



Kwan On Holdings Limited 均安控股有限公司

(incorporated in the Cayman Islands with limited liability)
Stock Code: 1559




INTERIM REPORT
2023



CONTENTS

2	Management Discussion and Analysis
6	Corporate Governance and Other Information
12	Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
14	Condensed Consolidated Statement of Financial Position
16	Condensed Consolidated Statement of Changes in Equity
17	Condensed Consolidated Statement of Cash Flows
18	Notes to the Condensed Consolidated Financial Statements
34	Corporate Information



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group has encountered substantial challenges in the civil engineering sector, mainly stemming from industry-wide labor shortages and inflationary trends affecting material and labor costs. These difficulties have led to delays in project timelines, impacting the certification of completed project works' income by our employer. Consequently, the Group faced difficulties in making timely payments to subcontractors, necessitating the use of internal cash flow for urgent payments to sustain project momentum. This situation unavoidably caused further delays in project completion. Furthermore, the extended on-site presence of project staff has resulted in increased overhead costs for the Group.

During the reporting period, the Group incurred a gross loss of approximately HK\$19.3 million, an improvement from the gross loss of approximately HK\$29.7 million reported for the same period last year. The management diligently monitored the situation and implemented measures to review routine operating costs and curtail unnecessary overhead expenses. Despite these efforts, the directors of the Company (the “**Directors**”) maintain the perspective that the civil engineering industry in Hong Kong will remain challenging in 2023 due to intense competition within the construction sector for government contracts.

Through harnessing the robust business network of our largest shareholder and leveraging the expertise of our project management team, the Group actively pursued business prospects in both the Mainland China and the Overseas constructions markets. Notably, during the Reporting Period, contracts in Mainland China and Malaysia yielded a revenue of HK\$88.2 million, with a gross profit of HK\$10.1 million.

In the property development segment, the Group possesses two adjoining parcels of land located at 550 Jorge Bocobo Extension, Ermita, Manila, National Capital Region, the Philippines (referred to as the “**Property**”). The planned development for these parcels includes a gross floor area of approximately 128,132.00 sq.m and a saleable area of approximately 104,294.00 sq.m. The global epidemic had a significant economic impact and caused market changes. However, the local project teams continued with ongoing design work and pre-construction preparations without interruption. The management had been closely monitoring market conditions, conducting updated market studies, and adjusting design plans accordingly. The Group was also exploring collaboration with a reputable international hotel brand to develop executive apartments and residences. Ongoing discussions are being held to finalize the plan and meet the brand's quality requirements. The management intends to finalize the design and construction plan in the near future to maximize the Property's development potential.

FINANCIAL REVIEW

Revenue

Revenue for the reporting period decreased to approximately HK\$187.7 million from HK\$210.4 million, primarily driven by a decrease of HK\$79.2 million in the trading business. However, for the construction-related segment, the Group's revenue surged to approximately HK\$187.7 million from HK\$131.2 million in the same period last year. This increase was predominantly attributed to revenue generated by private construction projects in Mainland China and Malaysia, contributing approximately HK\$88.2 million. Nonetheless, this positive effect was mitigated by a decline of approximately HK\$31.5 million in revenue from civil engineering works in Hong Kong.

Cost of Services

Cost of services for the Reporting Period decreased to approximately HK\$207.0 million from HK\$240.0 million, aligning with the decrease in respective revenue during this period.

Gross Loss

The Reporting Period witnessed a gross loss of approximately HK\$19.3 million (compared to approximately HK\$29.7 million in the six months ended 30 September 2022). This loss was primarily driven by a significant gross loss of approximately HK\$30.7 million (compared to approximately HK\$29.7 million in the six months ended 30 September 2022) in the civil engineering works projects in Hong Kong. However, this was partially offset by a gross profit of approximately HK\$11.0 million reported from a private construction contract in Malaysia.

Other Income

Other income amounted to approximately HK\$2.9 million (compared to approximately HK\$8.0 million in the six months ended 30 September 2022). The decrease was primarily due to the absence of the HKSAR government subsidy under the employment support scheme reported in the last Reporting Period.



Administrative Expenses

Administrative expenses for the Reporting Period were approximately HK\$27.6 million (compared to approximately HK\$17.6 million in the six months ended 30 September 2022). This increase was mainly driven by administrative costs of approximately HK\$6.7 million for the Malaysia operation managing the construction contracts. Additionally, staff costs for the Hong Kong office increased by approximately HK\$3.7 million compared to the same period last year.

Finance Costs

Finance costs for the Reporting Period totaled approximately HK\$5.8 million (compared to approximately HK\$4.2 million in the six months ended 30 September 2022). The increase was mainly attributed to the rise in bank interest rates on bank loans.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flows and facilities provided by banks. As at 30 September 2023, the Group had bank balances and cash of approximately HK\$32.9 million (31 March 2023: approximately HK\$47.6 million), while outstanding borrowings amounted to approximately HK\$169.6 million (31 March 2023: approximately HK\$170.0 million). Among such borrowings, approximately HK\$156.1 million (31 March 2023: approximately HK\$149.2 million) shall be repaid within one year; and approximately HK\$13.5 million (31 March 2023: approximately HK\$20.9 million) shall be repaid after one year. The change in bank balances and cash was mainly attributable to (i) net cash outflow from other operating activities approximately of HK\$39.5 million; (ii) cash outflow from net increase of pledged bank deposits amounted to approximately HK\$10.6 million; (iii) cash inflow from net increase of bank borrowings amounted to approximately HK\$1.8 million; (iv) net cash outflow from interest and finance charge paid of approximately HK\$9.9 million; and (v) net cash inflow from advance from a related company approximately HK\$43.8 million. As at 30 September 2023, the Group had pledged bank deposits of approximately HK\$106.1 million (31 March 2023: approximately HK\$95.5 million). The current ratio, calculated based on current assets divided by current liabilities, was approximately 1.39 times as at 30 September 2023 (31 March 2023: approximately 1.58 times). Gearing ratio, calculated based on net debt (including contract liabilities, lease liabilities, trade and other payables, amount due to other partners of joint operations, amount due to a related company, amount due to an associate, bank borrowings less bank balances and cash and pledged bank deposits) divided by total equity, was approximately 153.4% as at 30 September 2023 (31 March 2023: approximately 103.7%).

The Group mainly operates in Hong Kong, Philippines, Mainland China and Malaysia with most of the transactions originally denominated in the respective local currency. Foreign exchange risk arises when future commercial transactions or recognised financial assets or liabilities are denominated in a currency that is not the entity's functional currency. As at 30 September 2023, the Group is exposed to foreign exchange risk from various currencies, primarily with respect to Philippine peso ("**PHP**"), Renminbi ("**RMB**") and Malaysian Ringgit ("**MYR**").

Except for receivables in relation to a performance deposit paid to land owners and certain contract assets denominated in RMB, deposit paid to land owners and certain receivables denominated in PHP, which is approximately HK\$40.3 million, HK\$166.4 million, HK\$28.7 million and HK\$25.7 million respectively, the Group would not be exposed to any other significant exchange risk. Also, the Group currently does not use derivatives to hedge against the interest rate risk. However, the Group will monitor interest rate exposure and consider hedging significant interest rate exposure should the need arise.

As at 30 September 2023, the Group did not have any capital commitments (31 March 2023: Nil). As at 30 September 2023, the Group had no material contingent liabilities (31 March 2023: Nil).

CAPITAL STRUCTURE

The share capital of the Group only comprises of ordinary shares. There has been no change in the capital structure of the Group during the Reporting Period.

As at 30 September 2023, the Company's issued share capital was approximately HK\$18.7 million and the number of its issued ordinary shares was 1,869,159,962 of HK\$0.01 each.

EMPLOYMENT, TRAINING AND DEVELOPMENT

As at 30 September 2023, the Group had a total of 255 (31 March 2023: 284) employees, including the Directors. Remuneration of the employees is determined with reference to market terms and the performance, qualification and experience of individual employees. Staff costs for the Reporting Period were approximately HK\$53.4 million (six months ended 30 September 2022: approximately HK\$42.2 million). In addition to a basic salary, year-end discretionary bonuses are offered to those staff with outstanding performance to attract and retain eligible employees to contribute to the Group.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The board of directors (the “**Board**”) has adopted and complied with the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules (the “**Listing Rules**”) Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Company has complied with the code provisions in the CG Code during the Reporting Period.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules (the “**Model Code**”) as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all the Directors, all Directors have confirmed that they have complied with the required standards set out in the Model Code during the Reporting Period.

AUDIT COMMITTEE

The Company established an Audit Committee and the written terms of reference are available on the websites of the Stock Exchange and the Company. The Audit Committee consists of three Independent Non-executive Directors, namely Mr. Lum Pak Sum, Prof. Lam Sing Kwong Simon and Mr. Gong Zhenzhi. Mr. Lum Pak Sum is the chairman of the Audit Committee and has appropriate professional qualifications and experience in accounting matters.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the Reporting Period.

The Audit Committee has also reviewed this report, which was based on (i) the accounting policies and practices adopted by the Group, and (ii) the unaudited condensed consolidated financial statements of the Group for the Reporting Period.



DISCLOSURE OF INTERESTS

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 September 2023, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO were as follows:

Name	Capacity	Number of issued shares interested	Approximate percentage of the issued share capital of the Company
Mr. Chen Zhenghua (“Mr. Chen”) (Note 1)	Interest of controlled corporation	1,039,456,250 (L)	55.61%

Note:

1. The interests of Mr Chen was held by Sino Coronet Group Limited (“Sino Coronet”), which is a wholly-owned subsidiary of Jiangsu Provincial Construction Group Co., Ltd.* (江蘇省建築工程集團有限公司) (“Jiangsu Construction”), which in turn is owned as to 50% by Greenland Infrastructure Group Co., Ltd.* (綠地大基建集團有限公司) (“Greenland Infrastructure”), 35% by Jiangsu Huayuan Investment Group Ltd.* (江蘇華遠投資集團有限公司) (“Jiangsu Huayuan”) and 15% by Nanjing Urban Development & Equity Investment Partnership Corporation Ltd. (Limited Partnership)* (南京城開股權投資合夥企業 (有限合夥)) (“Nanjing Urban Development”). Jiangsu Huayuan is owned as to 99% by Mr. Chen and 1% by Ms. Dou Zhenghong.

* The English name is for identification purpose only.

Save as disclosed above, none of the Directors or chief executives of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or 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 pursuant to the required standard of dealings by directors of listed issuer referred to as Appendix 10 to the Listing Rules.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares, Underlying Shares and Debentures

The register of substantial shareholders required to be kept under Section 336 of Part XV of the SFO shows that as at 30 September 2023, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and chief executives of the Company.

Name	Capacity	Number of issued shares interested	Approximate percentage of the issued share capital of the Company
Sino Coronet Group Limited	Beneficial owner (Note 1)	1,039,456,250	55.61
Jiangsu Provincial Construction Group Co., Ltd.* 江蘇省建築工程集團有限公司	Interest of controlled corporation (Note 1)	1,039,456,250	55.61
Jiangsu Huayuan Investment Group Ltd.* 江蘇華遠投資集團有限公司	Interest of controlled corporation (Note 1)	1,039,456,250	55.61
Greenland Infrastructure Group Co., Ltd.* 綠地大基建集團有限公司	Interest of controlled corporation (Note 1)	1,039,456,250	55.61
Greenland Holding Group Co., Ltd.* 綠地控股集團有限公司	Interest of controlled corporation (Note 1)	1,039,456,250	55.61
Greenland Holdings Corporation Ltd.* 綠地控股集團股份有限公司 ("Greenland Holdings")	Interest of controlled corporation (Note 1)	1,039,456,250	55.61
Mr. Chen Zhenghua 陳正華 ("Mr. Chen")	Interest of controlled corporation (Note 1)	1,039,456,250	55.61

Notes:

1. The 1,039,456,250 Shares were held by Sino Coronet, which is wholly-owned by Jiangsu Construction, which in turn is owned as to 50% by Greenland Infrastructure, 35% by Jiangsu Huayuan and 15% by Nanjing Urban Development.

Greenland Infrastructure is wholly-owned by Greenland Holding Group Co., Ltd.* (綠地控股集團有限公司), which in turn is owned as to 95% by Greenland Holdings, a company established under the laws of the PRC and listed on the Shanghai Stock Exchange (stock code: 600606). Greenland Holdings is owned as to 25.88% by Shanghai Greenland Investment Corporation (Limited Partnership)* (上海格林蘭投資企業(有限合夥)), 25.82% by Shanghai Land (Group) Co., Ltd.* (上海地產(集團)有限公司) and 20.55% by Shanghai Municipal Investment (Group) Corporation* (上海城投(集團)有限公司).

Jiangsu Huayuan is owned as to 99% by Mr. Chen and 1% by Ms. Dou Zhenghong.

* The English name is for identification purpose only.

Save as disclosed above, the Company had not been notified by any persons (other than the Directors and chief executives of the Company) who had an interest or short position in the Shares, underlying Shares and 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 recorded in the register required to be kept by the Company under Section 336 of the SFO as at 30 September 2023.

SPECIFIC PERFORMANCE COVENANT ON CONTROLLING SHAREHOLDERS

- (i) On 28 June 2021, the Company as guarantor and through its wholly-owned subsidiary as borrower entered into a HK\$80 million loan facility agreement with a bank for a term of one year subjected to be reviewed ("**2021 Facility Agreement**").

Under the 2021 Facility Agreement, unless with the bank's written consent, Sino Coronet Group Limited shall remain to be the single major shareholder of the Company with shareholding interest, directly or indirectly, of not less than 25%.

- (ii) On 6 September 2019, the Company as guarantor and through its wholly-owned subsidiary as borrower entered into a HK\$30 million loan facility agreement with a bank for a term of one year subjected to be reviewed ("**2019 Facility Agreement**").

Under the 2019 Facility Agreement, unless with the bank's written consent, Sino Coronet Group Limited shall remain as the single largest shareholder of the Company.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any securities of the Company during the Reporting Period.

CHANGES IN INFORMATION OF DIRECTORS

Based on the confirmations obtained from the Directors, during the reporting period, there was no change in, and update to, the information regarding the Directors required to be disclosed pursuant to Rule 13.51B(1) of Listing Rules as at the date of this report.

DIVIDENDS

The Board has resolved not to declare an interim dividend for the Reporting Period (six months ended 30 September 2022: Nil).

RIGHTS ISSUE

On 3 August 2022, the Company announced a proposed rights issue on the basis of one rights share (the “**Rights Share**”) for every four existing Shares then held by the qualifying shareholders on the record date (25 August 2022, the “**Record Date**”) at the subscription price of HK\$0.15 per Rights Share (the “**Rights Issue**”). The Rights Issue was completed on 19 September 2022, and 285,159,962 fully-paid Rights Shares were allotted and issued accordingly. The gross proceeds raised from the Rights Issue was approximately HK\$42.77 million and the net proceeds was approximately HK\$41.27 million (“**Net Proceeds**”). The net price per Rights Share is approximately HK\$0.145. The closing price per Share on 3 August 2022 (being the date on which the terms of Rights Issue were fixed) is HK\$0.15.

The intended use and the actual use of the net proceeds raised from the Rights Issue are set out below:

	Proposed use of Net Proceeds <i>HK\$000</i>	Approximate percentage of Net Proceeds	Actual use of the Net Proceeds up to 30 September 2023 <i>HK\$000</i>	Amount unutilised as at 30 September 2023 <i>HK\$000</i>
The construction projects in Hong Kong	33,016	80%	33,016	–
General working capital	8,254	20%	8,254	–
Total	41,270	100%	41,270	–

For further information in relation to the Rights Issue, please refer to the announcements of the Company dated 3 August 2022, 11 August 2022 and 19 September 2022 and the prospectus of the Company dated 26 August 2022.

SHARE OPTION SCHEME

Shareholders of the Company have approved and adopted a share option scheme (the “**Scheme**”) on 16 March 2015.

A summary of the Scheme is set out below:

The Scheme became effective for a period of 10 years commencing on 16 March 2015. Under the Scheme, the directors of the Company shall, in its absolute discretion select, make an offer to any eligible participants to subscribe for shares of the Company at a subscription price being not less than the highest of (i) the closing price of shares of the Company as stated in the Stock Exchange’s daily quotation sheet on the offer date; or (ii) the average closing prices of the shares of the Company as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the offer date; and (iii) the nominal value of the share on the offer date. The offer of a grant of options may be accepted within 21 days from the date of the offer grant.

The maximum number of shares to be issued upon the exercise of all outstanding options granted at any time under the Scheme together with options which may be granted under any other share option schemes for the time being of the Company must not in aggregate exceed 10% of the issued share capital of the Company at the date of the shareholders’ approval of the option limit. No options have been granted since the adoption of the share option scheme.

APPRECIATION

The Board would like to take this opportunity to express its gratitude to all shareholders, customers, suppliers, business partners, banks, professional parties and employees of the Group for their continuous support.

By order of the Board
Kwan On Holdings Limited
Chen Zhenghua
Chairman

Hong Kong, 30 November 2023



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

	Notes	Six months ended 30 September 2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	5	187,737	210,353
Cost of services		(206,994)	(240,045)
Gross loss		(19,257)	(29,692)
Other income		2,926	7,953
Other gains and losses		–	24
Administrative expenses		(27,582)	(17,642)
Finance costs	6	(5,842)	(4,195)
Loss before tax		(49,755)	(43,552)
Income tax expense	7	(2,050)	(218)
Loss for the period	8	(51,805)	(43,770)
Other comprehensive expense			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Fair value (loss)/gain on financial assets at fair value through other comprehensive income		(11,374)	287
		(11,374)	287
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(9,684)	(37,803)
		(9,684)	(37,803)
Other comprehensive expense for the period		(21,058)	(37,516)

		Six months ended	
		30 September	
	<i>Notes</i>	2023	2022
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Total comprehensive expense for the period		(72,863)	(81,286)
Loss for the period attributable to:			
Owners of the Company		(51,535)	(43,470)
Non-controlling interests		(270)	(300)
		(51,805)	(43,770)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(72,639)	(81,175)
Non-controlling interests		(224)	(111)
		(72,863)	(81,286)
Loss per share			
– Basic and diluted (HK cents)	9	(2.76)	(2.71)



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	Notes	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	10	36,250	39,255
Right-of-use assets	11	5,308	9,229
Interest in associates		68	68
Financial assets at fair value through other comprehensive income	12	13,580	25,703
Other receivables	14	5,251	5,644
Deferred tax assets		3,181	3,181
		63,638	83,080
Current assets			
Inventories	13	160,924	164,787
Trade and other receivables	14	173,239	171,777
Contract assets		309,432	291,812
Pledged bank deposits		106,099	95,457
Bank balances and cash		32,876	47,624
		782,570	771,457
Current liabilities			
Contract liabilities		32,900	32,977
Trade and other payables	15	260,065	247,907
Amount due to a related company		72,930	29,156
Amount due to an associate		24	24
Amounts due to other partners of joint operations		5,834	4,056
Bank borrowings	16	156,148	149,150
Lease liabilities		6,233	8,170
Income tax payable		10,002	9,151
Provision		17,866	8,269
		562,002	488,860
Net current assets		220,568	282,597
Total assets less current liabilities		284,206	365,677

		30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Non-current liabilities			
Bank borrowings	16	13,496	20,872
Lease liabilities		601	2,836
Deferred tax liabilities		3,316	2,313
		17,413	26,021
NET ASSETS		266,793	339,656
Capital and Reserves			
Share capital	17	18,692	18,692
Reserves		250,187	322,826
Equity attributable to owners of the Company		268,879	341,518
Non-controlling interests		(2,086)	(1,862)
TOTAL EQUITY		266,793	339,656



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

	Attributable to owners of the Company										Non-controlling interests	Total
	Share capital	Share premium	Merger reserve	Translation reserve	Contributed surplus	Capital reserve	Revaluation reserve	Reserve fund	Retained earnings	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2023 (audited)	18,692	394,285	9,755	(16,315)	22,968	12,544	(15,780)	223	(84,854)	341,518	(1,862)	339,656
Loss for the period	-	-	-	-	-	-	-	-	(51,535)	(51,535)	(270)	(51,805)
Other comprehensive expense:												
Fair value change on financial asset at fair value through other comprehensive income	-	-	-	-	-	-	(11,374)	-	-	(11,374)	-	(11,374)
Exchange difference on translating foreign operations	-	-	-	(9,730)	-	-	-	-	-	(9,730)	46	(9,684)
At 30 September 2023 (unaudited)	18,692	394,285	9,755	(26,045)	22,968	12,544	(27,154)	223	(136,389)	268,879	(2,086)	266,793
At 1 April 2022 (audited)	15,840	355,478	9,755	(1,216)	22,968	12,544	(14,930)	-	27,088	427,527	(1,384)	426,143
Loss for the period	-	-	-	-	-	-	-	-	(43,470)	(43,470)	(300)	(43,770)
Other comprehensive income:												
Exchange difference on translating foreign operations	-	-	-	(37,992)	-	-	-	-	-	(37,992)	189	(37,803)
Fair value change on financial asset at fair value through other comprehensive income	-	-	-	-	-	-	287	-	-	287	-	287
Issue of right issue	2,852	39,922	-	-	-	-	-	-	-	42,774	-	42,774
At 30 September 2022 (unaudited)	18,692	395,400	9,755	(39,208)	22,968	12,544	(14,643)	-	(16,382)	389,126	(1,495)	387,631

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	Six months ended 30 September 2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(39,476)	(88,615)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(217)	(1,777)
Cash received for disposal of property, plant and equipment	–	36
Placement of pledged bank deposits	(10,642)	(3,123)
Bank interest received	276	816
NET CASH USED IN INVESTING ACTIVITIES	(10,583)	(4,048)
FINANCING ACTIVITIES		
Capital element of lease rentals paid	(4,076)	(3,268)
Interest element of lease rentals paid	(254)	(304)
New bank loans raised	252,413	364,351
Repayment of bank loans	(250,589)	(412,923)
Interest and finance charges paid	(5,588)	(5,414)
Proceed from issue right share	–	42,774
Advance from a related company	43,774	–
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	35,680	(14,784)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(14,379)	(107,447)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET	(369)	(323)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	47,624	149,353
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	32,876	41,583

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 6 December 2012, as an exempted company with limited liability under the Companies Law (2004 revision) Chapter 22 of the Cayman Islands. The registered office of the Company is located at the offices of Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, the Cayman Islands. The principal place of business is at Unit 3401, 118 Connaught Road West, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in the construction related business, property development and trading of chemical materials in Hong Kong and mainland China.

2. BASIS OF PREPARATION

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

The unaudited condensed consolidated financial statements for the Reporting Period have not been audited by the Company’s independent auditors, but have been reviewed by the Audit Committee of the Company.

The unaudited condensed consolidated financial statements for the Reporting Period are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

The preparation of an interim report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.



3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2023 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2023.

Application of new and amendments of HKFRSs

The Group has applied the following amendments to HKFRSs for the current accounting period:

- HKFRS 17, Insurance contracts
- Amendments to HKAS 8, Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates
- Amendments to HKAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction
- Amendments to HKAS 12, Income taxes: International tax reform — Pillar Two model rules

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (“**CODM**”). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of the Company that makes strategic decisions.

The Group has three reportable segments. The following summary describes the operations in each of the Group’s reportable segments:

Construction – the provision of construction and maintenance works on civil engineering contracts and building works contracts;

Property development – property development for sales of residential units, commercial units and car parking spaces; and

Trading – trading of construction and chemical materials.

The accounting policies of the operating segments are the same as the Group’s accounting policies. The Chief Executive Officer assesses the performance of the operating segments based on the segment results, which represent the loss before income tax earned by each segment without allocation of interest income, net exchange gain/loss, finance costs from lease liabilities, finance costs from bank borrowings and central administrative costs and directors’ emoluments. Segment assets consist of all operating assets and exclude financial assets at fair value through other comprehensive income and other corporate assets, which are managed on a central basis.

Segment revenue and results

The information of segment revenue and segment results are as follows:

For the six months ended 30 September 2023

	Construction HK\$'000	Property development HK\$'000	Trading HK\$'000	Total HK\$'000
REVENUE				
External sales	187,737	-	-	187,737
RESULTS				
Segment results	(35,142)	(345)	-	(35,487)
Interest income				276
Exchange gain – net				(294)
Finance costs arisen from lease liabilities				(254)
Finance costs arisen from bank borrowings				(5,588)
Central administrative costs and directors' emoluments				(8,408)
				(49,755)

For the six months ended 30 September 2022

	Construction HK\$'000	Property development HK\$'000	Trading HK\$'000	Total HK\$'000
REVENUE				
External sales	131,189	-	79,164	210,353
RESULTS				
Segment results	(32,220)	(354)	166	(32,408)
Interest income				816
Exchange gain – net				992
Finance costs arisen from lease liabilities				(304)
Finance costs arisen from bank borrowings				(3,891)
Central administrative costs and directors' emoluments				(8,757)
				(43,552)

Other information

Amounts included in the measure of segment results:

For the six months ended 30 September 2023

	Construction HK\$'000	Property development HK\$'000	Trading HK\$'000	Total HK\$'000
Depreciation of right-of-use assets	3,829	-	-	3,829
Depreciation of property, plant and equipment	2,147	-	-	2,147

For the six months ended 30 September 2022

	Construction HK\$'000	Property development HK\$'000	Trading HK\$'000	Total HK\$'000
Gain on disposal of property, plant and equipment	(24)	-	-	(24)
Depreciation of right-of-use assets	3,771	-	-	3,771
Depreciation of property, plant and equipment	2,262	-	-	2,262

Segment assets and liabilities

As at 30 September 2023

	Construction HK\$'000	Property development HK\$'000	Trading HK\$'000	Total HK\$'000
Reportable segment assets	579,831	172,197	-	752,028
Reportable segment liabilities	539,149	27,635	-	563,784
Other segment information: Additions to non-current assets	217	-	-	217

Segment assets consist primarily of property, plant and equipment, right-of-use assets, inventories, trade and other receivables, contract assets, pledged bank deposits and bank balances and cash.

Segment liabilities consist primarily of contract liabilities, trade and other payables, amount due to a related company, amount due to an associate, amounts due to other partners of joint operations, bank borrowings, lease liabilities, income tax payable and deferred tax liabilities.

As at 31 March 2023

	Construction HK\$'000	Property development HK\$'000	Trading HK\$'000	Total HK\$'000
Reportable segment assets	579,003	176,620	–	755,623
Reportable segment liabilities	467,715	34,370	–	502,085
Other segment information:				
Additions to non-current assets	8,358	–	–	8,358

Segment assets consist primarily of property, plant and equipment, right-of-use assets, inventories, trade and other receivables, contract assets, deferred tax assets, pledged bank deposits and bank balances and cash.

Segment liabilities consist primarily of contract liabilities, trade and other payables, amount due to a related company, amount due to an associate, amounts due to other partners of joint operations, bank borrowings, lease liabilities, income tax payable and deferred tax liabilities.

Reconciliation of reportable segment assets to total assets is as follows:

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Total reportable segment assets	752,028	755,623
Financial assets at fair value through other comprehensive income	13,580	25,703
Unallocated corporate assets – property, plant and equipment	28,575	28,934
Unallocated corporate assets – bank balances and cash, pledged deposit	50,974	39,577
Other unallocated corporate assets	1,051	4,700
Total assets	846,208	854,537

Reconciliation of reportable segment liabilities to total liabilities is as follows:

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Total reportable segment liabilities	563,784	502,085
Unallocated corporate liabilities – bank borrowings	8,417	8,665
Other unallocated corporate liabilities	7,214	4,131
Total liabilities	579,415	514,881

Geographical information

All of the Group's revenue was derived from Hong Kong and the People's Republic of China (the "PRC"). Information about the Group's non-current assets other than financial assets at fair value through other comprehensive income, and other receivables is presented based on the geographical location of the assets.

	Six months ended 30 September 2023 HK\$'000 (Unaudited)	2022 HK\$'000 (unaudited)
Revenue from external customers		
– Hong Kong (city of domicile)	99,524	131,042
– The PRC	11,192	79,164
– Malaysia	77,021	147
	187,737	210,353

	Non-current Assets 30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
– Hong Kong (city of domicile)	42,416	45,417
– New Zealand	994	1,731
– Malaysia	1,329	1,336
– Thailand	68	68
	44,807	48,552

Information about major customers

Revenues from customers of the corresponding periods contributing over 10% of the total revenue of the Group are as follows:

	Six months ended 30 September 2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
– Customer A	94,837	125,080
– Customer B	77,021	–

5. REVENUE

During the periods, the Group's revenue represents amount received and receivable from contract works performed and trading of chemical materials.

	Six months ended 30 September 2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15:		
– Provision of construction and maintenance works on civil engineering contracts and building works contracts, recognised over time	187,737	180,630
– Trading of chemical materials, recognised at a point in time	–	29,723
	187,737	210,353

6. FINANCE COSTS

	Six months ended 30 September 2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest on:		
Bank borrowings	6,478	5,414
Lease liabilities	254	304
	6,732	5,718
Less: Amount capitalised in inventories	(890)	(1,523)
	5,842	4,195

Specific borrowing costs are capitalised for the development of qualifying assets. The capitalisation rate of borrowings for the Reporting Period is 7.5% (six months ended 30 September 2022: 7.5%).

7. INCOME TAX EXPENSES

Current tax

	Six months ended 30 September 2023 HK\$'000	2022 HK\$'000
PRC Corporate Income Tax	121	218
Malaysia Corporate Income Tax	990	–
	1,111	218
Deferred tax	939	–
	2,050	218

No provision for Hong Kong Profits Tax for the six months ended 30 September 2023 and 2022 as the Group sustained a loss for both periods.

The PRC subsidiary is subject to income tax at 25% for both years under Enterprise Income Tax Law.

The Corporate Income Tax in Malaysia is calculated at 24% of assessable profit.

8. LOSS FOR THE PERIOD

	Six months ended 30 September 2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Loss for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	3,149	3,374
Depreciation of right-of-use assets	3,829	3,771

9. LOSS PER SHARE

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

	Six months ended 30 September 2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Loss for the purpose of calculation of basic loss per share	(51,535)	(43,470)
Number of shares	Number of shares '000	'000
Weighted average number of ordinary shares for the purpose of basic loss per share	1,869,159	1,601,141

Since there were no potential dilutive ordinary shares in issue during both periods, basic and diluted loss per share are the same for both periods.

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building HK\$'000	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Machinery HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
COST						
At 1 April 2022	32,882	1,340	6,063	18,709	19,756	78,750
Additions	-	-	244	1,525	1,546	3,315
Disposals	-	-	(819)	(1,169)	(1,693)	(3,681)
Exchange adjustments	-	-	1	-	6	7
At 31 March 2023	32,882	1,340	5,489	19,065	19,615	78,391
Additions	-	-	12	88	117	217
Exchange adjustments	-	-	(7)	(8)	(62)	(77)
At 30 September 2023	32,882	1,340	5,494	19,145	19,670	78,531
ACCUMULATED DEPRECIATION						
At 1 April 2022	3,290	1,237	5,657	13,097	12,789	36,070
Charge for the year	658	103	71	2,478	3,425	6,735
Eliminated on disposals	-	-	(819)	(1,169)	(1,681)	(3,669)
At 31 March 2023	3,948	1,340	4,909	14,406	14,533	39,136
Charge for the period	329	-	50	1,299	1,471	3,149
Eliminated on disposals	-	-	(1)	(1)	(2)	(4)
At 30 September 2023	4,277	1,340	4,958	15,704	16,002	42,281
CARRYING VALUES						
At 30 September 2023	28,605	-	536	3,441	3,668	36,250
At 31 March 2023	28,934	-	580	4,659	5,082	39,255

The above items of property, plant and equipment, are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and building	50 years or over the lease terms, whichever is shorter
Leasehold improvements	38% or over the lease terms, whichever is shorter
Furniture and fixtures	20% – 25%
Machinery	15% – 25%
Motor vehicles	25%

As at 30 September 2023, the Group's leasehold land and building with carrying amount amounting to approximately HK\$28,605,000 (31 March 2023: HK\$28,934,000) was pledged to secure banking facilities granted to the Group.

As at 30 September 2023, included in the property, plant and equipment is the Group's leasehold land and building under long lease located in Hong Kong of HK\$28,605,000 (31 March 2023: HK\$28,934,000) of which the Group is the registered owner of this properties interest, including the underlying leasehold land. Lump sum payments were made upfront to acquire the properties interest. The leasehold land component of this property interest is presented separately only if the payments made can be allocated reliably.

11. RIGHT OF USE ASSETS

	Leasehold properties <i>HK\$'000</i>
COST	
At 1 April 2022	25,099
Additions	5,043
Termination of lease	(656)
Exchange realignment	(431)
<hr/>	
At 31 March 2023	29,055
Exchange realignment	(29)
<hr/>	
At 30 September 2023	29,026
<hr/>	
ACCUMULATED DEPRECIATION	
At 1 April 2022	11,183
Charge for the year	9,097
Termination of lease	(355)
Exchange realignment	(99)
<hr/>	
At 31 March 2023	19,826
Charge for the period	3,829
Exchange realignment	63
<hr/>	
At 30 September 2023	23,718
<hr/>	
CARRYING VALUES	
At 30 September 2023	5,308
<hr/>	
At 31 March 2023	9,229
<hr/>	

The Group has obtained the right to use other properties as its office premises through tenancy agreements. These leases typically run for an initial period of 2 to 5 years.

As at 30 September 2023 and 31 March 2023, the Group had no lease with variable lease payment. The lease agreements do not impose any extension and termination options which are exercisable only by the Group and not by the respective lessors.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Equity investments designated at fair value through other comprehensive income		
Common shares listed on The Philippine Stock Exchange., Inc., at market value	13,580	25,703

On 9 May 2018 (after trading hours), Jovial Elm Limited, a wholly-owned subsidiary of the Company, entered into a share sale agreement to acquire 200,000,000 common shares in Philippine Infradev Holdings, Inc., a company listed on The Philippine Stock Exchange Inc. (Stock Code: IRC) ("IRC") at a consideration of PHP280,000,000 (equivalent to approximately HK\$42,351,000), represented approximately 13.3% equity interest in IRC at the acquisition date.

Further details are set out in the Company's announcements dated 10 May 2018 and 24 May 2018.

During the year ended 31 March 2019, IRC had increased its number of issued common shares to 6,061,578,964. Accordingly, the equity interest of IRC held by the Group was immediately diluted. As at 30 September 2023 and 31 March 2023, the Group held the equity interest of IRC was approximately 3.3%.

13. INVENTORIES

Inventories represent property under development for sale on two parcels of freehold land located in the Republic of the Philippines. There is no write-down of inventories to net realisable value nor the reversal of such a write-down during the Reporting Period (six months ended 30 September 2022: Nil).

The cost of properties under development for sale comprises specifically identified cost, including the acquisition cost of land, aggregate direct cost of development, direct tax and borrowing costs capitalised.

As at 30 September 2023, the Group's freehold land, amounting to approximately HK\$160,924,000 (31 March 2023: HK\$164,787,000) was pledged to secure banking facilities granted to the Group.

14. TRADE AND OTHER RECEIVABLES

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Trade receivables	8,572	7,509
Less: impairment loss recognised of trade receivable under ECL model	(554)	(588)
Net trade receivables	8,018	6,921
Performance deposits (Note (a))	69,008	71,328
Other receivables (Note (b))	25,602	26,454
	94,610	97,782
Less: impairment loss recognised of other receivables under ECL model	(25,572)	(25,655)
Net other receivables	69,038	72,127
Other tax receivables	11,756	11,593
Prepayments to subcontractors (Note (c))	75,416	70,413
Other prepayments and deposits	14,262	16,367
Total trade and other receivables	178,490	177,421
Less: classified under non-current assets	(5,251)	(5,644)
	173,239	171,777

Notes:

- (a) Included in the performance deposit amounted to PHP198,545,576 (equivalent to approximately HK\$28,670,000) (31 March 2023: approximately HK\$28,670,000) paid to the land owner for construction project in the Republic of the Philippines. The balance was interest-free, repayable upon the completion of construction project, secured by the pledge of entire equity interest in the land owner and guaranteed by a substantial shareholder of the Company.

Included in the performance deposit amounted to RMB37,350,000 (equivalent to approximately HK\$40,338,000) (31 March 2023: approximately HK\$42,658,000) paid to the land owners for construction projects in the People's Republic of China. The balance was unsecured, interest-free, repayable upon the completion of construction projects.

- (b) Included in other receivables of the Group was amount due from the non-controlling interest namely, U-Tech Engineering Co. Ltd., of a subsidiary namely Kwan On-U-Tech 1, amounting to approximately HK\$1,965,000 as at 31 March 2023 (2023: approximately HK\$1,965,000). The balance was unsecured, interest-free and repayable on demand.

Included in other receivables of the Group was amount due from a sub-contractor of the Group amounting to approximately HK\$22,684,000 as at 30 September 2023 (31 March 2023: approximately HK\$22,684,000). The balance represented construction and material purchase cost paid on behalf of the sub-contractor. This sub-contractor had worked for the Group since July 2022. However, the sub-contractor failed to perform the sub-contracting work up to the Group's satisfaction. Accordingly the Group terminates the sub-contracting arrangement with the sub-contractor. As at 30 September 2023, the Group is in a litigation with the sub-contractor which it claimed the Group for the sub-contracting fee payable to it and compensation upon the termination of sub-contracting whereas the Group will counter-claim the amount due by the sub-contractor.

- (c) The amount represented the prepayments made to subcontractors for the construction and material purchase cost and was expected to be settled against the sub-contracting fee payable by the Group upon performance of the related contracts by the sub-contractors.

Trade receivables

The Group allows an average credit period of 21 days to its trade customers. The following is an aged analysis of trade receivables presented based on the invoice date at the end of the Reporting Period.

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Within 30 days	8,572	7,509

As at 30 September 2023, the Group had no trade receivables that were past due nor impaired (31 March 2023: Nil).

15. TRADE AND OTHER PAYABLES

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Trade payables	86,940	73,526
Retention payables	40,932	42,567
Amount due to non-controlling interest of a subsidiary – Note	12,698	12,873
Accrued construction cost	103,297	102,934
Other payables and accruals	16,198	16,007
	260,065	247,907

Note: The balance is unsecured, non-interest bearing and repayable on demand.

The following is an aged analysis of trade payables presented based on the invoice date at the end of the Reporting Period.

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Within 30 days	9,565	6,897
More than 30 days but within 90 days	24,265	20,028
More than 90 days	53,110	46,601
	86,940	73,526

The credit period on purchases of goods is 30 to 45 days.

16. BANK BORROWINGS

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Unsecured bank loans	–	1,142
Secured bank loans	169,644	168,880
	169,644	170,022

Carrying amount repayable based on scheduled repayment dates set out in the loan agreements:

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Within one year or repayable on demand	148,232	140,996
More than one year, but not exceeding two years	14,014	14,438
More than two years, but not exceeding five years	1,662	8,626
More than five years	5,736	5,962
	169,644	170,022
Less: Amounts due within one year shown under current liabilities		
– Carrying amount of bank borrowings that are not repayable within one year but contain a repayment on demand clause	(8,416)	(8,154)
– Carrying amount of bank borrowings repayable within one year and contain a repayable on demand clause	(127,500)	(127,082)
– Carrying amount of bank borrowings repayable within one year and do not contain a repayable on demand clause	(20,232)	(13,914)
	(156,148)	(149,150)
Amounts classified as non-current portion	13,496	20,872

During the Reporting Period, secured bank borrowings bore floating interest rates of 2.63% to 9.15% (six months ended 30 September 2022: 2.25% to 7.5%) per annum.

Certain bank loans are subject to the fulfilment of covenants commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the draw down facilities would become repayable on demand. In addition, the Group's certain loan agreements contain clauses which give the lenders the right at their sole discretion to demand immediate repayment at any time irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations.

The management regularly monitors its compliance with these covenants and does not consider that it is probable that the banks will exercise their discretionary rights to demand immediate repayment for so long as the Group continues to meet these requirements.

As at 30 September 2023, the Group's bank borrowings and other banking facilities are secured by:

- (a) bank deposits amounting to approximately HK\$106,099,000 (31 March 2023: HK\$95,457,000);
- (b) corporate guarantee executed by Win Vision Holdings Limited ("**Win Vision**"), a wholly-owned subsidiary of the Company and corporate guarantees given by certain entities within the Group;
- (c) leasehold land and building amounting to approximately HK\$28,605,000 (31 March 2023: HK\$28,934,000) (Note 10);
- (d) freehold land included in inventories amounting to approximately HK\$160,924,000 (31 March 2023: HK\$164,787,000) (Note 13); and
- (e) corporate guarantee executed by Dunfeng Shipping Phils. Corp, a non-controlling interest of the Company's subsidiary, Anncore Properties Group Corp.

The unutilised banking facilities as at 30 September 2023 amounted to approximately HK\$12,500,000 (31 March 2023: HK\$107,257,000).

17. SHARE CAPITAL

	Number	Amount <i>HK\$'000</i>
Authorised:		
<i>Ordinary shares of HK\$0.01 each</i>		
At 31 March 2023 and 30 September 2023	10,000,000,000	100,000
Issued and fully paid:		
<i>Ordinary shares of HK\$0.01 each</i>		
At 31 March 2023 and 30 September 2023	1,869,159,962	18,692

18. RELATED PARTY TRANSACTIONS

The Group entered into the following related party transactions during the Reporting Period:

Name of related parties	Nature of transactions	Six months ended 30 September	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Jiangsu Provincial Construction Group Co, Ltd.* 江蘇省建築工程集團有限公司	Financial Guarantee (a)	28,670	52,207
	Amount due to related company (a)	72,930	–

* The English name is for identification purpose only

(a) Jiangsu Provincial Construction Group Co. Ltd. is a substantial shareholder of the Group. The amount due to related company is unsecured, interest free and repayable on demand.

Key management compensation amounted to approximately HK\$5,565,000 for the Reporting Period (six months ended 30 September 2022: HK\$3,176,000).

19. DIVIDENDS

No interim dividend was declared by the Company for the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

20. LITIGATIONS

At the end of the Reporting Period, the Group was involved in certain litigations which in the opinion of the Directors, based on the advice of the Group's legal counsels to such litigations, the possibility of any outflow of resources in settling these claims was remote and/or sufficient insurance policies are maintained to cover the loss, if any, and therefore in the opinion of the Directors, would not have any material adverse impact on the Group.

21. SUBSEQUENT EVENTS

There are no significant events which have taken place subsequent to 30 September 2023.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chen Zhenghua (*Chairman*)

Mr. Zhang Fangbing

Mr. Cao Lei

Independent Non-Executive Directors

Prof. Lam Sing Kwong, Simon

Mr. Lum Pak Sum

Mr. Gong Zhenzhi

COMPANY SECRETARY

Mr. Fung Kwok Wai

COMPLIANCE OFFICER

Mr. Zhang Fangbing

AUTHORISED REPRESENTATIVES

Mr. Zhang Fangbing

Mr. Fung Kwok Wai

AUDIT COMMITTEE

Mr. Lum Pak Sum (*Chairman*)

Prof. Lam Sing Kwong, Simon

Mr. Gong Zhenzhi

REMUNERATION COMMITTEE

Prof. Lam Sing Kwong, Simon (*Chairman*)

Mr. Lum Pak Sum

Mr. Zhang Fangbing

NOMINATION COMMITTEE

Mr. Gong Zhenzhi (*Chairman*)

Prof. Lam Sing Kwong, Simon

Mr. Chen Zhenghua

RISK MANAGEMENT COMMITTEE

Mr. Lum Pak Sum (*Chairman*)

Mr. Gong Zhenzhi

Prof. Lam Sing Kwong, Simon

AUDITORS

Crowe (HK) CPA Limited

LEGAL ADVISER

Iu, Lai & Li Solicitors

REGISTERED OFFICE

Cricket Square, Hutchins Drive

P.O. Box 2681,

Grand Cayman KY1-1111

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 3401, 34/F,

118 Connaught Road West, Sai Ying Pun,

Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited

Cricket Square, Hutchins Drive

Grand Cayman KY1-1111

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

China Citic Bank International Limited

COMPANY'S WEBSITE

www.kwanonconstruction.com

STOCK CODE

1559