during the Period.

Gross Profit and Gross Profit Margin

For the Period, the gross profit of the Group has decreased by approximately HK\$39.3 million compared to the corresponding period in 2023, from approximately HK\$44.3 million to approximately HK\$5.0 million. The gross profit margin has dropped by 11.0 percentage points to approximately 7.9% compared to the corresponding period in 2023 of approximately 18.9%. The fall in gross profit margin is attributable to the decline in revenue and the high amount of direct material cost and direct overhead incurred at the early stage of the newly awarded foundation projects during the Period.

Other income and other gains

For the Period, the other income and other gains have increased by approximately HK\$4.2 million compared to the corresponding period in 2023, from approximately HK\$0.7 million to approximately HK\$4.9 million. The other income and other gains represent the interest income earned on bank deposits of approximately HK\$2.0 million and project management fee of approximately HK\$2.4 million during the Period.

Management Discussion and Analysis

Administrative and other operating expenses

For the Period, the administrative and other operating expenses had decreased by approximately HK\$0.1 million as compared to the corresponding period in 2023. The decrease was due to the effectiveness of continuous overhead control during the Period.

Impairment losses on financial assets and contract assets

For the Period, the Group recorded an impairment losses on financial assets and contract assets of approximately HK\$4.0 million as compared to impairment losses approximately HK\$0.1 million to the corresponding period in 2023. This is a result of an increase in expected credit loss on trade receivables and contract assets.

Income tax expense

No income tax expense but a deferred tax expense of approximately HK\$0.2 million was recorded for a wholly-owned subsidiary of the Group in the Period. A provision of Hong Kong Profits Tax expense of approximately HK\$1.2 million was made for such subsidiary, which is based on its estimated assessable profit after deduction of brought forward tax losses at Hong Kong's applicable tax rate of 16.5%, in the corresponding period in 2023.

Net (loss)/profit

As a result of the aforesaid, the Group reported a net loss of approximately HK\$5.1 million compared to a net profit of approximately HK\$32.9 million to the corresponding period in 2023.

LIQUIDITY, FINANCIAL POSITION AND CAPITAL STRUCTURE

On 13 September 2024, the Company held an annual general meeting and an ordinary resolution was passed to approve the consolidation of every ten issued and unissued ordinary shares of par value of HK\$0.01 each in the share capital of the Company into one consolidated share of par value of HK\$0.10 each in the share capital of the Company. The share consolidation became effective on 17 September 2024 and the total number of issued shares of the Company became 400,000,000 shares. For details of the share consolidation, please refer to the announcements of the Company dated 23 July 2024 and 13 September 2024, and the circular of the Company dated 5 August 2024.

As at 30 September 2024, the Group had total bank balances deposit of approximately HK\$82.2 million (31 March 2024: approximately HK\$93.4 million).

As at 30 September 2024, the Group had no debts outstanding (31 March 2024: Nil).

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements all the time.

GEARING RATIO

As at 30 September 2024, the gearing ratio (calculated as total borrowings divided by the total equity) was nil (31 March 2024: Nil).

PLEDGE OF ASSETS

As at 30 September 2024, the Group had approximately HK\$6.5 million of bank deposit being pledged to secure the banking facilities granted to the Group (31 March 2024: HK\$6.5 million).

Management Discussion and Analysis

EXPOSURE TO FOREIGN EXCHANGE RATE RISKS

As at 30 September 2024, the Group had approximately HK\$19.5 million bank deposits denominated in United States dollar (31 March 2024: Nil). Since Hong Kong dollar is pegged to United States dollar, the Group's exposure to the currency risk of United States dollar is not material.

Save as disclosed above, the Group only operates in Hong Kong and all of the revenue and transactions arising from its operations were settled in Hong Kong dollar, the Directors are of the view that the Group's foreign exchange rate risks is minimal. Thus, the Group has not entered into any derivative contracts to hedge against the foreign exchange rate risk for the Period.

CAPITAL EXPENDITURE

During the Period, the Group invested approximately HK\$6.8 million in the purchase of property, plant and equipment. All these capital expenditures were financed by internal resources (30 September 2023: approximately HK\$1.1 million).

SURETY BONDS AND CONTINGENT LIABILITIES

Certain customers of construction contracts undertaken by the Group require the Group entity to issue guarantees for the performance of contracts in the form of surety bonds secured by pledged bank deposits.

As at 30 September 2024, the Group has outstanding surety bonds of approximately HK\$20.7 million (31 March 2024: approximately HK\$19.0 million). The surety bonds will be released upon the completion of the contracting works.

Saved as disclosed above, as at 30 September 2024, the Group did not have any other material contingent liabilities.

MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Period, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies.

SIGNIFICANT INVESTMENT

During the Period, the Group had no significant investment.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as otherwise disclosed in this report, the Group does not have any other plans for material investments or capital assets.

INTERIM DIVIDEND

The Board has resolved not to recommend the declaration of any interim dividend for the Period.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2024, the Group employed a total of 59 full-time employees (including executive Directors) as compared to a total of 54 full-time employees as at 31 March 2024. Remuneration is determined with reference to the market terms and the performance, qualifications and experience of the individual employee. In addition to basic salary, performance-linked bonus is offered to those staff with special contributions to the Group, in order to attract and retain capable employees. The total remuneration cost incurred by the Group for the Period was approximately HK\$15.4 million compared to approximately HK\$18.6 million to the corresponding period in 2023.

EVENTS AFTER THE PERIOD

There is no important event affecting the Group after the Period and up to the date of this report.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	Notes	For the six months ended 30 September	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	4	64,040	234,849
Direct costs		(59,008)	(190,558)
Gross profit		5,032	44,291
Other income and other gains	4	4,857	709
Administrative and other operating expenses		(10,747)	(10,799)
Impairment losses on financial assets and contract assets, net		(4,030)	(121)
(Loss)/profit from operation		(4,888)	34,080
Finance cost		(9)	–
(Loss)/profit before income tax	5	(4,897)	34,080
Income tax expense	6	(180)	(1,150)
(Loss)/profit and total comprehensive (expense)/income for the period attributable to owners of the Company		(5,077)	32,930
(Loss)/earnings per share attributable to owners of the Company			
— Basic and diluted (loss)/earnings per share (HK cents)	7	(1.27)	8.23 (Restated)

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)
ASSETS			
Non-current assets			
Property, plant and equipment	9	15,892	12,580
Right-of-use assets		843	34
		16,735	12,614
Current assets			
Contract assets	10	38,774	40,342
Trade and other receivables	11	48,942	50,600
Pledged bank deposit	12	6,548	6,460
Bank balances and cash	13	82,173	93,395
		176,437	190,797
Total assets		193,172	203,411
EQUITY			
Equity attributable to owners of the Company			
Capital and reserves			
Share capital	14	40,000	40,000
Reserves		100,636	105,713
Total equity		140,636	145,713
LIABILITIES			
Current liabilities			
Trade and other payables	15	24,602	30,775
Lease liability		446	-
Contract liabilities		23,607	23,607
Income tax payable		2,162	2,162
		50,817	56,544
NON-CURRENT LIABILITIES			
Lease liability		385	-
Deferred tax liabilities		1,334	1,154
		1,719	1,154
Total liabilities		52,536	57,698
Total equity and liabilities		193,172	203,411
Net current assets		125,620	134,253
Net assets		140,636	145,713

Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
Balance as at 31 March 2024 (Audited)	40,000	56,625	198	48,890	145,713
Loss and total comprehensive expense for the period	-	-	-	(5,077)	(5,077)
Balance as at 30 September 2024 (Unaudited)	40,000	56,625	198	43,813	140,636
Balance as at 31 March 2023 (Audited)	40,000	56,625	198	9,425	106,248
Profit and total comprehensive income for the period	-	-	-	32,930	32,930
Balance as at 30 September 2023 (Unaudited)	40,000	56,625	198	42,355	139,178

Condensed Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	For the six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Cash flows from operating activities and net cash (used in)/generated from operating activities	(5,670)	19,409
Cash flows from investing activities		
Interest received	1,397	622
Increase in pledged bank deposit	(88)	(179)
Purchases of property, plant and equipment	(6,782)	(1,068)
Proceeds from disposal of property, plant and equipment	-	26
Net cash used in investing activities	(5,473)	(599)
Cash flows from financing activity		
Payment of lease liability	(79)	-
Net cash used in financing activity	(79)	-
Net (decrease)/increase in cash and cash equivalents	(11,222)	18,810
Cash and cash equivalents at the beginning of period	93,395	45,040
Cash and cash equivalents at the end of period	82,173	63,850
Analysis of cash and cash equivalents		
Pledged bank deposit and bank balances and cash	88,721	70,167
Less: pledged bank deposit	(6,548)	(6,317)
Cash and cash equivalents	82,173	63,850

Notes to the Condensed Consolidated Financial Statements

1. GENERAL INFORMATION

The Company is an investment holding company. The Group is principally engaged in undertaking foundation works in Hong Kong.

The Company was incorporated in the Cayman Islands on 3 May 2016 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares (the “**Shares**”) were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 28 September 2016.

As at 30 September 2024, its parent and ultimate holding company is May City Holdings Limited (“**May City**”), a company incorporated in the British Virgin Islands (the “**BVI**”) and owned as to 40% by Mr. Wong Yan Hung (“**Mr. YH Wong**”), 30% by Mr. Wong Tony Yee Pong (“**Mr. Tony Wong**”) and 30% by Mr. Lai Kwok Fai (“**Mr. Lai**”).

The address of the registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and the principal place of business of the Company is Flat A, 7th Floor, Sai Wan Ho Plaza, 68 Shaukeiwan Road, Hong Kong.

The unaudited interim results for the Period have been reviewed by the Company’s audit committee.

2. BASIS OF PREPARATION

The condensed consolidated financial statements for the Period have been prepared in accordance with the Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis and presented in Hong Kong dollars (“**HKS**”), which is the same as the functional currency of the Company.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2024 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2024.

3.1 Changes in accounting policy and disclosures

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatory effective for the annual period beginning on or after 1 April 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Related Amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the new and amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance 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

4. REVENUE, OTHER INCOME AND OTHER GAINS AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents construction contract receipts in the ordinary course of business. Revenue, other income and other gains recognised during the respective periods are as follows:

	For the six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue		
Main contracting	47,937	163,659
Sub-contracting	16,103	71,190
	64,040	234,849
Other income and other gains		
Project management fee	2,439	–
Interest income	1,983	673
Gain on disposal of property, plant and equipment	–	26
Others	435	10
	4,857	709

Disaggregation of revenue from contracts with customers

	For the six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Timing of revenue recognition		
Over-time	64,040	234,849
Types of goods or services		
Foundation work services	64,040	234,849

Segment information

The chief operating decision-maker has been identified as the Board. The Board regards the Group's business as a single operating segment and reviews condensed consolidated financial information accordingly. Also, the Group only engages its business in Hong Kong and all the non-current assets of the Group are located in Hong Kong. Therefore, no segment and geographical information is presented.

Notes to the Condensed Consolidated Financial Statements

5. (LOSS)/PROFIT BEFORE INCOME TAX

	For the six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Included in direct costs:		
Depreciation of property, plant and equipment	2,560	2,532
Staff costs	9,962	12,810
Expense relating to short-term leases not included in the measurement of lease liabilities	196	140
Included in administrative and other operating expenses:		
Depreciation of property, plant and equipment	910	791
Depreciation of right-of-use assets	92	17
Expense relating to short-term leases not included in the measurement of lease liabilities	1,498	1,522
Staff costs, including directors' emoluments	5,431	5,806

6. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax was made since the Group had no assessable profit during the Period (30 September 2023: Hong Kong Profits Tax of the Group has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for the period).

	For the six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Current income tax		
— Hong Kong Profits Tax	—	1,150
Deferred tax	180	—
	180	1,150

Notes to the Condensed Consolidated Financial Statements

7. (LOSS)/EARNINGS PER SHARE

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

	For the six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited) (Restated)
(Loss)/profit		
(Loss)/profit for the purposes of basic and diluted (loss)/earnings per share:		
(Loss)/profit for the period attributable to owners of the Company	(5,077)	32,930
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted (loss)/earnings per share	400,000	400,000

Note:

The weighted average number of ordinary shares for the six months ended 30 September 2024 and 2023 has been adjusted to account for the effect of share consolidation of the Company (as detailed in Note 14 below) which became effective on 17 September 2024.

The diluted (loss)/earnings per share were the same as the basic (loss)/earnings per share as there were no dilutive potential ordinary shares in issue during the relevant periods.

8. DIVIDENDS

No interim dividend was proposed by the Board for the Period (30 September 2023: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group invested approximately HK\$6,782,000 in the purchase of property, plant and equipment (30 September 2023: approximately HK\$1,058,000).

Notes to the Condensed Consolidated Financial Statements

10. CONTRACT ASSETS

	As at 30 September 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
Contract assets	41,459	41,769
Less: allowance for credit losses	(2,685)	(1,427)
	38,774	40,342

Notes:

- (a) The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on factors other than passage of time. The contract assets are transferred to trade receivables when the rights become unconditional.
- (b) The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.
- (c) The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for contract assets. To measure the expected credit losses, contract assets have been grouped based on same credit risk characteristics.

11. TRADE AND OTHER RECEIVABLES

	As at 30 September 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
Trade receivables	22,615	35,793
Less: allowance for credit losses	(2,990)	(218)
	19,625	35,575
Other receivables, deposits and prepayments	29,317	15,025
	48,942	50,600

Notes to the Condensed Consolidated Financial Statements

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes:

- The credit period granted to customers ranges from 30 days to 45 days (31 March 2024: 30 days to 45 days) generally. Trade receivables are denominated in HK\$.
- The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for trade receivables. To measure the expected credit losses, these receivables have been grouped based on same credit risk characteristics.
- The ageing analysis of the trade receivables, net of allowance for credit losses based on date of payment certificates issued by customers or invoice date, whichever is applicable, are as follows:

	As at 30 September 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
0–30 days	7,023	26,728
31–60 days	8,010	5,709
61–90 days	1,030	3,138
Over 90 days	3,562	–
	19,625	35,575

12. PLEDGED BANK DEPOSIT

	As at 30 September 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
Pledged bank deposit	6,548	6,460

13. BANK BALANCES AND CASH

	As at 30 September 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
Cash at banks	30,423	1,303
Bank deposits	51,750	92,092
Bank balances and cash	82,173	93,395

Notes to the Condensed Consolidated Financial Statements

14. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each (before share consolidation) and HK\$0.10 each (after share consolidation)		
As at 31 March 2024 (Audited)	10,000,000,000	100,000
Share consolidation (Note)	(9,000,000,000)	–
As at 30 September 2024 (Unaudited)	1,000,000,000	100,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each (before share consolidation) and HK\$0.10 each (after share consolidation)		
As at 31 March 2024 (Audited)	4,000,000,000	40,000
Share consolidation (Note)	(3,600,000,000)	–
As at 30 September 2024 (Unaudited)	400,000,000	40,000

Note:

On 23 July 2024, the directors of the Company proposed to implement a share consolidation on the basis that every ten issued and unissued shares of HK\$0.01 each would be consolidated into one consolidated share of HK\$0.10 each.

Pursuant to an ordinary resolution passed on 13 September 2024, the share consolidation was approved by the shareholders of the Company and has become effective on 17 September 2024. Immediately after the share consolidation, the total number of issued share capital of the Company was adjusted from 4,000,000,000 to 400,000,000.

Notes to the Condensed Consolidated Financial Statements

15. TRADE AND OTHER PAYABLES

	As at 30 September 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
Trade payables	9,326	12,758
Retention payables	10,163	10,516
Accruals and other payables	5,113	7,501
	24,602	30,775

Notes:

- (a) Payment terms granted by suppliers are generally within 2 months.

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

	As at 30 September 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
0–30 days	6,713	8,501
31–60 days	–	3,130
61–90 days	448	12
Over 90 days	2,165	1,115
	9,326	12,758

- (b) All trade and other payables are denominated in HK\$.

16. RELATED PARTIES TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in making financial or operational decisions. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

- (a) **The Directors are of the view that the following companies that had transactions with the Group are related parties:**

Name	Relationship with the Group
Hop Kee Development Co., Limited	A related company owned by Mr. YH Wong and Mr. Tony Wong as to 50% and 30% respectively.
Shun Tai Holdings Limited	A related company owned by Mr. YH Wong, Mr. Tony Wong and Mr. Lai as to 40%, 30% and 30% respectively.

Notes to the Condensed Consolidated Financial Statements

16. RELATED PARTIES TRANSACTIONS (CONTINUED)

(b) Transactions with related parties

	For the six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Rental of office premises, car park and warehouse paid to: Hop Kee Development Co., Limited	265	343
Shun Tai Holdings Limited	1,202	1,148

Note:

The rental expenses for office premises, car park and warehouse payable to the above related parties are based on the agreements entered into between the parties involved with lease term of 12 months.

(c) Compensation of key management personnel of the Group:

	For the six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Short-term employee benefits	3,125	2,675
Post-employment benefits	9	24
	3,134	2,699

17. CAPITAL COMMITMENTS

	As at 30 September 2024 HK\$'000 (Unaudited)	As at 31 March 2024 HK\$'000 (Audited)
	Capital expenditure contracted for but not provided in the consolidated financial statements in respect of: — Property, plant and equipment	—

18. SURETY BONDS AND CONTINGENT LIABILITIES

Certain customers of construction contracts undertaken by the Group require the Group entity to issue guarantees for the performance of contracts in the form of surety bonds secured by pledged bank deposits or a corporate indemnity issued by insurance companies secured by pledged deposit.

As at 30 September 2024, the Group has outstanding surety bonds of approximately HK\$20,670,000 (31 March 2024: approximately HK\$18,969,000). The surety bonds will be released upon completion of the contracting works.

Saved as disclosed above, as at 30 September 2024, the Group did not have any other material contingent liabilities.

Corporate Governance/ Other Information

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND THE ASSOCIATED CORPORATIONS

As at 30 September 2024, the interests and short positions of the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which, pursuant to section 352 of the SFO, have been entered in the register referred to therein, or have been, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in the Listing Rules, notified to the Company and the Stock Exchange, were as follows:

i. Long position in our shares

Name of Directors	Capacity/Nature	Number of shares held/interested	Percentage of shareholding
Mr. Wong Yan Hung	Interest in a controlled corporation (Note)	204,000,000	51.0%
Mr. Wong Tony Yee Pong	Interest in a controlled corporation (Note)	204,000,000	51.0%
Mr. Lai Kwok Fai	Interest in a controlled corporation (Note)	204,000,000	51.0%

Note:

These 204,000,000 shares are held by May City Holdings Limited ("**May City**"), the entire issued share capital of which is owned as to 40% by Mr. Wong Yan Hung, 30% by Mr. Wong Tony Yee Pong and 30% by Mr. Lai Kwok Fai. Mr. Wong Yan Hung, Mr. Wong Tony Yee Pong and Mr. Lai Kwok Fai have had a mutual understanding all along to jointly control the Group and thus they are presumed to be acting in concert (within the meaning of the Codes on Takeovers and Mergers and Share Buy-backs (the "**Takeovers Code**")). Therefore, each of Mr. Wong Yan Hung, Mr. Wong Tony Yee Pong and Mr. Lai Kwok Fai is deemed, or taken to be, interested in all the shares held by May City for the purposes of the SFO. Each of Mr. Wong Yan Hung, Mr. Wong Tony Yee Pong and Mr. Lai Kwok Fai is a director of May City.

ii. Long position in the shares of associated corporation

Name of Directors	Name of associated corporation	Capacity/Nature	Number of shares held/interested in	Percentage of interest
Mr. Wong Yan Hung	May City	Beneficial interest	40	40.0%
Mr. Wong Tony Yee Pong	May City	Beneficial interest	30	30.0%
Mr. Lai Kwok Fai	May City	Beneficial interest	30	30.0%

Save as disclosed above, as at 30 September 2024, none of the Directors or chief executives had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange under the Model Code.

Corporate Governance/ Other Information

SUBSTANTIAL AND OTHER SHAREHOLDERS' INTEREST AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

To the best of the Company's knowledge, as at 30 September 2024, the following shareholders (not being a Directors or chief executives of the Company disclosed above) had interest in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or as otherwise notified to the Company:

Name	Capacity/Nature	Number of shares held/ interested in	Percentage of interest
May City	Beneficial interest (Note 1)	204,000,000	51.0%
Ms. Choi Mei Chu	Interest of spouse (Note 2)	204,000,000	51.0%
Ms. Lee Pik Yu, Kenji	Interest of spouse (Note 3)	204,000,000	51.0%
Ms. Mak Kit Ling	Interest of spouse (Note 4)	204,000,000	51.0%
Kingkey Investment Fund SPC — Kingkey Global Equity I Fund SP	Beneficial interest	20,400,000	5.1%

Notes:

1. These 204,000,000 shares are held by May City, the entire issued share capital of which is owned as to 40% by Mr. Wong Yan Hung, 30% by Mr. Wong Tony Yee Pong and 30% by Mr. Lai Kwok Fai. Mr. Wong Yan Hung, Mr. Wong Tony Yee Pong and Mr. Lai Kwok Fai have had a mutual understanding all along to jointly control the Group and thus they are presumed to be acting in concert (within the meaning of the Takeovers Code). Therefore, each of Mr. Wong Yan Hung, Mr. Wong Tony Yee Pong and Mr. Lai Kwok Fai is deemed, or taken to be, interested in all the shares held by May City for the purposes of the SFO. Each of Mr. Wong Yan Hung, Mr. Wong Tony Yee Pong and Mr. Lai Kwok Fai is a director of May City.
2. Ms. Choi Mei Chu is the spouse of Mr. Wong Yan Hung and is deemed or taken to be interested in all the shares in which Mr. Wong Yan Hung has, or is deemed to have, an interest for the purposes of the SFO.
3. Ms. Lee Pik Yu, Kenji is the spouse of Mr. Wong Tony Yee Pong and is deemed or taken to be interested in all the shares in which Mr. Wong Tony Yee Pong has, or is deemed to have, an interest for the purposes of the SFO.
4. Ms. Mak Kit Ling is the spouse of Mr. Lai Kwok Fai and is deemed or taken to be interested in all the shares in which Mr. Lai Kwok Fai has, or is deemed to have, an interest for the purposes of the SFO.

Save as disclosed above, as at 30 September 2024, no other persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "**Share Option Scheme**") on 3 September 2016. The main purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group. No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 3 September 2016 and there was no outstanding share option as at 30 September 2024.

Corporate Governance/ Other Information

COMPETING INTERESTS

The Directors confirm that neither the Directors nor the controlling shareholders of the Company nor their respective close associates is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business during the Period, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining good corporate governance to safeguard the interest of shareholders and to achieve effective accountability. The Company has adopted and applied the principles as set out in "Part 2 — Principles of good corporate governance, code provisions and recommended best practices" of the corporate governance code (the "CG Code") contained in Appendix C1 of the Listing Rules. To the best knowledge of the Board, the Company has complied with all the applicable code provisions as set out in the CG Code during the Period and up to the date of this report.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of the Directors, all the Directors have confirmed that they have complied with the required Model Code's standard during the Period and up to the date of this report.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this report, at no time during the Period was the Company or any its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, underlying shares, the Company or any other body corporate.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SECURITIES

- During the Period and up to the date of this report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

- No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Period.

SUFFICIENCY OF PUBLIC FLOAT

- Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient amount of public float for its shares as required under the Listing Rules during the Period and up to the date of this report.

Corporate Governance/ Other Information

AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) on 3 September 2016 with written terms of reference in compliance with the CG Code. The primary duties of the Audit Committee are to review the financial information of the Group, oversee the Group’s financial reporting system, risk management and internal control procedures, provide advice and comments to the Board, and monitor the independence and objective of the external auditor.

The Audit Committee consists of three members who are all independent non-executive Directors, namely, Mr. Tam Wai Tak Victor, Mr. Law Ka Ho and Mr. Leung Wai Lim. Mr. Tam Wai Tak Victor is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited interim results for the Period. The Audit Committee was of the opinion that the preparation of such results complied with applicable accounting standards and requirements as well as the Listing Rules and adequate disclosures have been made.

APPRECIATION

The Board would like to take this opportunity to express its sincere gratitude to the management team and staff for their hard work and contributions, and to our shareholders, investors and business partners for their trust and support.

By Order of the Board

Shun Wo Group Holdings Limited
Wong Yan Hung

Chairman

Hong Kong, 26 November 2024