

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**均安控股**

Kwan On Holdings

**KWAN ON HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1559)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022**

The board (the “**Board**”) of Directors (the “**Directors**”) of Kwan On Holdings Limited (the “**Company**”) is pleased to announce the unaudited results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2022 (the “**Reporting Period**”), together with comparative figures for the corresponding preceding period, as follows:

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

*For the six months ended 30 September 2022*

		<b>Six months ended 30 September</b>	
		<b>2022</b>	2021
	<i>Notes</i>	<b>HK\$’000</b>	HK\$’000
		<b>(Unaudited)</b>	(Unaudited)
Revenue	5	<b>210,353</b>	287,639
Cost of services		<b>(240,045)</b>	(310,919)
Gross loss		<b>(29,692)</b>	(23,280)
Other income		<b>7,953</b>	5,688
Other gains and losses		<b>24</b>	564
Administrative expenses		<b>(17,642)</b>	(17,210)
Finance costs	6	<b>(4,195)</b>	(2,917)
Loss before tax		<b>(43,552)</b>	(37,155)
Income tax expense	7	<b>(218)</b>	–

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2022</b>	2021
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	(Unaudited)
Loss for the period	8	<b>(43,770)</b>	(37,155)
<b>Other comprehensive income/(expense)</b>			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Fair value gain/(loss) on financial assets at fair value through other comprehensive income		<u>287</u>	<u>(6,955)</u>
		<u>287</u>	<u>(6,955)</u>
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>(37,803)</u>	<u>(8,204)</u>
		<u>(37,803)</u>	<u>(8,204)</u>
Other comprehensive expense for the period		<u>(37,516)</u>	<u>(15,159)</u>
Total comprehensive expense for the period		<u><b>(81,286)</b></u>	<u><b>(52,314)</b></u>
<b>Loss for the period attributable to:</b>			
Owners of the Company		<u>(43,470)</u>	<u>(36,568)</u>
Non-controlling interests		<u>(300)</u>	<u>(587)</u>
		<u><b>(43,770)</b></u>	<u><b>(37,155)</b></u>
<b>Total comprehensive expense for the period attributable to:</b>			
Owners of the Company		<u>(81,175)</u>	<u>(51,765)</u>
Non-controlling interests		<u>(111)</u>	<u>(549)</u>
		<u><b>(81,286)</b></u>	<u><b>(52,314)</b></u>
<b>Loss per share</b>			
– Basic and diluted (HK cents)	9	<u><b>(2.71)</b></u>	<u><b>(2.31)</b></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 September 2022*

		30 September 2022 <i>HK\$'000</i> (Unaudited)	31 March 2022 <i>HK\$'000</i> (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	<b>41,071</b>	42,680
Right-of-use assets	<i>11</i>	<b>9,566</b>	13,916
Interest in associates		<b>68</b>	68
Financial assets at fair value through other comprehensive income	<i>12</i>	<b>24,180</b>	27,600
Other receivables	<i>14</i>	<b>6,222</b>	6,676
		<b>81,107</b>	90,940
<b>Current assets</b>			
Inventories	<i>13</i>	<b>147,061</b>	167,929
Trade and other receivables	<i>14</i>	<b>237,031</b>	184,729
Contract assets		<b>131,940</b>	133,832
Pledged bank deposits		<b>85,280</b>	82,157
Bank balances and cash		<b>41,583</b>	149,353
		<b>642,895</b>	718,000
<b>Current liabilities</b>			
Contract liabilities		<b>12,789</b>	15,509
Trade and other payables	<i>15</i>	<b>96,329</b>	81,958
Amount due to a related company		<b>23,274</b>	15,969
Amount due to an associate		<b>24</b>	24
Amounts due to other partners of joint operations		<b>3,864</b>	10,685
Bank borrowings	<i>16</i>	<b>155,469</b>	199,706
Lease liabilities		<b>5,730</b>	6,305
Income tax payable		<b>6,202</b>	5,588
		<b>303,681</b>	335,744
<b>Net current assets</b>		<b>339,214</b>	382,256
<b>Total assets less current liabilities</b>		<b>420,321</b>	473,196

		<b>30 September 2022 HK\$'000 (Unaudited)</b>	31 March 2022 HK\$'000 (Audited)
<b>Non-current liabilities</b>			
Bank borrowings	16	<b>25,055</b>	36,136
Lease liabilities		<b>5,052</b>	8,334
Deferred tax liabilities		<b>2,583</b>	2,583
		<u><b>32,690</b></u>	<u>47,053</u>
<b>NET ASSETS</b>		<u><b>387,631</b></u>	<u>426,143</u>
<b>Capital and Reserves</b>			
Share capital	17	<b>18,692</b>	15,840
Reserves		<b>370,434</b>	411,687
		<u><b>389,126</b></u>	<u>427,527</u>
Equity attributable to owners of the Company		<b>389,126</b>	427,527
Non-controlling interests		<b>(1,495)</b>	(1,384)
		<u><b>387,631</b></u>	<u>426,143</u>
<b>TOTAL EQUITY</b>		<u><b>387,631</b></u>	<u>426,143</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2022*

## 1. GENERAL INFORMATION

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

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

## 2. BASIS OF PREPARATION

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

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

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

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

## 3. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2022.

### Application of new and amendments of HKFRSs

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

HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use
HKFRS 3 (Amendments)	Reference to the Conceptual Framework
HKAS 37 (Amendments)	Onerous Contracts — Cost of Fulfilling a Contract
Annual Improvements Project	Annual Improvements to HKFRSs 2018–2020
Accounting guideline 5 (Amendments)	Merger Accounting for Common Control Combinations

The application of the new and amendments to HKFRSs and the interpretation in the current period has had no material impact on the Group's financial performance and position for the current and prior period and/or on the disclosures set out in these 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 construction and chemical materials.

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

## Segment revenue and results

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

### For the six months ended 30 September 2022

	Construction <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Trading <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>REVENUE</b>				
External sales	<u>180,630</u>	<u>–</u>	<u>29,723</u>	<u>210,353</u>
<b>RESULTS</b>				
Segment results	<u>(32,220)</u>	<u>(354)</u>	<u>166</u>	<u>(32,408)</u>
Interest income				816
Exchange gain – net				992
Finance costs arisen from lease liabilities				(304)
Finance costs arisen from bank borrowings				(3,891)
Central administrative costs and directors' emoluments				<u>(8,757)</u>
				<u>(43,552)</u>

### For the six months ended 30 September 2021

	Construction <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Trading <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>REVENUE</b>				
External sales	<u>175,871</u>	<u>–</u>	<u>111,768</u>	<u>287,639</u>
<b>RESULTS</b>				
Segment results	<u>(30,404)</u>	<u>(195)</u>	<u>1,422</u>	<u>(29,177)</u>
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				<u>(6,675)</u>
				<u>(37,155)</u>

**Other information**

Amounts included in the measure of segment results:

**For the six months ended 30 September 2022**

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

**For the six months ended 30 September 2021**

	<b>Construction</b> <i>HK\$'000</i>	<b>Property development</b> <i>HK\$'000</i>	<b>Trading</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
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
	<u>3,394</u>	<u>–</u>	<u>–</u>	<u>3,394</u>



## Segment assets and liabilities

As at 30 September 2022

	Construction <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Trading <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	<u>488,583</u>	<u>157,571</u>	<u>2,666</u>	<u>648,820</u>
Reportable segment liabilities	<u>291,478</u>	<u>31,595</u>	<u>386</u>	<u>323,459</u>
Other segment information:				
Additions to non-current assets	<u>1,777</u>	<u>-</u>	<u>-</u>	<u>1,777</u>

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

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

As at 31 March 2022

	Construction <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Trading <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	<u>456,163</u>	<u>180,353</u>	<u>105,161</u>	<u>741,677</u>
Reportable segment liabilities	<u>328,536</u>	<u>40,732</u>	<u>477</u>	<u>369,745</u>
Other segment information:				
Additions to non-current assets	<u>12,572</u>	<u>-</u>	<u>-</u>	<u>12,572</u>

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

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

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

	<b>30 September 2022 <i>HK\$'000</i> (Unaudited)</b>	31 March 2022 <i>HK\$'000</i> (Audited)
Total reportable segment assets	<b>648,820</b>	741,677
Financial assets at fair value through other comprehensive income	<b>24,180</b>	27,600
Unallocated corporate assets – property, plant and equipment	<b>29,233</b>	29,645
Unallocated corporate assets – bank balances and cash	<b>15,298</b>	3,590
Other unallocated corporate assets	<b>6,471</b>	6,428
	<hr/>	<hr/>
Total assets	<b>724,002</b>	808,940
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>30 September 2022 <i>HK\$'000</i> (Unaudited)</b>	31 March 2022 <i>HK\$'000</i> (Audited)
Total reportable segment liabilities	<b>323,459</b>	369,745
Unallocated corporate liabilities – bank borrowings	<b>8,918</b>	9,176
Other unallocated corporate liabilities	<b>3,994</b>	3,876
	<hr/>	<hr/>
Total liabilities	<b>336,371</b>	382,797
	<hr/> <hr/>	<hr/> <hr/>

## 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.

	Six months ended	
	30 September	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(unaudited)
Revenue from external customers		
– Hong Kong (city of domicile)	131,042	222,671
– The PRC	79,164	64,968
– Malaysia	147	–
	<u>210,353</u>	<u>287,639</u>

	Non-current Assets	
	30 September	31 March
	2022	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
– Hong Kong (city of domicile)	48,474	53,156
– New Zealand	2,163	3,440
	<u>50,637</u>	<u>56,596</u>

## Information about major customers

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

	Six months ended	
	30 September	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(unaudited)
– Customer A	45,424	69,035
– Customer B	29,824	–
– Customer C	27,682	–
– Customer D	21,759	–
	<u>124,689</u>	<u>69,035</u>

## 5. REVENUE

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
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>180,630</b>	175,871
– Trading of chemical materials, recognised at a point in time	<b>29,723</b>	111,768
	<b>210,353</b>	287,639

## 6. FINANCE COSTS

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Interest on:		
Bank borrowings	<b>5,414</b>	5,045
Lease liabilities	<b>304</b>	340
	<b>5,718</b>	5,385
Less: Amount capitalised in inventories	<b>(1,523)</b>	(2,468)
	<b>4,195</b>	2,917

Specific borrowing costs are capitalised for the development of qualifying assets. The capitalisation rate of borrowings for the Reporting Period is 7.5% (six months ended 30 September 2021: 7.5%).

## 7. INCOME TAX EXPENSES

### Current tax

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
PRC Enterprise Income Tax (“EIT”)		
– Provision for the year	<u>218</u>	<u>–</u>

No provision for Hong Kong Profits Tax for the six months ended 30 September 2022 and 2021 as the Group sustained a loss for both periods.

The tax charge in respect of the Reporting Period represents EIT in the PRC which is calculated at the prevailing tax rate on the taxable income of the subsidiaries in the PRC.

## 8. LOSS FOR THE PERIOD

	Six months ended	
	30 September	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	3,374	3,921
Depreciation of right-of-use assets	<u>3,771</u>	<u>4,168</u>

## 9. LOSS PER SHARE

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

	Six months ended	
	30 September	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss for the purpose of calculation of basic loss per share	<u>(43,470)</u>	<u>(36,568)</u>
	Number of shares	
Number of shares	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>1,601,141</u>	<u>1,584,000</u>

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

## 10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Machinery <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>COST</b>						
At 1 April 2021	32,882	1,340	5,887	21,856	22,380	84,345
Additions	–	–	176	960	971	2,107
Disposals	–	–	–	(4,107)	(3,595)	(7,702)
At 31 March 2022	32,882	1,340	6,063	18,709	19,756	78,750
Additions	–	–	1,151	221	405	1,777
Disposals	–	–	–	–	(626)	(626)
<b>At 30 September 2022</b>	<b>32,882</b>	<b>1,340</b>	<b>7,214</b>	<b>18,930</b>	<b>19,535</b>	<b>79,901</b>
<b>ACCUMULATED DEPRECIATION</b>						
At 1 April 2021	2,632	922	5,392	14,482	12,539	35,967
Charge for the year	658	315	265	2,712	3,518	7,468
Eliminated on disposals	–	–	–	(4,097)	(3,268)	(7,365)
At 31 March 2022	3,290	1,237	5,657	13,097	12,789	36,070
Charge for the period	329	103	51	1,181	1,710	3,374
Eliminated on disposals	–	–	–	–	(614)	(614)
<b>At 30 September 2022</b>	<b>3,619</b>	<b>1,340</b>	<b>5,708</b>	<b>14,278</b>	<b>13,885</b>	<b>38,830</b>
<b>CARRYING VALUES</b>						
<b>At 30 September 2022</b>	<b>29,263</b>	<b>–</b>	<b>1,506</b>	<b>4,652</b>	<b>5,650</b>	<b>41,071</b>
At 31 March 2022	29,592	103	406	5,612	6,967	42,680

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 2022, the Group's leasehold land and building with carrying amount amounting to approximately HK\$29,263,000 (31 March 2022: HK\$29,592,000) was pledged to secure banking facilities granted to the Group.

As at 30 September 2022, included in the property, plant and equipment is the Group's leasehold land and building under long lease located in Hong Kong of HK\$29,263,000 (31 March 2022: HK\$29,592,000) 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 2021	25,679
Additions	10,458
Termination of lease	(11,045)
Exchange realignment	<u>7</u>
At 31 March 2022	25,099
Exchange realignment	<u>(879)</u>
<b>At 30 September 2022</b>	<b><u>24,220</u></b>
<b>ACCUMULATED DEPRECIATION</b>	
At 1 April 2021	11,119
Charge for the year	9,495
Termination of lease	(9,433)
Exchange realignment	<u>2</u>
At 31 March 2022	11,183
Charge for the period	3,771
Exchange realignment	<u>(300)</u>
<b>At 30 September 2022</b>	<b><u>14,654</u></b>
<b>CARRYING VALUES</b>	
<b>At 30 September 2022</b>	<b><u><u>9,566</u></u></b>
At 31 March 2022	<u><u>13,916</u></u>

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 2022 and 31 March 2022, 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 2022 HK\$'000 (Unaudited)</b>	31 March 2022 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>24,180</b>	27,600

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 2022 and 31 March 2022, the Group held the equity interest of IRC was approximately 3.3%.

## 13. INVENTORIES

Inventories represent property under development for sale on two parcels of freehold land located in the Republic of the Philippines. There is no write-down of inventories to net realisable value nor the reversal of such a write-down during the Reporting Period (six months ended 30 September 2021: 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 2022, the Group’s freehold land, amounting to approximately HK\$132,007,000 (31 March 2022: HK\$152,316,000) was pledged to secure banking facilities granted to the Group.

#### 14. TRADE AND OTHER RECEIVABLES

	<b>30 September</b>	31 March
	<b>2022</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
Trade receivables	<u>30,603</u>	<u>23,770</u>
Performance deposit ( <i>Note (a)</i> )	<b>25,811</b>	29,782
Other receivables in relation to a transferred construction project ( <i>Note (b)</i> )	<b>26,396</b>	25,590
Other receivables ( <i>Note (c)</i> )	<b>7,321</b>	8,308
VAT recoverable	<b>10,622</b>	12,355
Receivables from subcontractors ( <i>Note (d)</i> )	<b>76,860</b>	57,917
Less: impairment loss recognised of other receivables under expected credit loss model	<u>(3,615)</u>	<u>(3,615)</u>
Net other receivables	<u>143,395</u>	<u>130,337</u>
Prepayments and deposits	<u>69,255</u>	<u>37,298</u>
Total trade and other receivables	<b>243,253</b>	191,405
Less: Classified under non-current assets	<u>(6,222)</u>	<u>(6,676)</u>
	<u><b>237,031</b></u>	<u>184,729</u>

*Notes:*

- (a) The amount represented the performance deposit amounted to PHP198,545,576 (equivalent to approximately HK\$25,811,000) 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 on 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). As at 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 31 March 2021, the remaining Receivable amounted to THB181,131,966 (equivalent to approximately HK\$46,906,000) and the interest thereon were guaranteed by a substantial shareholder of the Company, who was also the beneficial owner of the project.

During the year ended 31 March 2022, the second installment of THB90,565,983 (equivalent to approximately HK\$21,315,000) and underlying interest of THB14,490,557 (equivalent to approximately HK\$3,454,000) had been received by the Group. As at 30 September 2022, the remaining Receivable amounted to THB90,565,983 (equivalent to approximately HK\$25,590,000) and the interest amounted to THB3,622,639 (equivalent to approximately HK\$804,000) thereon 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 amount due from the non-controlling interest of a subsidiary, U-Tech Engineering Co. Ltd., amounting to HK\$1,965,000 as at 30 September 2022 and 31 March 2022. The balance was unsecured, interest-free and repayable on demand.
- (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 2022 HK\$'000 (Unaudited)</b>	31 March 2022 HK\$'000 (Audited)
Within 30 days	<b>30,603</b>	23,770

As at 30 September 2022, the Group had no trade receivables that were past due nor impaired (31 March 2022: Nil).

## 15. TRADE AND OTHER PAYABLES

	<b>30 September 2022 HK\$'000 (Unaudited)</b>	31 March 2022 HK\$'000 (Audited)
Trade payables	<b>49,822</b>	37,323
Retention payables	<b>27,199</b>	29,369
Amount due to non-controlling interest of a subsidiary – <i>Note</i>	<b>6,088</b>	4,048
Other payables and accruals	<b>13,220</b>	11,218
	<b>96,329</b>	81,958

*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 2022 HK\$'000 (Unaudited)</b>	31 March 2022 HK\$'000 (Audited)
Within 30 days	<b>24,388</b>	25,446
More than 30 days but within 90 days	<b>8,783</b>	3,890
More than 90 days	<b>16,651</b>	7,987
	<b>49,822</b>	37,323

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 2022 HK\$'000 (Unaudited)</b>	31 March 2022 HK\$'000 (Audited)
Secured bank loans	<b><u>180,524</u></b>	<u>235,842</u>

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

	<b>30 September 2022 HK\$'000 (Unaudited)</b>	31 March 2022 HK\$'000 (Audited)
Within one year or repayable on demand	<b>155,469</b>	191,050
More than one year, but not exceeding two years	<b>12,527</b>	14,986
More than two years, but not exceeding five years	<b>12,528</b>	23,351
More than five years	<u>–</u>	<u>6,455</u>
	<b><u>180,524</u></b>	<u>235,842</u>
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>(8,392)</b>	(8,655)
– Carrying amount of bank borrowings repayable within one year and contain a repayable on demand clause	<b>(134,550)</b>	(176,596)
– Carrying amount of bank borrowings repayable within one year and do not contain a repayable on demand clause	<u><b>(12,527)</b></u>	<u>(14,455)</u>
	<b><u>(155,469)</u></b>	<u>(199,706)</u>
Amounts classified as non-current portion	<b><u>25,055</u></b>	<u>36,136</u>

During the Reporting Period, secured bank borrowings bore floating interest rates of 2.25% to 7.5% (six months ended 30 September 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 2022, none of the covenants relating to draw down facilities had been breached.

As at 30 September 2022, the Group's bank borrowings and other banking facilities are secured by:

- (a) bank deposits amounting to approximately HK\$85,280,000 (31 March 2022: HK\$82,157,000);
- (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\$29,263,000 (31 March 2022: HK\$29,592,000) (Note 10);
- (d) freehold land included in inventories amounting to approximately HK\$132,007,000 (31 March 2022: HK\$152,316,000) (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 2022 amounted to approximately HK\$52,600,000 (31 March 2022: HK\$103,675,000).

## 17. SHARE CAPITAL

	Number	Amount HK\$'000
<b>Authorised:</b>		
<i>Ordinary shares of HK\$0.01 each</i>		
At 1 April 2021 and 31 March 2022	2,000,000,000	20,000
Additions	8,000,000,000	80,000
At 30 September 2022	<u>10,000,000,000</u>	<u>100,000</u>
<b>Issued and fully paid:</b>		
<i>Ordinary shares of HK\$0.01 each</i>		
At 1 April 2021 and 31 March 2022	1,584,000,000	15,840
Issue of rights issue (Note (a))	<u>285,159,962</u>	<u>2,852</u>
At 30 September 2022	<u>1,869,159,962</u>	<u>18,692</u>

*Note:*

- (a) On 19 September 2022, the Company announced the result of rights issue on the basis of one rights share for every four shares at the subscription price of HK\$0.15 per rights share. In aggregate, 41 valid acceptances and applications in respect of a total of 285,159,962 rights shares have been accepted and applied for. Details are set out in the announcement of Company dated 19 September 2022.

## 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	
		2022 HK\$'000 (Unaudited)	2021 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)	52,207	80,457

\* 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\$3,176,000 for the Reporting Period (six months ended 30 September 2021: HK\$2,658,000).

## 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 2022.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The global economy is experiencing a slow recovery from the COVID-19 pandemic. Increasing geopolitical risks in the world and general public downbeat about economy in the future contributed further pressure on economic activities in Hong Kong in year 2022.

The Group is principally engaged in the construction related business, property development and trading of chemical materials in Hong Kong and mainland China. During the Reporting Period, in considering the negative economic outlook, the Group reduced the volume of trading of chemical materials. Meanwhile, the construction industry was still full of challenges. The operational difficulties caused by the epidemic control measures at construction sites and epidemic-induced temporary shortage in manpower and materials continued to pile pressure to the Group's performance in construction projects, particularly the civil engineering works in Hong Kong.

The Group recorded a gross loss of approximately HK\$29.7 million, as compared with a gross loss of approximately HK\$23.3 million reported for the corresponding period last year. The management had been actively monitoring the situation and had taken appropriate measures to review routine operating costs and improve efficiency by enhancing project cost management. Despite the efforts, the Directors are still in the view that the civil engineering industry in Hong Kong will continue to be tough in the year of 2022, given the increasing cost in the construction sectors in Hong Kong.

By leveraging the support from the business network of our largest shareholder while engaging our experienced project management team, the Group continued to explore business opportunities in mainland China construction market. During the Reporting period, the Group entered into a construction agreement with an independent property developer in the mainland China for a private construction project. The contract sum awarded to the Group was approximately HK\$300.98 million. It offers an opportunity for the Group to expand its business in markets of mainland China.



For oversea segments, the Group owns two contiguous parcels of land for development. Each of the two parcels of land is located at 550 Jorge Bocobo Extension, Ermita, Manila, National Capital Region, the Philippines (the “**Property**”). 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. Nevertheless, the global epidemic posed severe disruptions to various processes of taking the proposed development forward. These processes are closely intertwined, including from project design, manpower deployment, supply of materials, implementation of construction works, and financing of these activities. The management is closely monitoring the epidemic-induced situation and will endeavour to finalise the construction plan and building design that is yet to be approved by the local authority.

## **PROSPECTS**

By leveraging the support from the business network of our largest shareholder while engaging our experienced project management team, the Group will continue to explore potential business opportunity, particularly in mainland China which remains an engine of the global economy for the next decade despite near-term challenges due to downturn of the global economy.

## **FINANCIAL REVIEW**

### **Revenue**

Revenue for the Reporting Period decreased to approximately HK\$210.3 million from approximately HK\$287.6 million, which was mainly due to the reduction of transaction volume in the trading business. During the Reporting Period, revenue from the trading business was approximately HK\$29.7 million, representing a decrease of approximately HK\$82.1 million from approximately HK\$111.8 million in corresponding period last year.

For construction-related segment, the Group’s revenue increased to approximately HK\$180.6 million from approximately HK\$175.9 million in the corresponding period last year, which was mainly due to the contribution of revenue from the private construction project in mainland China newly awarded to the Group. The private project contributed a revenue of approximately HK\$49.1 million in the Reporting period, however, the effect was mostly offset by the decrease in revenue of approximately HK\$45.1 million in the civil engineering works in Hong Kong.

**Cost of services**

Cost of services for the Reporting Period decreased to approximately HK\$240.0 million from approximately HK\$310.9 million. In respect of the trading business, cost of approximately HK\$29.6 million (six months ended 30 September 2021: approximately HK\$110.0 million) was incurred. Construction cost in the civil engineering works in Hong Kong and the private construction project in mainland China were approximately HK\$161.8 million (six months ended 30 September 2021: approximately HK\$200.9 million) and approximately HK\$48.6 million (six months ended 30 September 2021: Nil) respectively during the Reporting Period. The decrease in these costs were in line with the decrease in respective revenue during the Reporting Period.

**Gross loss**

Gross loss for the Reporting Period was approximately HK\$29.7 million (six months ended 30 September 2021: approximately 23.3 million). The gross loss for the Reporting period was mainly due to the gross loss of approximately HK\$29.8 million (six months ended 30 September 2021: approximately 25.1 million) suffered in the civil engineering works projects in Hong Kong. The operational difficulties caused by the epidemic control measures posed further delay in projects, and costed the Group additional fixed manpower cost, subcontracting fee and overhead expense, which remained to be dealt with government departments concerned that the Group was not able to report these possible claims by considering the degree of uncertainty involved, therefore continually impacting our financial results.

**Other income**

Other income for the Reporting Period amounted to approximately HK\$8.0 million (six months ended 30 September 2021: approximately HK\$5.7 million). The main reason for the increase was an increase the HKSAR government subsidy under the employment support scheme in the Reporting Period.

**Administrative expenses**

Administrative expenses for the Reporting Period were approximately HK\$17.6 million (six months ended 30 September 2021: approximately HK\$17.2 million), which is relatively stable when compared with the same period last year.

**Finance costs**

Finance costs for the Reporting Period was approximately HK\$4.2 million (six months ended 30 September 2021: approximately HK\$2.9 million). The increase was mainly due to the increase of bank interest rate of bank loans.

## **Income tax**

The income tax expense of approximately HK\$0.2 million (six months ended 30 September 2021: Nil) in respect of the Reporting Period represents Enterprise Income Tax (“EIT”) in the People’s Republic of China (the “PRC”) which is calculated at the prevailing tax rate on the taxable income of the subsidiaries in the PRC. No provision for Hong Kong Profits Tax for the six months ended 30 September 2022 and 2021 as the Group sustained a loss for both periods.

## **Loss for the period and total comprehensive expense**

As a result of the foregoing, loss for the Reporting Period amounted to approximately HK\$43.8 million (six months ended 30 September 2021: approximately HK\$37.2 million). Other comprehensive expense for the Reporting Period amounted to approximately HK\$37.5 million (six months ended 30 September 2021: approximately HK\$15.2 million). The Group recorded a fair value gain on financial assets at fair value through other comprehensive income of approximately HK\$0.3 million (six months ended 30 September 2021: loss of approximately HK\$7.0 million). The fair value gain 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 flows and facilities provided by banks. As at 30 September 2022, the Group had bank balances and cash of approximately HK\$41.6 million (31 March 2022: approximately HK\$149.4 million), while outstanding borrowings amounted to approximately HK\$180.5 million (31 March 2022: approximately HK\$235.8 million). Among such borrowings, approximately HK\$155.5 million (31 March 2022: approximately HK\$199.7 million) shall be repaid within one year; and approximately HK\$25.0 million (31 March 2022: approximately HK\$36.1 million) shall be repaid after one year. The change in bank balances and cash was mainly attributable to (i) cash outflow from purchasing plant and equipment of approximately HK\$1.8 million; (ii) cash outflow from net decrease of bank borrowings amounted to approximately HK\$48.6 million; (iii) cash outflow from increase in pledged bank deposits of approximately HK\$3.1 million; (iv) net cash outflow from other operating activities approximately of HK\$88.6 million; (v) net cash outflow from interest and finance charge paid of approximately HK\$8.5 million; and (vi) net cash inflow from net proceed of rights issue of approximately HK\$42.8 million.

As at 30 September 2022, the Group had pledged bank deposits of approximately HK\$85.3 million (31 March 2022: approximately HK\$82.2 million). The current ratio, calculated based on current assets divided by current liabilities, was approximately 2.12 times as at 30 September 2022 (31 March 2022: approximately 2.14 times). Gearing ratio, calculated based on net debt (including contract liabilities, lease liabilities, trade and other payables, amount due to other partners of joint operations, amount due to a related company, amount due to an associate, bank borrowings less bank balances and cash and pledged bank deposits) divided by total equity, was approximately 51.8% as at 30 September 2022 (31 March 2022: approximately 29.9%).

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 2022, 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\$26.4 million, HK\$147.1 million and HK\$36.3 million respectively, the Group would not be exposed to any other significant exchange risk.

As at 30 September 2022, the Group did not have any capital commitments (31 March 2022: Nil). As at 30 September 2022, the Group had no material contingent liabilities (31 March 2022: Nil).

## **CAPITAL STRUCTURE**

The share capital of the Group only comprises of ordinary shares. On 19 September 2022, the Company announced the result of rights issue on the basis of one rights share for every four shares at the subscription price of HK\$0.15 per rights share. In aggregate, 41 valid acceptances and applications in respect of a total of 285,159,962 rights shares have been accepted and applied for. Details are set out in the announcement of Company dated 19 September 2022.

As at 30 September 2022, the Company's issued share capital was approximately HK\$18.7 million and the number of its issued ordinary shares was 1,869,159,962 of HK\$0.01 each.

## **EMPLOYMENT, TRAINING AND DEVELOPMENT**

As at 30 September 2022, the Group had a total of 267 (31 March 2022: 211) employees, including the Directors. Remuneration of the employees is determined with reference to market terms and the performance, qualification and experience of individual employees. Staff costs for the Reporting Period were approximately HK\$42.2 million (six months ended 30 September 2021: HK\$39.9 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.

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

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

## **DIVIDENDS**

The Board did not recommend any payment of dividend for the Reporting Period.

## **SHARE OPTION SCHEME**

The Company adopted a share option scheme on 16 March 2015 (the “**Scheme**”). No share option has been granted since adoption and there were no share options outstanding as at 30 September 2022.

## **PUBLICATION OF 2022 INTERIM REPORT**

The 2022 interim report of the Company containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and will also be published on the website of the Company at <http://www.kwanonconstruction.com> and the website of the Stock Exchange at <http://www.hkexnews.hk>.

By Order of the Board  
**Kwan On Holdings Limited**  
**Chen Zhenghua**  
*Chairman*

Hong Kong, 30 November 2022

*As at the date of this announcement, the Executive Directors are Mr. Chen Zhenghua, Mr. Zhang Fangbing, and Mr. Cao Lei; and the Independent Non-Executive Directors are Professor Lam Sing Kwong, Simon, Mr. Lum Pak Sum and Mr. Gong Zhenzhi.*