



# 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  
2021



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## MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “**Board**”) of directors (the “**Directors**”) of Kwan On Holdings Limited (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2021 (the “**Reporting Period**”).

### BUSINESS REVIEW

The Group is principally engaged in the construction related business, property development in Hong Kong and Southeast Asia and trading of chemical materials in Mainland China. During the Reporting Period, the construction industry, particularly the civil engineering works in Hong Kong, was full of challenges.

The widespread of global pandemic has caused unprecedented disruptions in business operations and the Hong Kong economy as a whole, which resulted in delays in the work schedule of construction projects of the Group. The prolonged retention of the workforce on-site and implement of a strict preventive measure for COVID-19 increased the cost for direct labours and subcontractors. As a result, the Group recorded a gross loss of approximately HK\$23.3 million, as compared with a gross profit of approximately HK\$19.6 million reported for the corresponding period last year.

The management had been actively monitoring the situation and had taken appropriate measures to reduce costs and improve efficiency by enhancing artificial intelligence project management. Despite of the efforts, the Directors are still in the view that the civil engineering industry will continue to be tough in the year of 2021. In 2021, the Group has therefore expanded into a new business of trading of chemical materials in Mainland China, which had contributed approximately HK\$111.8 million of revenue and approximately HK\$1.4 million of profit to the Group during the Reporting Period.

The Group owns two contiguous parcels of land for development use. Each of the two parcels of land is located at 550 Jorge Bocobo Extension, Ermita, Manila, National Capital Region, the Philippines (the “**Property**”), which comprises a hotel offering 145 rooms and a carparking lot. The Property is planned to be redeveloped into two apartment towers. As per two Transfer Certificates of Title Nos. 234272 and 271712, the Property has a site area of approximately 3,312.00 sq.m. The proposed development of the Property has a proposed gross floor area (“**GFA**”) of approximately 128,132.00 sq.m and a proposed saleable area of approximately 104,294.00 sq.m.



According to the current plan, the Property will be developed into two 55-storey apartment towers accommodating over 2,000 residential units, with a shopping mall and over 400 carparking spaces. The start of the construction work was delay due to quarantine and other preventive measures against the COVID-19 pandemic in the Philippines. The management are closely monitoring the situation and work to finalise the construction and building design plan that is yet to be approved by the local authority. The future development cost shall be financed by the Group using internal resources and bank loan.

## **PROSPECTS**

While the management anticipates increasing competition in the civil engineering industry in the future, the Group will continue to leverage on its competent professional team and extensive experience in the construction industry to reduce costs and improve efficiency, thereby strengthening our competitive edge in the market. Meanwhile, we will continue to explore opportunities in overseas markets to provide a stable source of income for the Group.

## **FINANCIAL REVIEW**

### **Revenue**

Revenue for the Reporting Period increased to approximately HK\$287.6 million from approximately HK\$264.6 million, which was mainly due to the growth in the trading business. During the Reporting Period, revenue from the trading business was approximately HK\$111.8 million, while there was no such revenue from the trading business in the corresponding period last year. The Group commenced a new business of trading of chemical materials in Mainland China in the third quarter of 2020 in response to the impact of COVID-19 outbreak on the construction-related businesses.

In terms of construction-related revenue, the Group's revenue decreased to approximately HK\$175.9 million from approximately HK\$264.6 million in the corresponding period last year, which was mainly due to substantial completion of contract works under contract GE2018/03 and waterworks category in the Reporting Period.



## Cost of services

Cost of services for the Reporting Period increased to approximately HK\$310.9 million from approximately HK\$245.0 million. In respect of the trading business, cost of approximately HK\$110.3 million was incurred, while there was no cost for trading business incurred during the corresponding period last year.

In terms of construction cost, the Group incurred approximately HK\$200.6 million (six months ended 30 September 2020: approximately HK\$245.0 million) during the Reporting Period. The decrease in cost was mainly due to the substantial completion of contract works under contract GE2018/03 and waterworks category during the Reporting Period.

## Gross loss

Gross loss for the Reporting Period was approximately HK\$23.3 million (six months ended 30 September 2020: gross profit of approximately HK\$19.6 million). Although the Group's construction cost for the Reporting Period was approximately 18% lower than that of the corresponding period last year, COVID-19 outbreak had delayed our construction progress and the Group had to maintain the daily operating expenses of our sites and continue to retain qualified employees for the Group. During the Reporting Period, the Group incurred approximately HK\$29.4 million of staff cost (as compared to approximately HK\$36.1 million for the corresponding period last year) and HK\$146.8 million of subcontracting cost (as compared to approximately HK\$174.4 million for the corresponding period last year) respectively. Although these expenses had decreased by approximately 18.6% and approximately 15.8% respectively as compared to the corresponding period last year, the Group recorded a gross loss for the Reporting Period as construction revenue for the Reporting Period declined by approximately 33.5% as compared to the corresponding period last year and the decline in construction revenue was much higher than the decline in construction cost.

## Other income

Other income for the Reporting Period amounted to approximately HK\$5.7 million (six months ended 30 September 2020: approximately HK\$10.5 million). The main reason for the decrease was an income contributed from the HKSAR government subsidy under the employment support scheme last year.



## **Administrative expenses**

The Group implemented further cost reduction measures due to tough operating environment. Administrative expenses for the Reporting Period were approximately HK\$17.2 million (six months ended 30 September 2020: approximately HK\$21.9 million).

## **Finance costs**

Finance costs were reduced to approximately HK\$2.9 million (six months ended 30 September 2020: approximately HK\$4.2 million) following a reduction in the level of bank borrowings during the Reporting Period.

## **Income tax**

No provision for Hong Kong Profits Tax was made in the interim financial statements as the Group did not generate any assessable profits in Hong Kong during the Reporting Period (six months ended 30 September 2020: approximately HK\$0.2 million).

## **Loss and total comprehensive expense**

As a result of the foregoing, loss for the Reporting Period amounted to approximately HK\$37.2 million (six months ended 30 September 2020: profit of approximately HK\$3.6 million).

Other comprehensive expense for the Reporting Period amounted to approximately HK\$15.2 million (six months ended 30 September 2020: income of approximately HK\$20.2 million). The Group recorded a fair value loss on financial assets at fair value through other comprehensive income of approximately HK\$7.0 million (six months ended 30 September 2020: gain of approximately HK\$14.4 million). The fair value loss represented the changes in the quoted market price of 200,000,000 common shares in Philippine Infradev Holdings, Inc. at the end of the Reporting Period.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flow and facilities provided by banks. As at 30 September 2021, the Group had bank balance and cash of approximately HK\$41.0 million (31 March 2021: approximately HK\$172.4 million), while outstanding borrowings amounted to approximately HK\$201.4 million (31 March 2021: approximately HK\$227.8 million). Among such borrowings, approximately HK\$142.8 million (31 March 2021: approximately HK\$173.8 million) shall be repaid within one year; and approximately HK\$58.6 million (31 March 2021: HK\$54.0 million) shall be repaid after one year. The change in bank balance and cash was mainly attributable to (i) cash outflow from purchasing plant and equipment of approximately HK\$1.3 million; (ii) cash outflow from net decrease of bank borrowings amounted to approximately HK\$26.4 million; and (iii) cash outflow from increase in pledged bank deposits of approximately HK\$14.0 million; (iv) cash outflow from increase in prepayment for construction materials in overseas project of approximately HK\$31.6 million; and (v) net cash outflow from other operating activities approximately of HK\$55.0 million.

As at 30 September 2021, the Group had pledged bank deposits of approximately HK\$72.6 million (31 March 2021: approximately HK\$58.6 million). The current ratio, calculated based on current assets divided by current liabilities, was approximately 2.38 times as at 30 September 2021 (31 March 2021: approximately 2.22 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, bank borrowings less bank balances and cash and pledged bank deposits) divided by total equity, was approximately 53.8% as at 30 September 2021 (31 March 2021: approximately 38.2%).

The Group mainly operates in Hong Kong, Philippines, Mainland China and Thailand 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 2021, the Group is exposed to foreign exchange risk from various currencies, primarily with respect to Philippine peso ("**PHP**") and Thai baht ("**THB**").

Except for receivables in relation to a transferred construction project which is denominated in THB and property under development for sales and certain receivables denominated in PHP, which is approximately HK\$48.7 million, HK\$168.0 million and HK\$31.8 million respectively, the Group would not be exposed to any other significant exchange risk.



The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposure. As at 30 September 2021, the Group did not enter into any foreign exchange contracts, currency swaps or other financial derivatives. However, the management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

As at 30 September 2021, the Group did not have any capital commitments (31 March 2021: Nil). As at 30 September 2021, the Group had no material contingent liabilities (31 March 2021: Nil).

## **CAPITAL STRUCTURE**

There has been no change in the capital structure of the Group during the Reporting Period. The share capital of the Group only comprises of ordinary shares. As at 30 September 2021, the Company's issued share capital was HK\$15,840,000 and the number of its issued ordinary shares was 1,584,000,000 of HK\$0.01 each.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

There were no material acquisitions and disposals during the Reporting period.

## **PLEDGE OF ASSETS**

As at 30 September 2021, the Group's leasehold land and building in Hong Kong with carrying values aggregating approximately HK\$29.9 million (31 March 2021: HK\$30.2 million), together with bank deposit amounting to approximately HK\$72.6 million (31 March 2021: HK\$58.6 million) of the Group, were pledged to secure the approximately HK\$142.8 million (31 March 2021: approximately HK\$158.4 million) bank borrowing granted to the Group.

In addition, the two parcels of freehold land located in the Republic of the Philippines with an aggregate carrying value of approximately HK\$154.3 million (31 March 2021: approximately HK\$162.1 million) was pledged to secure the loan facility of approximately HK\$58.6 million (31 March 2021: approximately HK\$69.4 million) granted to the Group for financing the acquisition of the land.

## **SIGNIFICANT INVESTMENTS HELD**

As at 30 September 2021, the Group did not hold any significant investment with a value of 5 percent or more of the Group's total assets.

## EMPLOYMENT, TRAINING AND DEVELOPMENT

As at 30 September 2021, the Group had a total of 226 (31 March 2021: 270) employees, who include 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\$39.9 million (six months ended 30 September 2020: HK\$48.5 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 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.

## DISCLOSURE OF INTERESTS

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

As at 30 September 2021, the interests and short positions of the Directors and CEO 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	831,565,000 (L)	52.50%

Note:

- 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 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 2021, 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 CEO.

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)	831,565,000	52.50
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)	831,565,000	52.50
Jiangsu Huayuan Investment Group Ltd.* 江蘇華遠投資集團有限公司	Interest of controlled corporation (Note 1)	831,565,000	52.50
Greenland Infrastructure Group Co., Ltd.* 綠地大基建集團有限公司	Interest of controlled corporation (Note 1)	831,565,000	52.50
Greenland Holding Group Co., Ltd.* 綠地控股集團有限公司	Interest of controlled corporation (Note 1)	831,565,000	52.50
Greenland Holdings Corporation Ltd.* 綠地控股集團股份有限公司 ("Greenland Holdings")	Interest of controlled corporation (Note 1)	831,565,000	52.50
Mr. Chen Zhenghua 陳正華 ("Mr. Chen")	Interest of controlled corporation (Note 1)	831,565,000	52.50

Notes:

1. The 831,565,000 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 wholly-owned 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 29.13% 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 2021.

## 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 ("**2021 Facility Agreement**").

Under the 2021 Facility Agreement, unless with the banks' written consent, Sino Coronet Group Limited shall remain to be the single major shareholders 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 ("**2019 Facility Agreement**").

Under the 2019 Facility Agreement, unless with the banks' written consent, Sino Coronet Group Limited shall remain the single largest shareholders of the Company.



## **PURCHASE, SALES OF 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**

Below are the changes in directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Prof. Lam Sing Kwong, Simon

- Re-designation of a non-executive director to an independent non-executive director of Jacobson Pharma Corporation Limited (Stock code: 2633) with effect from 1 November 2021.

Mr. Lum Pak Sum

- Retired as an independent non-executive director of China Asia Valley Group Limited (Stock code: 63) after the conclusion of its annual general meeting held on 23 June 2021.

## DIVIDENDS

The Board has resolved not to declare an interim dividend for the Reporting Period (six months ended 30 September 2020: Nil).

## 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 as 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 September 2021

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2021

	Notes	Six months ended 30 September 2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	5	287,639	264,570
Cost of services		(310,919)	(245,018)
Gross (loss)/profit		(23,280)	19,552
Other income		5,688	10,455
Other gains and losses		564	(150)
Administrative expenses		(17,210)	(21,918)
Finance costs	6	(2,917)	(4,206)
(Loss)/profit before tax		(37,155)	3,733
Income tax expense	7	-	(181)
(Loss)/profit for the period	8	(37,155)	3,552
<b>Other comprehensive (expense)/income</b>			
<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		(6,955)	14,361
		(6,955)	14,361
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(8,204)	5,799
		(8,204)	5,799
Other comprehensive (expense)/income for the period		(15,159)	20,160

	Notes	Six months ended 30 September	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Total comprehensive (expense)/income for the period		<b>(52,314)</b>	23,712
<b>(Loss)/profit for the period attributable to:</b>			
Owners of the Company		<b>(36,568)</b>	3,832
Non-controlling interests		<b>(587)</b>	(289)
		<b>(37,155)</b>	3,552
<b>Total comprehensive (expense)/income for the period attributable to:</b>			
Owners of the Company		<b>(51,765)</b>	24,001
Non-controlling interests		<b>(549)</b>	(289)
		<b>(52,314)</b>	23,712
<b>(Loss)/Earnings per share</b>			
– Basic and diluted (HK cents)	9	<b>(2.31)</b>	0.24

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	Notes	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	45,651	48,378
Right-of-use assets	11	10,392	14,560
Financial assets at fair value through other comprehensive income	12	34,352	43,240
Other receivables	14	20,998	28,531
		<b>111,393</b>	134,709
<b>Current assets</b>			
Inventories	13	168,018	174,078
Trade and other receivables	14	222,850	166,836
Contract assets		201,190	223,103
Amount due from an associate		27,878	27,878
Amount due from a related company		–	1,211
Amounts due from other partners of joint operations		–	209
Pledged bank deposits		72,610	58,612
Bank balances and cash		40,982	172,429
		<b>733,528</b>	824,356
<b>Current liabilities</b>			
Contract liabilities		36,192	79,409
Trade and other payables	15	104,024	103,129
Amounts due to other partners of joint operations		12,940	4,369
Bank borrowings	16	142,775	173,764
Lease liabilities		6,750	8,655
Income tax payable		5,014	2,320
		<b>307,695</b>	371,646

		<b>30 September 2021</b>	31 March 2021
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	(Audited)
<b>Net current assets</b>		<b>425,833</b>	452,710
<b>Total assets less current liabilities</b>		<b>537,226</b>	587,419
<b>Non-current liabilities</b>			
Bank borrowings	16	<b>58,589</b>	54,013
Lease liabilities		<b>4,495</b>	6,950
Deferred tax liabilities		<b>5,303</b>	5,303
		<b>68,387</b>	66,266
<b>NET ASSETS</b>		<b>468,839</b>	521,153
<b>Capital and Reserves</b>			
Share capital	17	<b>15,840</b>	15,840
Reserves		<b>454,096</b>	505,861
Equity attributable to owners of the Company		<b>469,936</b>	521,701
Non-controlling interests		<b>(1,097)</b>	(548)
<b>TOTAL EQUITY</b>		<b>468,839</b>	521,153

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Attributable to owners of the Company										Non-controlling interests	Total
	Share capital	Share premium	Merger reserve	Translation reserve	Contributed surplus	Capital reserve	Revaluation reserve	Retained earnings	Total	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 2020 (audited)	15,840	355,478	9,755	3,240	22,968	12,544	(22,766)	119,458	516,517	(367)	516,150	
Profit for the period	-	-	-	-	-	-	-	3,832	3,832	(280)	3,552	
Other comprehensive income:												
Exchange difference on translating foreign operations	-	-	-	5,808	-	-	-	-	5,808	(9)	5,799	
Fair value change on financial asset at fair value through the comprehensive income	-	-	-	-	-	-	14,361	-	14,361	-	14,361	
At 30 September 2020 (unaudited)	15,840	355,478	9,755	9,048	22,968	12,544	(8,405)	123,290	540,518	(656)	539,862	
At 1 April 2021 (audited)	15,840	355,478	9,755	11,626	22,968	12,544	(1,563)	95,053	521,701	(548)	521,153	
Loss for the period	-	-	-	-	-	-	-	(36,568)	(36,568)	(587)	(37,155)	
Other comprehensive expense:												
Fair value change on financial asset at fair value through other comprehensive income	-	-	-	-	-	-	(6,955)	-	(6,955)	-	(6,955)	
Exchange difference on translating foreign operations	-	-	-	(8,242)	-	-	-	-	(8,242)	38	(8,204)	
At 30 September 2021 (unaudited)	15,840	355,478	9,755	3,384	22,968	12,544	(8,518)	58,485	469,936	(1,097)	468,839	

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	Six months ended 30 September 2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(83,919)</b>	(1,218)
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,289)	(6,116)
Cash received for disposal of property, plant and equipment	659	124
Placement of pledged bank deposits	(13,998)	–
Bank interest received	12	135
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(14,616)</b>	(5,857)
<b>FINANCING ACTIVITIES</b>		
Capital element of lease rentals paid	(4,360)	(3,252)
Interest element of lease rentals paid	(340)	(449)
New bank loans raised	294,368	175,947
Repayment of bank loans	(317,537)	(218,623)
Interest and finance charges paid	(5,045)	(6,827)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(32,914)</b>	(53,204)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(131,449)</b>	(60,279)
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET</b>	<b>2</b>	–
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>172,429</b>	109,532
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>40,982</b>	49,253

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2021*

## 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 in Hong Kong and Southeast Asia and trading of chemical materials.

## 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 2021 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2021.

#### Application of new and amendments of HKFRSs

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants for the first time in the current period:

Amendment to HKFRS 9, HKAS 39, HKFRS 4, HKFRS 7 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
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The application of the new and amendment to HKFRSs in the current period has had no material effect on the amounts reported and/or the disclosures set out in the unaudited condensed consolidated financial statements.

### 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 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)/profit 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 period ended 30 September 2021

	Construction HK\$'000	Property development HK\$'000	Trading HK\$'000	Total HK\$'000
<b>REVENUE</b>				
External sales	175,871	-	111,768	287,639
<b>RESULTS</b>				
Segment results	(30,404)	(195)	1,422	(29,177)
Interest income				1,764
Exchange loss – net				(150)
Finance costs arisen from lease liabilities				(340)
Finance costs arisen from bank borrowings				(2,577)
Central administrative costs and directors' emoluments				(6,675)
				(37,155)

### For the period ended 30 September 2020

	Construction HK\$'000	Property development HK\$'000	Total HK\$'000
<b>REVENUE</b>			
External sales	264,570	-	264,570
<b>RESULTS</b>			
Segment results	14,473	(436)	14,037
Interest income			2,799
Exchange loss – net			(556)
Finance costs arisen from lease liabilities			(449)
Finance costs arisen from bank borrowings			(3,757)
Central administrative costs and directors' emoluments			(8,341)
			3,733

## Other information

Amounts included in the measure of segment results:

### For the period ended 30 September 2021

	Construction HK\$'000	Property development HK\$'000	Trading HK\$'000	Total HK\$'000
Gain on disposal of property, plant and equipment	(564)	-	-	(564)
Depreciation of right-of-use assets	2,864	-	-	2,864
Depreciation of property, plant and equipment	3,394	-	-	3,394

### For the period ended 30 September 2020

	Construction HK\$'000	Property development HK\$'000	Total HK\$'000
Loss on disposal of property, plant and equipment	150	-	150
Depreciation of right-of-use assets	2,904	-	2,904
Depreciation of property, plant and equipment	2,852	-	2,852

## Segment assets and liabilities

As at 30 September 2021

	Construction HK\$'000	Property development HK\$'000	Trading HK\$'000	Total HK\$'000
Reportable segment assets	586,151	180,189	3,014	769,354
Reportable segment liabilities	301,902	63,161	552	365,615
Other segment information:				
Additions to non-current assets	1,288	-	-	1,288

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

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

As at 31 March 2021

	Construction HK\$'000	Property development HK\$'000	Trading HK\$'000	Total HK\$'000
Reportable segment assets	598,575	186,870	48,045	833,490
Reportable segment liabilities	321,006	58,925	47,223	427,154
Other segment information:				
Additions to non-current assets	16,182	-	-	16,182

Segment assets consist primarily of property, plant and equipment, right-of-use assets, inventories, trade and other receivables, contract assets, amount due from a related company, amount due from an associate, amounts due from other partners of joint operations, pledged bank deposits and bank balances and cash.

Segment liabilities consist primarily of contract liabilities, trade and other payables, 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:

	<b>30 September 2021 HK\$'000 (Unaudited)</b>	31 March 2021 HK\$'000 (Audited)
Total reportable segment assets	<b>769,354</b>	833,490
Financial assets at fair value through other comprehensive income	<b>34,352</b>	43,240
Unallocated corporate assets – property, plant and equipment	<b>30,075</b>	30,577
Unallocated corporate assets – bank balances and cash	<b>8,110</b>	2,509
Other unallocated corporate assets	<b>3,030</b>	49,249
	<hr/>	
Total assets	<b>844,921</b>	959,065

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

	<b>30 September 2021 HK\$'000 (Unaudited)</b>	31 March 2021 HK\$'000 (Audited)
Total reportable segment liabilities	<b>365,615</b>	427,154
Unallocated corporate liabilities – bank borrowings	<b>9,432</b>	9,684
Other unallocated corporate liabilities	<b>1,035</b>	1,074
	<hr/>	
Total liabilities	<b>376,082</b>	437,912

## 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, interests in associates and other receivables is presented based on the geographical location of the assets.

	<b>Six months ended 30 September</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(unaudited)
Revenue from external customers		
– Hong Kong (city of domicile)	<b>222,671</b>	264,570
– The PRC	<b>64,968</b>	–
	<b>287,639</b>	264,570

	<b>Non-current Assets</b>	
	<b>30 September</b>	31 March
	<b>2021</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
– Hong Kong (city of domicile)	<b>56,043</b>	62,938
– The PRC	–	–
	<b>56,043</b>	62,938

## Information about major customers

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

	<b>Six months ended 30 September</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
– Customer A	<b>69,035</b>	88,951
– Customer B	<b>46,800</b>	–
– Customer C	<b>35,366</b>	40,734
– Customer D	<b>35,275</b>	50,717

## 5. REVENUE

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

	<b>Six months ended 30 September 2021 HK\$'000 (Unaudited)</b>	2020 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	<b>175,871</b>	264,570
– Trading of chemical materials, recognised at a point in time	<b>111,768</b>	–
	<b>287,639</b>	264,570

## 6. FINANCE COSTS

	<b>Six months ended 30 September 2021 HK\$'000 (Unaudited)</b>	2020 HK\$'000 (Unaudited)
Interest on:		
Bank borrowings	<b>5,045</b>	6,827
Lease liabilities	<b>340</b>	449
	<b>5,385</b>	7,276
Less: Amount capitalised in inventories	<b>(2,468)</b>	(3,070)
	<b>2,917</b>	4,206

Specific borrowing costs are capitalised for the development of qualifying assets. The capitalisation rate of borrowings is 7.5% (for the six months ended 30 September 2020: 7.5%).

## 7. INCOME TAX EXPENSES

No Profits Tax was provided for the six months ended 30 September 2021 as the Group sustained a loss for the period (six months ended 30 September 2020: \$181,000).

## 8. (LOSS)/PROFIT FOR THE PERIOD

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
(Loss)/profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	<b>3,921</b>	3,449
Depreciation of right-of-use assets	<b>4,168</b>	3,367

## 9. (LOSS)/EARNINGS PER SHARE

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>(Loss)/earnings</b>		
(Loss)/earnings for the purpose of calculation of basic (loss)/earnings per share	<b>(36,568)</b>	3,832
<b>Number of shares</b>	<b>Number of shares</b>	
	<b>'000</b>	'000
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	<b>1,584,000</b>	1,584,000

Since there were no potential dilutive ordinary shares in issue during both period, basic and diluted (loss)/earnings 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
<b>COST</b>						
At 1 April 2020	32,882	1,340	5,887	15,242	23,351	78,702
Additions	-	-	-	6,614	4,163	10,777
Disposals	-	-	-	-	(5,134)	(5,134)
At 31 March 2021	32,882	1,340	5,887	21,856	22,380	84,345
Additions	-	-	176	960	153	1,289
Disposals	-	-	-	(1,715)	(2,353)	(4,068)
<b>At 30 September 2021</b>	<b>32,882</b>	<b>1,340</b>	<b>6,063</b>	<b>21,101</b>	<b>20,180</b>	<b>81,566</b>
<b>ACCUMULATED DEPRECIATION</b>						
At 1 April 2020	1,974	607	5,121	12,195	13,540	33,437
Charge for the year	658	315	271	2,287	3,639	7,170
Eliminated on disposals	-	-	-	-	(4,640)	(4,640)
At 31 March 2021	2,632	922	5,392	14,482	12,539	35,967
Charge for the period	329	156	152	1,373	1,911	3,921
Eliminated on disposals	-	-	-	(1,715)	(2,258)	(3,973)
<b>At 30 September 2021</b>	<b>2,961</b>	<b>1,078</b>	<b>5,544</b>	<b>14,140</b>	<b>12,192</b>	<b>35,915</b>
<b>CARRYING VALUES</b>						
<b>At 30 September 2021</b>	<b>29,921</b>	<b>262</b>	<b>519</b>	<b>6,961</b>	<b>7,988</b>	<b>45,651</b>
At 31 March 2021	30,250	418	495	7,374	9,841	48,378

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 2021, the Group's leasehold land and building with carrying amount amounting to approximately HK\$29,921,000 (31 March 2021: HK\$30,250,000) was pledged to secure banking facilities granted to the Group.

As at 30 September 2021, included in the property, plant and equipment is the Group's leasehold land and building under long lease located in Hong Kong of HK\$29,921,000 (31 March 2021: HK\$30,250,000) 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

	<b>Leasehold properties</b> <i>HK\$'000</i>
<b>COST</b>	
At 1 April 2020	22,088
Additions	5,405
Termination of lease	(1,814)
<hr/>	
<b>At 31 March 2021 and 30 September 2021</b>	<b>25,679</b>
<hr/>	
<b>ACCUMULATED DEPRECIATION</b>	
At 1 April 2020	4,902
Charge for the year	8,031
Termination of lease	(1,814)
<hr/>	
At 31 March 2021	11,119
Charge for the period	4,168
<hr/>	
<b>At 30 September 2021</b>	<b>15,287</b>
<hr/>	
<b>CARRYING VALUES</b>	
<b>At 30 September 2021</b>	<b>10,392</b>
<hr/>	
At 31 March 2021	14,560
<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 2021 and 31 March 2021, 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

	<b>30 September 2021 HK\$'000 (Unaudited)</b>	31 March 2021 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	<b>34,352</b>	43,240

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 2021 and 31 March 2021, 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 period (six months ended 30 September 2020: 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 2021, the Group's freehold land, amounting to approximately HK\$154,347,000 (31 March 2021: HK\$162,067,000) was pledged to secure banking facilities granted to the Group.

#### 14. TRADE AND OTHER RECEIVABLES

	<b>30 September 2021 HK\$'000 (Unaudited)</b>	31 March 2021 HK\$'000 (Audited)
Trade receivables	<b>15,708</b>	14,485
Performance deposit ( <i>Note (a)</i> )	<b>31,797</b>	31,797
Other receivables in relation to a transferred construction project ( <i>Note (b)</i> )	<b>48,660</b>	46,906
Other receivables ( <i>Note (c)</i> )	<b>37,840</b>	3,512
VAT recoverable	<b>12,184</b>	12,770
Receivables from subcontractors ( <i>Note (d)</i> )	<b>66,234</b>	56,299
Less: impairment loss recognised of other receivables under expected credit loss model	<b>(4,389)</b>	(4,389)
Net other receivables	<b>192,326</b>	146,895
Prepayments and deposits	<b>35,814</b>	33,987
Total trade and other receivables	<b>243,848</b>	195,367
Less: Classified under non-current assets	<b>(20,998)</b>	(28,531)
	<b>222,850</b>	166,836

*Notes:*

- (a) The amount represented the performance deposit amounted to PHP198,545,576 (equivalent to approximately HK\$31,797,000) 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 interests in the land owner and guaranteed by a substantial shareholder of the Company.

- (b) During the year ended 31 March 2019, the Group entered into a subcontracting agreement with an independent overseas main contractor for a construction project in Thailand and the certified value of works completed by the Group amounted to THB477,318,232 (equivalent to approximately HK\$116,600,000) (the **"Receivable"**). Following certain changes in the development progress, the Group, after completing partial works, transferred the subcontracting agreement to an independent third party company registered in Thailand (the **"Successor"**). Pursuant to the tripartite agreement entered between the Group, the main contractor and the Successor, all the Group's obligations and liabilities under the subcontracting agreement were transferred to the Successor on 29 November 2018. As stipulated in the tripartite agreement, the main contractor would return the Receivable together with an interest at 5% per annum to the Group on completion of the project.

During the year ended 31 March 2020, the main contractor informed the Group that the expected completion date of the project was delayed. On 15 October 2019, the Group and the main contractor entered into a repayment agreement, pursuant to which, the main contractor should repay to the Group the receivable of THB477,318,232 (equivalent to approximately HK\$118,129,000) and underlying interest in the manner of (i) THB205,620,283 (equivalent to approximately HK\$48,721,000) of the Receivable and underlying interest for the year would be repaid on or before 31 March 2020; and (ii) the remaining Receivable of THB271,697,949 (equivalent to approximately HK\$69,408,000) and underlying interest at 8% per annum would be repaid in 3 equal installments in 31 March 2021, 31 March 2022 and 31 March 2023 respectively. The amount for each installment should be THB90,565,983 (equivalent to approximately HK\$23,136,000).

During the year ended 31 March 2020, the first repayment of THB205,620,283 (equivalent to approximately HK\$48,721,000) had been received by the Group. During the year ended 31 March 2021, the first installment of THB90,565,983 (equivalent to approximately HK\$22,501,000) and underlying interest of THB21,735,836 (equivalent to approximately HK\$5,429,000) had been received by the Group. As at 30 September 2021, the remaining Receivable amounted to THB181,131,966 (equivalent to approximately HK\$46,907,000) and the underlying interest amounted to THB7,245,278 (equivalent to approximately HK\$1,753,000) were guaranteed by a substantial shareholder of the Company, who was also the beneficial owner of the project.

- (c) Included in other receivables of the Group was prepayment for construction materials of HK\$31,590,000 in overseas construction project.
- (d) The amount represented the expenses paid on behalf of the subcontractors and was expected to be settled upon completion of the related contracts.

## 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.

	<b>30 September 2021 HK\$'000 (Unaudited)</b>	31 March 2021 HK\$'000 (Audited)
Within 30 days	<b>15,708</b>	14,485

As at 30 September 2021, the Group had no trade receivables that were past due nor impaired (31 March 2021: Nil).

## 15. TRADE AND OTHER PAYABLES

	<b>30 September 2021 HK\$'000 (Unaudited)</b>	31 March 2021 HK\$'000 (Audited)
Trade payables	<b>44,011</b>	42,301
Retention payables	<b>44,606</b>	44,092
Amount due to non-controlling interest of a subsidiary – Note	<b>4,102</b>	4,321
Other payables and accruals	<b>11,305</b>	12,415
	<b>104,024</b>	103,129

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.

	<b>30 September 2021 HK\$'000 (Unaudited)</b>	31 March 2021 HK\$'000 (Audited)
Within 30 days	<b>23,721</b>	20,809
More than 30 days but within 90 days	<b>7,737</b>	3,816
More than 90 days	<b>12,553</b>	17,676
	<b>44,011</b>	42,301

The credit period on purchases of goods is 30 to 45 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

## 16. BANK BORROWINGS

	<b>30 September 2021 HK\$'000 (Unaudited)</b>	31 March 2021 HK\$'000 (Audited)
Secured bank loans	<b>201,364</b>	227,777
Carrying amount repayable based on scheduled repayment dates set out in the loan agreements:		
	<b>30 September 2021 HK\$'000 (Unaudited)</b>	31 March 2021 HK\$'000 (Audited)
Within one year or repayable on demand	<b>148,504</b>	164,588
More than one year, but not exceeding two years	<b>15,173</b>	15,953
More than two years, but not exceeding five years	<b>30,945</b>	40,213
More than five years	<b>6,742</b>	7,023
	<b>201,364</b>	227,777
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	<b>(9,432)</b>	(9,176)
– Carrying amount of bank borrowings repayable within one year	<b>(133,343)</b>	(164,588)
	<b>(142,775)</b>	(173,764)
Amounts classified as non-current portion	<b>58,589</b>	54,013

During the period ended 30 September 2021, secured bank borrowings bore floating interest rates of 2.25% to 7.5% (31 March 2021: 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 2021, none of the covenants relating to draw down facilities had been breached.

As at 30 September 2021, the Group's bank borrowings and other banking facilities are secured by:

- (a) bank deposits amounting to approximately HK\$72,610,000 (31 March 2021: HK\$58,612,000);
- (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\$29,921,000 (31 March 2021: HK\$30,250,000) (Note 10);
- (d) freehold land included in inventories amounting to approximately HK\$154,347,000 (31 March 2021: HK\$162,067,000) (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 2021 amounted to approximately HK\$62,000,000 (31 March 2021: HK\$51,103,000).

## 17. SHARE CAPITAL

	Number	Amount HK\$'000
<b>Authorised:</b>		
<i>Ordinary shares of HK\$0.01 each</i>		
At 1 April 2019, 31 March 2020, 31 March 2021 and 30 September 2021	2,000,000,000	20,000
<b>Issued and fully paid:</b>		
<i>Ordinary shares of HK\$0.01 each</i>		
At 1 April 2019	1,100,000,000	11,000
Share subscription on 3 June 2019 (Note (a))	220,000,000	2,200
Share subscription on 6 March 2020 (Note (b))	264,000,000	2,640
At 31 March 2020, 31 March 2021 and 30 September 2021	1,584,000,000	15,840

Notes:

- (a) On 3 June 2019, the Company and Splendid Horizon Limited (the “**Subscriber**”) entered into a subscription agreement, pursuant to which the Subscriber has agreed to subscribe for, and the Company has agreed to allot and issue, a total of 220,000,000 shares at the price of HK\$0.485 per share. The subscription was completed on 2 July 2019. The gross proceeds from the subscription were approximately HK\$106,700,000 and were used to improve the Group’s liquidity and to meet the requirements of the Group’s business operations and overseas development under Belt and Road Initiatives. Details are set out in the announcement of Company dated 3 June 2019.
- (b) On 6 March 2020, the Company entered into subscription agreements with Fortune Elite Holdings Limited (the “**Subscriber I**”) and Mr. Sun Jiajun (the “**Subscriber II**”), pursuant to which both Subscriber I and Subscriber II have agreed to subscribe for, and the Company has agreed to allot and issue, a total of 264,000,000 shares at the price of HK\$0.1976 per share. The subscription was completed on 31 March 2020. The gross proceeds from the subscription were approximately HK\$52,166,000 and were used to improve the Group’s liquidity and to meet the requirements of the Group’s business operations and overseas development under Belt and Road Initiatives. Details are set out in the announcement of Company dated 6 March 2020.

## 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	
		2021 HK\$'000 (Unaudited)	2020 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)	80,457	101,855

\* The English name is for identification purpose only

- (a) Jiangsu Provincial Construction Group Co. Ltd. is a substantial shareholder of the Group.

Key management compensation amounted to approximately HK\$2,658,000 for the Reporting Period (2020 Interim: HK\$3,400,000).

## 19. 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.

## 20. SUBSEQUENT EVENTS

There are no significant events which have taken place subsequent to 30 September 2021.

## 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

PKF Hong Kong 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

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong

### PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

Bangkok Bank Public Company Limited

### COMPANY'S WEBSITE

[www.kwanonconstruction.com](http://www.kwanonconstruction.com)

### STOCK CODE

1559