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**CORPORATE INFORMATION****BOARD OF DIRECTORS***Executive Directors*

Mr. Chan Lap Wai Gary  
 Mr. Chan Lap Chuen Edmond  
 Ms. Chan Chin Ying Amanda

*Independent Non-executive Directors*

Mr. Li Hon Hung, *BBS, MH, JP*  
 Mr. Cheng Chi Hung  
 Mr. Wong Yip Kong

**AUDIT COMMITTEE**

Mr. Cheng Chi Hung  
 Mr. Li Hon Hung, *BBS, MH, JP*  
 Mr. Wong Yip Kong

**REMUNERATION COMMITTEE**

Mr. Wong Yip Kong  
 Mr. Li Hon Hung, *BBS, MH, JP*  
 Mr. Cheng Chi Hung

**NOMINATION COMMITTEE**

Mr. Li Hon Hung, *BBS, MH, JP*  
 Mr. Cheng Chi Hung  
 Mr. Wong Yip Kong

**AUTHORISED REPRESENTATIVES**

Mr. Chan Lap Wai Gary  
 Mr. Lui Shun Wa Alexander

**COMPANY SECRETARY**

Mr. Lui Shun Wa Alexander

**AUDITOR**

Elite Partners CPA Limited

**LEGAL ADVISER**

D. S. Cheung & Co.

**PRINCIPAL BANKERS**

The Hongkong and Shanghai Banking Corporation Limited  
 The Bank of East Asia Limited  
 Bank of China (Hong Kong) Limited

**REGISTERED OFFICE IN THE CAYMAN ISLANDS**

Cricket Square  
 Hutchins Drive  
 PO Box 2681  
 Grand Cayman KY1-1111  
 Cayman Islands

**HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

Unit 103-105, 1/F  
 New East Ocean Centre  
 9 Science Museum Road  
 Tsimshatsui East  
 Kowloon  
 Hong Kong

**HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Tricor Investor Services Limited  
 17/F, Far East Finance Centre,  
 16 Harcourt Road,  
 Hong Kong

**CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

Conyers Trust Company (Cayman) Limited  
 Cricket Square  
 Hutchins Drive  
 PO Box 2681  
 Grand Cayman KY1-1111  
 Cayman Islands

**WEBSITE**

[www.simonandsons.com.hk](http://www.simonandsons.com.hk)

**STOCK CODE**

1633

The board (the “**Board**”) of directors (the “**Directors**”) of Sheung Yue Group Holdings Limited (the “**Company**”) is pleased to present the unaudited interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2023 (the “**Period**”), together with the comparative figures for the corresponding Period in 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

During the Period, the Group was engaged in the provision of foundation works in Hong Kong and Macau. The scope of foundation works undertaken by us mainly includes piling construction, ELS works, pile cap construction, site formation and ancillary services (such as loading test and construction machinery leasing services).

As at 30 September 2023, there were ten projects on hand with total contract sum amounting to approximately HK\$565,690,000. Seven projects are expected to be completed in the forthcoming financial year. Subsequent to the Period end, the Group was awarded four foundation projects with contract sum of approximately HK\$94,727,000.

### FUTURE PROSPECTS

Looking forward, Hong Kong's economy is expected to get further recovered accounting for the official cancellation of the sole remaining travel restriction between Hong Kong and mainland China. As the Group has gradually resumed and increased its business activities with the ease of COVID-19 restrictions since the beginning of 2023, it is believed that the activities with its business partners and suppliers in China will only be growing inevitably in the future.

The sale of 12 residential sites under The Government Land Sale Programme in 2023-24, coupled with the Government's plan to build 72,000 private housing units as well as 360,000 public housing units in the coming five years, and the railway property development plan, it is expected that the demand for construction and foundation works will continued to be driven up, providing a steady stream of business and a favourable environment for the Group to continue to develop its principal businesses in the future.

Riding on the new opportunities as they emerge, the Directors are positive and have strong faith that the Group will be able to keep up the positive financial performance it has yielded during the Period in the coming financial year. The Group will continue to keep abreast of market developments and act prudently in evaluating potential business opportunities to drive the continuous business development, broaden the sources of revenue and maximise the return to our shareholders.

## FINANCIAL REVIEW

### *Revenue*

The Group's total revenue for the Period was approximately HK\$182,630,000 representing an increase of approximately HK\$32,983,000, or 22.0% from approximately HK\$149,647,000 for the six months ended 30 September 2022. The increase in our revenue was because the Group undertook some more foundation works projects during the Period.

### *Gross Profit and Gross Profit Margin*

The Group's gross profit amounted to approximately HK\$17,011,000 for the Period, compared to a gross profit of approximately HK\$21,736,000 for the six months ended 30 September 2022. The Group's gross profit margin during the Period was approximately 9.3% (six months ended 30 September 2022: approximately 14.5%).

The decrease in gross profit and gross profit margin were mainly due to the increase of subcontracting cost involved during the Period.

### *Other Income*

The Group's other income for the Period were approximately HK\$2,066,000 (for the six months ended 30 September 2022: approximately HK\$5,478,000), representing a decrease of approximately 62.3% over the six months ended 30 September 2022. This was mainly due to the absence of the government grants from the Employment Support Scheme launched by the Hong Kong Government.

### *Other Net Losses*

The Group's other net losses for the Period were approximately HK\$399,000 (for the six months ended 30 September 2022: approximately HK\$7,343,000). This was mainly due to decrease of credit loss of contract assets during the Period as compared to the six months ended 30 September 2022.

### *Administrative Expenses*

The Group's administrative expenses for the Period were approximately HK\$10,774,000, representing a decrease of approximately HK\$1,042,000 or 8.8% from approximately HK\$11,816,000 for the six months ended 30 September 2022. This was mainly due to the management's effective cost control.

*Income Tax Expense*

No provision for Hong Kong Profits Tax has been provided for the Period as the Group had cumulative tax losses which can fully offset the taxable profit for the Period (for the six months ended 30 September 2022: nil).

*Net Profit for the Period*

For the Period, the Group recorded a net profit of approximately HK\$5,189,000 (for the six months ended 30 September 2022: approximately HK\$6,287,000).

*Liquidity, Financial Resources and Capital Structure*

As at 30 September 2023, the Group had bank balances of approximately HK\$21,932,000 (as at 31 March 2023: approximately HK\$29,106,000). The interest-bearing debts of the Group as at 30 September 2023 was approximately HK\$83,187,000 (as at 31 March 2023: approximately HK\$97,278,000). The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to the shareholders of the Company through the optimisation of the debt and equity balance. The Group monitors its capital by using a gearing ratio, which is calculated based on the amount of bank loans and lease liabilities divided by total equity. The gearing ratio of the Group as at 30 September 2023 was approximately 45.6% (as at 31 March 2023: approximately 54.9%), which is attributable to the decrease in bank and other loans and lease liabilities during the Period.

*Pledge of Assets*

The Group's plant and machinery and right-of-use assets with an aggregated net book value of approximately HK\$15,047,000 as at 30 September 2023 were held under leases and other loan (as at 31 March 2023: HK\$16,997,000).

As at 30 September 2023, banking facilities amounting to approximately HK\$2,000,000 were secured by the Group's bank deposit (as at 31 March 2023: Nil).

*Foreign Exchange Risk*

The Group mainly operates in Hong Kong and most of the operating transactions such as revenue, expenses, monetary assets and liabilities are denominated in Hong Kong dollars. As such, the Directors are of the view that the Group's risk in foreign exchange is insignificant and that we should have sufficient resources to meet foreign exchange requirements as and if they arise. Therefore, the Group has not engaged in any derivative contracts to hedge its exposure to foreign exchange risk during the Period.

*Significant Investment*

The Group did not have any significant investments during the Period.

*Material Acquisitions and Disposals*

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the Period.

*Future Plans for Material Investments or Capital Assets*

Save as disclosed in this interim report, the Group does not have other plans for material investment or capital assets as at 30 September 2023.

*Employees and Remuneration Policy*

As at 30 September 2023, the Group employed 123 employees. Total remuneration costs including Directors' emoluments for the Period, amounted to approximately HK\$33,410,000 (for the six months ended 30 September 2022: approximately HK\$30,063,000). The salary and benefit levels of the employees of the Group are competitive and individual performance is rewarded through the Group's salary and bonus system. The Group conducts annual review on salary increase, discretionary bonuses and promotions based on the performance of each employee.

During the Period, the Group has not experienced any significant labour disputes with its employees nor has it experienced any difficulty in the recruitment and retention of experienced staff.

*Capital Commitments*

As at 30 September 2023, the Group had no capital commitments (as at 31 March 2023: HK\$1,050,000).

*Contingent Liabilities*

As at 30 September 2023, the Group did not have any significant contingent liabilities (as at 31 March 2023: Nil).



## DISCLOSURE OF INTERESTS

### Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 30 September 2023, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest or short positions which they are taken or deemed to have under such provisions of the SFO) or which, pursuant to section 352 of the SFO, as entered in the register of the Company referred to therein, or have been, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), notified to the Company and the Stock Exchange were as follows:

#### Long positions in the share of the Company (the "Shares")

Name of Director	Capacity/Nature	Number of ordinary Shares held/interest	Percentage of shareholding
Mr. Chan Lap Wai Gary (Notes 2 and 3)	Interest of controlled corporation	495,000,000 (L) (Note 1)	72.29%
Ms. Chan Chin Ying Amanda	Beneficial owner	7,140,000 (L) (Note 1)	1.04%

*Notes:*

1. The letter "L" demonstrates long position in such securities.
2. Mr. Chan Lap Wai Gary substantially owns 45% of the share capital of Creative Elite Global Limited. Therefore, Mr. Chan Lap Wai Gary is deemed to be interested in the 495,000,000 Shares held by Creative Elite Global Limited for the purpose of the SFO.
3. On 1 December 2016, the Over-allotment Option was exercised by the bookrunner, C.P. Securities International Limited, whereby an aggregate of 24,750,000 Shares were issued on 2 December 2016. Thus, the percentage of shareholding of Creative Elite Global Limited in the Company was changed from 75% (before the exercise of the Over-allotment Option) to 72.29%.

**Long positions in the shares of associated corporations**

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Number of Shares held/interest</b>	<b>Percentage of interest</b>
Mr. Chan Lap Wai Gary	Creative Elite Global Limited	45	45%
Mr. Chan Lap Chuen Edmond	Creative Elite Global Limited	28	28%
Ms. Chan Chin Ying Amanda	Creative Elite Global Limited	18	18%

Other than as disclosed above, as at 30 September 2023, none of the Directors nor chief executives of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange under the Model Code.

### **Substantial Shareholders' and Others' Interests and Short positions in the shares, Underlying Shares and Debentures of the Company and its Associated Corporations**

As at 30 September 2023, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interest or short position in Shares or underlying Shares which fell to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

<b>Name of Shareholder</b>	<b>Capacity/Nature</b>	<b>Number of Shares held/interest</b>	<b>Percentage of interest</b>
Creative Elite Global Limited (Note 2)	Beneficial owner	495,000,000 (L) (Note 1)	72.29%
Ms. Vane Siu Ling Linda (Note 3)	Interest of spouse	495,000,000 (L) (Note 1)	72.29%

Notes:

1. The letter "L" demonstrates long position in such securities.
2. On 1 December 2016, the Over-allotment Option was exercised by the bookrunner, C.P. Securities International Limited, whereby an aggregate of 24,750,000 shares were issued on 2 December 2016. Thus, the percentage of shareholding of Creative Elite Global Limited in the Company was changed from 75% (before the exercise of the Over-allotment Option) to 72.29%.
3. Ms. Linda Vane is the spouse of Mr. Chan Lap Wai Gary who substantially owns 45% of the share capital of Creative Elite Global Limited. Therefore, Ms. Linda Vane is deemed to be interested in the 495,000,000 Shares held by Creative Elite Global Limited for the purpose of the SFO.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 September 2023.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Purchase, sale or redemption of the Company's listed securities

No purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries was made during the Period and up to the date of this report.

### Share option scheme

The shareholders of the Company have adopted a share option scheme (the "**Scheme**") on 24 October 2016.

A summary of the Scheme is set out as below:

- (i) The Scheme became effective for a period of 10 years commencing from the date on which the Scheme becomes unconditional.
- (ii) The Scheme enables the Company to grant options to subscribe for the Shares to any director, employee or officer, partner or adviser of the Company or any of its subsidiaries, as incentives or awards for their contributions to the Group.
- (iii) The basis of eligibility of any person to the grant of any option shall be determined by the Board from time to time on the basis of his or her contribution or potential contribution to the development and growth of the Group.
- (iv) Under the Scheme, a subscription price shall be a price solely determined by the board of directors and notified to a participant and shall be at least the higher of:
  - (i) the closing price of our shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day;
  - (ii) the average of the closing prices of our shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and
  - (iii) the nominal value of a share on the date of grant of the option.
- (v) An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made.

(vi) The maximum number of shares issuable upon exercise of all options to be granted under the Scheme and any other share option schemes of our Company (excluding, for this purpose, shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Scheme or any other share option schemes of our Company) must not in aggregate exceed 10% of all our shares in issue as at the listing date.

No options have been granted, exercised, cancelled or lapsed since the adoption of the Scheme.

As at 1 April 2023 and 30 September 2023, the total number of share options available for grant under the Share Option Scheme was 68,475,000 and 68,475,000, respectively.

As no share options were granted under the Share Option Scheme since the adoption thereof and during the six months ended 30 September 2023, the number of Shares which were issued or may be issued in respect of options granted under the Share Option Scheme during the six months ended 30 September 2023 divided by the weighted average number of shares of the relevant class in issue for the six months ended 30 September 2023 is nil.

### **Interim dividend**

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2023.

### **Compliance with the corporate governance code**

The Group is committed to uphold high standards of corporate governance. The Board considers that enhanced public accountability and corporate governance are beneficial to the healthy growth of the Group, improving customer and supplier confidence and safeguarding the interests of the shareholders of the Company.

The Company had adopted the principles and code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules. To the best knowledge of the Board, the Company has complied with all applicable code provisions in the Corporate Governance Code during the Period and up to the date of this report.

### **Compliance with the Model Code**

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**"). In response to a specific enquiry by the Company, all Directors have confirmed that they complied with the requirements of the Model Code during the Period and up to the date of this report.

### **Audit Committee**

The Company has an audit committee (the "**Audit Committee**") in accordance with the requirements of the Listing Rules with terms of reference aligned with the provision of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The Audit Committee is to serve as a focal point for communication between other Directors, the external auditors, and the management as their duties relate to financial and other reporting, internal controls and the audits; and to assist the Board in fulfilling its responsibilities by providing an independent review of financial reporting, be satisfying themselves as to the effectiveness of the Company's internal controls and as to the efficiency of the audits. The Audit Committee comprises three independent non-executive Directors, namely Mr. Cheng Chi Hung (chairman), Mr. Li Hon Hung, (BBS, MH, JP) and Mr. Wong Yip Kong.

### **Review of Interim Results**

The Group's unaudited condensed consolidated interim results and financial report for the Period have been reviewed and approved by the Audit Committee. The Audit Committee is of the opinion that the relevant unaudited condensed consolidated financial statements have been prepared in compliance with the applicable accounting standards and the requirements under the Listing Rules, and that adequate disclosures have been made.

### **Publication of Interim Results Announcement and Interim Report**

The interim results announcement of the Company has been published on the website of the Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk) and at the website of the Company at [www.simonandsons.com.hk](http://www.simonandsons.com.hk). The interim report will be despatched to the shareholders of the Company and is available on the above websites in due course.

**Events after the Period**

The event that has a significant impact on the Group and occurred since 30 September 2023 and up to the date of this report has been stated in the section headed “Management Discussion and Analysis – Future Prospects” above.

**APPRECIATION**

On behalf of the Board, I would like to express my sincere gratitude to all our management and staff members for their dedication and contribution to the Group. In addition, I would like to thank all our Shareholders and investors for their support and our customers for their patronage.

By order of the Board  
**Sheung Yue Group Holdings Limited**  
**Chan Lap Wai Gary**  
*Chairman*

Hong Kong, 22 November 2023

*As at the date of this report, the Board comprises Mr. Chan Lap Wai Gary (Chairman), Mr. Chan Lap Chuen Edmond and Ms. Chan Chin Ying Amanda as executive Directors, and Mr. Li Hon Hung, (BBS, MH, JP), Mr. Cheng Chi Hung and Mr. Wong Yip Kong as independent non-executive Directors.*

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

For the six months ended 30 September 2023

		<b>Six months ended 30 September</b>	
		<b>2023</b>	2022
<i>Notes</i>		<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	(Unaudited)
Revenue	5	<b>182,630</b>	149,647
Cost of services		<b>(165,619)</b>	(127,911)
Gross profit		<b>17,011</b>	21,736
Other income	5	<b>2,066</b>	5,478
Other net losses	5	<b>(399)</b>	(7,343)
Administrative expenses		<b>(10,774)</b>	(11,816)
Profit from operation	6	<b>7,904</b>	8,055
Finance costs	7	<b>(2,715)</b>	(1,768)
Profit before taxation		<b>5,189</b>	6,287
Income tax	8	–	–
Profit and total comprehensive income attributable to owners of the Company for the Period		<b>5,189</b>	6,287
		<b>HK cents</b>	HK cents
Earnings per share	10		
– Basic and diluted		<b>0.76</b>	0.92



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 September 2023

	Notes	<b>As at 30 September 2023 HK\$'000 (Unaudited)</b>	As at 31 March 2023 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	11	<b>93,445</b>	92,846
Right-of-use assets	12	<b>10,724</b>	14,093
Financial asset at fair value through profit or loss ("FVTPL")	19	<b>2,860</b>	2,860
Rental deposit		<b>520</b>	520
Deposit paid for acquisition of machineries		–	2,250
		<b>107,549</b>	112,569
<b>Current assets</b>			
Inventories		<b>15,127</b>	14,037
Contract assets	13	<b>77,561</b>	70,799
Trade and other receivables	14	<b>94,132</b>	85,375
Pledged bank deposit	15	<b>2,000</b>	–
Cash and cash equivalents	15	<b>19,932</b>	29,106
		<b>208,752</b>	199,317
<b>Current liabilities</b>			
Trade and other payables	16	<b>50,827</b>	37,510
Lease liabilities		<b>4,144</b>	7,071
Bank and other loans	17	<b>76,297</b>	85,042
		<b>131,268</b>	129,623
<b>Net current assets</b>		<b>77,484</b>	69,694
<b>Total assets less current liabilities</b>		<b>185,033</b>	182,263

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 September 2023

	<i>Notes</i>	<b>As at 30 September 2023 HK\$'000 (Unaudited)</b>	As at 31 March 2023 HK\$'000 (Audited)
<b>Non-current liabilities</b>			
Lease liabilities		<b>1,155</b>	2,030
Bank and other loans	17	<b>1,591</b>	3,135
		<b>2,746</b>	5,165
<b>NET ASSETS</b>		<b>182,287</b>	177,098
<b>Equity</b>			
Share capital	18	<b>6,848</b>	6,848
Reserves		<b>175,439</b>	170,250
<b>TOTAL EQUITY</b>		<b>182,287</b>	177,098

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY***For the six months ended 30 September 2023*

	Attributable to owners of the Company						
	Share capital HK\$ '000	Share premium HK\$ '000	Merger reserve HK\$ '000	Capital reserve HK\$ '000	Foreign exchange reserve HK\$ '000	Retained earnings HK\$ '000	Total HK\$ '000
<b>As at 1 April 2022 (audited)</b>	6,848	98,111	10,010	3,446	244	47,603	166,262
Profit and total comprehensive income for the period	-	-	-	-	-	6,287	6,287
<b>As at 30 September 2022 (unaudited)</b>	<u>6,848</u>	<u>98,111</u>	<u>10,010</u>	<u>3,446</u>	<u>244</u>	<u>53,890</u>	<u>172,549</u>
<b>As at 1 April 2023 (audited)</b>	<b>6,848</b>	<b>98,111</b>	<b>10,010</b>	<b>3,446</b>	<b>244</b>	<b>58,439</b>	<b>177,098</b>
Profit and total comprehensive income for the period	-	-	-	-	-	5,189	5,189
<b>As at 30 September 2023 (unaudited)</b>	<u><b>6,848</b></u>	<u><b>98,111</b></u>	<u><b>10,010</b></u>	<u><b>3,446</b></u>	<u><b>244</b></u>	<u><b>63,628</b></u>	<u><b>182,287</b></u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS***For the six months ended 30 September 2023*

	<b>Six months ended 30 September</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Net cash generated from operating activities</b>	<b>19,207</b>	25,276
<b>Net cash used in investing activities</b>	<b>(11,575)</b>	(12,377)
<b>Net cash (used in)/generated from financing activities</b>	<b>(16,806)</b>	4,528
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(9,174)</b>	17,427
<b>Cash and cash equivalents at beginning of the Period</b>	<b>29,106</b>	14,342
<b>Cash and cash equivalents at end of the Period</b>	<b>19,932</b>	31,769

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

*For the six months ended 30 September 2023*

**1. GENERAL INFORMATION**

The Company was incorporated in the Cayman Islands on 23 March 2016, as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is located at the offices of Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is Units 103-105, 1st Floor, New East Ocean Centre, 9 Science Museum Road, Tsimshatsui East, Kowloon, Hong Kong.

The Company, an investment holding company, and its subsidiaries (together referred to as the “Group”) are principally engaged in the provision of foundation works including piling construction, ELS works, pile cap construction, site formation and ancillary services in Hong Kong and Macau.

The unaudited condensed consolidated interim financial statements have neither been audited nor reviewed.

**2. BASIS OF PREPARATION**

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2023 have been prepared in accordance with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure provisions required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The unaudited condensed consolidated interim financial statements of the Group are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company, and all values are rounded to the nearest thousand except when otherwise indicated. Each entity in the Group maintains its books and records in its own functional currency.

The preparation of the unaudited condensed consolidated interim financial statements in compliance with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The unaudited condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the consolidated financial statements for the year ended 31 March 2023. The unaudited condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of annual financial statements prepared in accordance with HKASs, Hong Kong Financial Reporting Standards and interpretations (collectively the “HKFRSs”) and should be read in conjunction with the consolidated financial statements for the year ended 31 March 2023.

### 3. PRINCIPAL ACCOUNTING POLICIES AND APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

The accounting policies adopted are consistent with those of the annual financial statements of the Group for the year ended 31 March 2023 except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 April 2023.

#### Amendments to HKFRSs that are mandatorily effective for the current period

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

### 4. SEGMENT INFORMATION

#### Operating segments

The chief operating decision maker ("CODM") has been identified as the executive directors who review the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The CODM assesses the performance based on a measure of profit after income tax and considers all businesses to be included in a single operating segment.

The Group was principally engaged in provision of foundation works including piling construction, ELS works, pile cap construction, site formation and ancillary services in Hong Kong and Macau. Information reported to the Group's CODM, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole, as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

#### Geographical information

All of the Group's revenue was derived from Hong Kong, based on the location of the customers, and all of its non-current assets were located in Hong Kong, based on the location of assets. Therefore, no geographical information is presented.

## 5. REVENUE, OTHER INCOME AND OTHER NET LOSSES

The Group's revenue represents amount received and receivable from contract work performed.

As at 30 September 2023, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is approximately HK\$322,202,000 (31 March 2023: HK\$318,221,000).

This amount represents revenue expected to be recognised in the future from construction contracts entered into by the customers with the Group. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur over the next 12 to 24 months.

An analysis of the Group's other income and other net losses recognised during the respective periods are as follows:

	<b>Six months ended 30 September</b>	
	<b>2023</b>	2022
	<b>HK\$ '000</b>	HK\$ '000
	<b>(Unaudited)</b>	(Unaudited)
<b>Other income</b>		
Interest income on bank deposits	<b>10</b>	2
Total interest income from financial assets that are not at fair value through profit or loss	<b>10</b>	2
Government grant	–	2,526
Rental income	<b>885</b>	2,491
Income from the staff outsourcing	<b>1,171</b>	459
	<b>2,066</b>	5,478
<b>Other net losses</b>		
Gain/(loss) on disposal/written off of property, plant, and equipment, net	<b>6</b>	(7)
(Allowance)/reversal of allowance for credit losses, net of recognised:		
– Trade and other receivables	<b>(793)</b>	(1,185)
– Contract assets	<b>388</b>	(6,151)
	<b>(399)</b>	(7,343)

**6. PROFIT FROM OPERATION**

The Group's profit from operation has been arrived at after charging:

	<b>Six months ended 30 September</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Depreciation		
– Property, plant and equipment	<b>11,242</b>	8,751
– Right-of-use assets	<b>3,369</b>	4,872
	<u><b>14,611</b></u>	<u>13,623</u>
Staff costs (including directors' remuneration)	<b>33,410</b>	30,063
Expenses related short term leases	<b>374</b>	11,515
	<u><b>33,784</b></u>	<u>41,578</u>

**7. FINANCE COSTS**

	<b>Six months ended 30 September</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Interest on lease liabilities	<b>200</b>	404
Interest on bank overdrafts	<b>35</b>	17
Interest on bank and other loans	<b>2,480</b>	1,347
	<u><b>2,715</b></u>	<u>1,768</u>



**8. INCOME TAX**

Taxation in the unaudited condensed consolidated statement of profit or loss and other comprehensive income represents:

	<b>Six months ended 30 September</b>	
	<b>2023</b>	2022
	<b>HK\$ '000</b>	HK\$ '000
	<b>(Unaudited)</b>	(Unaudited)
Income tax	—	—

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.
- (ii) Under the two-tiered profits tax rate regime of Hong Kong Profits Tax, the first HK\$2 million of profits of a qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

For the six months ended 30 September 2023, Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits of one of the subsidiaries of the Company and at 16.5% on the estimated assessable profits above HK\$2,000,000 of that subsidiary. The profits of other group entities not qualified for the two-tier profits tax regime will continue to be taxed at a flat rate of 16.5%.

No provision for Hong Kong Profits Tax has been provided for the six months ended 30 September 2023 and 30 September 2022 as the Group had cumulative tax losses which can fully offset the taxable profit.

- (iii) Macau Complementary Income Tax is calculated at 12% (six months ended 30 September 2022: 12%) of the estimated assessable profits for the six months ended 30 September 2023.

No Macau Complementary Income Tax has been provided since there were no assessable profit generated for the six months ended 30 September 2023 and 2022.

## 9. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

## 10. EARNINGS PER SHARE

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

	<b>Six months ended 30 September</b>	
	<b>2023 HK\$'000 (Unaudited)</b>	2022 HK\$'000 (Unaudited)
<b>Earnings</b>		
Profit attributable to owners of the Company for the Period	<b>5,189</b>	6,287
	<hr/> <hr/>	<hr/> <hr/>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share (Note)	<b>684,750</b>	684,750
	<hr/> <hr/>	<hr/> <hr/>

Note:

Weighted average number of ordinary shares for the six months ended 30 September 2023 and 2022 are based on the number of ordinary shares in issue throughout the period.

Diluted earnings per share is the same as the basic earnings per share during the periods ended 30 September 2023 and 2022. There was no potential dilutive ordinary shares.

### 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2023, the Group incurred capital expenditures of approximately HK\$11,890,000 in plant and machinery (six months ended 30 September 2022: approximately HK\$28,820,000 in plant and machinery and approximately HK\$1,365,000 in motor vehicles).

Items of property, plant and equipment with net book value amounting to approximately HK\$49,000 were disposed of during the six months ended 30 September 2023 (six months ended 30 September 2022: approximately HK\$17,000), resulting in a gain on disposal of approximately HK\$6,000 (six months ended 30 September 2022: loss on disposal of approximately HK\$7,000).

As at 30 September 2023, the Group's machinery of HK\$7,587,000 were pledged as collateral for the Group's other loan of HK\$4,633,000.

### 12. RIGHT-OF-USE ASSETS

The Group leases office and warehouse for its operations. Lease contracts are entered into for fixed term of 2 years to 3 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

During the six months ended 30 September 2023, there were no addition of right-of-use assets. (six months ended 30 September 2022: the addition of right-of-use assets with underlying assets of properties leased for own use of the Group amounted to approximately HK\$3,579,000).

### 13. CONTRACT ASSETS

The contract assets primarily relate to the Group's right to consideration for work completed and not billed as receipt of consideration is conditional on successful completion of work.

	<b>As at 30 September 2023 HK\$ '000 (Unaudited)</b>	As at 31 March 2023 HK\$ '000 (Audited)
Arising from performance under construction contracts	<b>78,834</b>	72,460
Less: allowance for credit loss	<b>(1,273)</b>	(1,661)
	<b>77,561</b>	70,799

Included in carrying amount of contract assets comprises retention receivables of approximately 34,991,000 as at 30 September 2023 (31 March 2023: approximately HK\$31,093,000).

The contract assets primarily relate to the Group's right to consideration for work completed and not billed as receipt of consideration is conditional on successful completion of work.

### **Construction contracts**

The Group's construction contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached. Upon completion of work and acceptance by the customers, the amounts recognised as contract assets are reclassified to trade receivables.

The Group also typically agrees to a 2 years retention period of the total contract value. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on the Group's work satisfactorily passing inspection.

Retention receivables included in contract assets represents the Group's right to receive consideration for work performed and not yet billed because the rights are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the expiry date of the period for the provision of assurance by the Group on the service quality of the construction work performed by the Group. For retention receivables in respect of construction contracts, the due dates are usually 2 years after completion of the construction work.

The amount of contract assets (net of allowance for credit losses) that is expected to be recovered after more than one year is approximately HK\$24,606,000 (31 March 2023: HK\$20,573,000), all of which relates to retention receivables.

The Group classifies these contract assets under current assets because the Group expects to realise them in its normal operating cycle.

**14. TRADE AND OTHER RECEIVABLES**

	<b>As at 30 September 2023 HK\$ '000 (Unaudited)</b>	As at 31 March 2023 HK\$ '000 (Audited)
Trade receivables ( <i>note a</i> )	<b>36,990</b>	31,545
Advances to subcontractors ( <i>note b</i> )	<b>49,120</b>	48,370
Other receivables	<b>1,124</b>	1,712
Prepayments and deposits	<b>7,418</b>	6,518
	<b>94,652</b>	88,145
Less: Non-current portion		
Rental deposit	<b>(520)</b>	(520)
Deposit paid for acquisition of machineries	–	(2,250)
Total current portion	<b>94,132</b>	85,375

*Notes:*

- (a) Trade receivables were mainly derived from provision of foundation works, including piling construction, ELS works, pile cap construction, site formation and ancillary services, and are non-interest bearing. The Group does not hold any collateral or other credit enhancements over these balances.

A credit period of less than 60 days since the issuance of invoice or payments received from main contractor is granted by the Group to its trade customers of contract work. Application for progress payments of contract works is made on a regular basis.

The following is an aged analysis of trade receivables, presented based on the invoice dates:

	<b>As at 30 September 2023 HK\$'000 (Unaudited)</b>	As at 31 March 2023 HK\$'000 (Audited)
0-30 days	<b>25,525</b>	21,467
31-90 days	<b>1,257</b>	9,817
More than 90 days	<b>10,208</b>	261
	<b>36,990</b>	31,545

The directors do not consider the amounts as significant increase in credit risk with reference to the historical records, past experience and also available reasonable and supportive forward-looking information of these receivables, and the recurring overdue record of these receivables with satisfactory settlement history.

- (b) All advances to subcontractors are interest free and have no fixed terms of repayment.

Over 70% of advance to subcontractors was subsequently settled after the end of the reporting period.

The Group does not hold any collateral as security for trade and other receivables.

**15. PLEDGED BANK DEPOSIT AND CASH AND CASH EQUIVALENTS**

	<b>As at 30 September 2023 HK\$'000 (Unaudited)</b>	As at 31 March 2023 HK\$'000 (Audited)
Cash and bank balances	<b>21,932</b>	29,106
Less: pledged bank deposit	<b>(2,000)</b>	–
Cash and cash equivalents	<b>19,932</b>	29,106

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

The Group has pledged its bank balances as securities for its banking facilities. As at 30 September 2023 and 31 March 2023, the Group's banking facilities were secured by:

- (a) the Group's bank deposit amounting to approximately HK\$2,000,000 for 30 September 2023 (31 March 2023: Nil);
- (b) properties of related companies controlled by a director of the Company; and
- (c) individual guarantee by the directors of the Company.

**16. TRADE AND OTHER PAYABLES**

	<b>As at 30 September 2023 HK\$'000 (Unaudited)</b>	As at 31 March 2023 HK\$'000 (Audited)
Trade payables ( <i>note</i> )	<b>32,900</b>	20,969
Retention payables	<b>11,500</b>	8,837
Other payables and accruals	<b>6,427</b>	7,704
	<b>50,827</b>	37,510

*Note:*

An aged analysis of trade payables, based on the invoice dates, is as follows:

	<b>As at 30 September 2023 HK\$'000 (Unaudited)</b>	As at 31 March 2023 HK\$'000 (Audited)
0-30 days	<b>10,737</b>	4,458
31-90 days	<b>17,293</b>	8,112
91-365 days	<b>3,018</b>	6,548
More than 365 days	<b>1,852</b>	1,851
	<b>32,900</b>	20,969

The Group's trade payables are non-interest bearing and generally have payment terms of 30 to 60 days.



**17. BANK AND OTHER LOANS**

	<b>As at 30 September 2023 HK\$'000 (Unaudited)</b>	As at 31 March 2023 HK\$'000 (Audited)
Secured bank loans	<b>73,255</b>	82,090
Secured other loan	<b>4,633</b>	6,087
	<b>77,888</b>	88,177
The carrying amounts of the above bank and other loans that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	<b>58,733</b>	58,241
Within a period of more than one year but not exceeding two years	<b>4,055</b>	6,609
Within a period of more than two years but not exceeding five years	<b>8,578</b>	11,602
Within a period of more than 5 years	<b>6,522</b>	11,725
	<b>77,888</b>	88,177
Less: Amounts due within one year shown under current liabilities	<b>(76,297)</b>	(85,042)
Amounts shown under non-current liabilities	<b>1,591</b>	3,135

Bank and other loans with the aggregate carrying amount of approximately HK\$77,888,000 (31 March 2023: HK\$88,177,000) are secured by:

- (a) the Group's bank deposit amounting to approximately HK\$2,000,000 for the six months ended 30 September 2023 (31 March 2023: Nil);
- (b) the Group's machinery amounting to approximately HK\$7,587,000 (31 March 2023: HK\$8,232,000);
- (c) properties of related companies controlled by a director of the Company; and
- (d) individual guarantees by the directors of the Company.

### Effective interest rates

The following table shows average effective interest rate of the bank and other loans of the Group:

	As at 30 September 2023 (Unaudited)		As at 31 March 2023 (Audited)	
	Average effective interest rate %	Carrying amount HK\$'000	Average effective interest rate %	Carrying amount HK\$'000
Variable rate:				
Bank loans	5.940	73,255	5.134	82,090
Fixed rate:				
Other loan	6.197	4,633	6.197	6,087
		<u>77,888</u>		<u>88,177</u>

All bank loans denominated in HK\$.

As at 30 September 2023, included in secured bank loans, amounting to HK\$21,425,000 (31 March 2023: HK\$23,505,000) are borrowed under the Small and Medium Enterprises Financing Guarantee Scheme operated by Hong Kong Mortgage Corporation Insurance Limited. The bank loans were guaranteed by the directors of the Company.

**18. SHARE CAPITAL**

	Number of ordinary shares	Amount HK\$ '000
Authorised:		
Ordinary shares of HK\$0.01 each		
As at 31 March 2023 and 30 September 2023	2,000,000,000	20,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
As at 31 March 2023 and 30 September 2023	684,750,000	6,848

**19. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY**

The following table shows the carrying amount of each of the categories of financial assets and liabilities:

	As at 30 September 2023 HK\$ '000 (Unaudited)	As at 31 March 2023 HK\$ '000 (Audited)
<b>Financial assets</b>		
Financial asset at FVTPL	2,860	2,860
Financial assets at amortised cost:		
Rental deposit	520	520
Trade and other receivables	87,738	85,937
Pledged bank deposit	2,000	–
Cash and cash equivalents	19,932	29,106
	<b>113,050</b>	118,423
<b>Financial liabilities</b>		
Financial liabilities at amortised cost:		
Trade and other payables	50,827	37,510
Bank and other loans	77,888	88,177
	<b>128,715</b>	125,687

The carrying amounts of the financial instruments reasonably approximated to their fair values as at 30 September 2023 and 31 March 2023.

The Group's investment in a life insurance policy is measured at fair value at the end of reporting period. The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	<b>Fair value measurement using significant unobservable inputs (Level 3) HK\$'000</b>
As at 30 September 2023 (unaudited)	
Financial assets at fair value through profit or loss	<b>2,860</b>
As at 31 March 2023 (audited)	
Financial assets at fair value through profit or loss	2,860

There were no changes in valuation techniques and no transfers between levels during the period.

## 20. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of Directors and other members of key management for the six months ended 30 September 2023 were approximately HK\$3,602,000 (six months ended 30 September 2022: approximately HK\$3,681,000).

## 21. CAPITAL COMMITMENTS

	<b>As at 30 September 2023 HK\$'000 (Unaudited)</b>	As at 31 March 2023 HK\$'000 (Audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statement	–	1,050

**22. LITIGATION**

At the end of the reporting Period, there were two labour claims arising from the normal course of business being lodged against the Group and no specific claim amount has been specified in the application of the claims. In the opinion of the Directors, the Group has sufficient insurance coverage to cover the losses, if any, arising from the claims and therefore the ultimate liability under the claims would not have a material adverse impact on the financial position or results of the Group.

**23. IMMEDIATE AND ULTIMATE CONTROLLING PARTY**

The Directors consider the immediate and ultimate controlling party of the Group to be Creative Elite Global Limited, which was incorporated in the British Virgin Islands. This entity does not produce financial statements available for public use.

**24. APPROVAL OF THE INTERIM REPORT**

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2023 were approved and authorised for issue by the Board of Directors on 22 November 2023.