



恒益控股有限公司  
HANG YICK HOLDINGS COMPANY LIMITED  
(Incorporated in the Cayman Islands with limited liability)

STOCK CODE : 1894



# INTERIM REPORT 2019

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# Corporate Information

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## BOARD OF DIRECTORS

### *Executive Directors*

Mr. Lee Pui Sun (*Chairman and Chief Executive Officer*)  
Ms. Lau Lai Ching  
Mr. Lee Ka Ho (*HKICPA*)  
Mr. Pang Ming

### *Non-executive Director*

Mr. Lee Ka Chun Benny

### *Independent Non-executive Directors*

Mr. Au Yeung Wai Key  
Hon Cheung Kwok Kwan, *JP*  
Mr. Tse Ka Ching Justin

## AUDIT COMMITTEE

Mr. Tse Ka Ching Justin (*Chairman*)  
Mr. Au Yeung Wai Key  
Hon Cheung Kwok Kwan, *JP*

## REMUNERATION COMMITTEE

Mr. Au Yeung Wai Key (*Chairman*)  
Hon Cheung Kwok Kwan, *JP*  
Mr. Tse Ka Ching Justin

## NOMINATION COMMITTEE

Hon Cheung Kwok Kwan, *JP* (*Chairman*)  
Mr. Au Yeung Wai Key  
Mr. Tse Ka Ching Justin

## COMPANY SECRETARY

Mr. Leung Wing Lun (*HKICPA*)

## AUTHORISED REPRESENTATIVES (FOR THE PURPOSE OF THE LISTING RULES)

Mr. Lee Ka Ho (*HKICPA*)  
Mr. Leung Wing Lun (*HKICPA*)

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit B, Upper G/F  
Stage 4 Yau Tong Industrial Building  
18-20 Sze Shan Street  
Yau Tong, Kowloon, Hong Kong

## REGISTERED OFFICE

Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## AUDITOR

Deloitte Touche Tohmatsu

## COMPLIANCE ADVISER

Fortune Financial Capital Limited

## LEGAL ADVISER AS TO HONG KONG LAW

Stephenson Harwood

## PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
The Hongkong and Shanghai Banking Corporation Limited  
DBS Bank (Hong Kong) Limited  
Agricultural Bank of China Qianhai Branch  
Agricultural Bank of China Huizhou Lilin Branch

## STOCK CODE

1894

## COMPANY WEBSITE

<http://www.hy-engineering.com>

## INVESTOR RELATIONS

Financial Asia Group (HK) Limited  
Email: [hangyick@finasia-group.com](mailto:hangyick@finasia-group.com)  
Tel: (852) 2511 2088

# Management Discussion and Analysis

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The Group is mainly engaged in the provision of steel and metal engineering services in Hong Kong, ranging from design, manufacture, supply and installation of steel and metal products for construction projects, under the brand “Hang Yick (恒益)”. In addition, the Group has recently expanded into the People’s Republic of China (the “PRC”) market for the provision of construction services as well as real estate development.

## INDUSTRY REVIEW

Hong Kong’s economy during the six months ended 30 September 2019 (the “Reporting Period”) has taken on both internal and external pressures. On one hand, the local protests may have uncertain impact on the progress of proposed public infrastructure. On the other hand, the extended China-US trade conflicts can have the effect of shaking international relations and investment orientations, causing significant impact on China and US economy, as well as the future global economic outlook.

Despite such factors, it is inevitable for the Hong Kong Government (the “Government”) to address the city’s population growth as housing shortage persists. According to the 2019 Policy Address, the Government proposes to expedite planning work regarding land use and infrastructure and then invoke the Lands Resumption Ordinance to resume certain private land for developing public housing and other housing schemes. The Government is also exploring the feasibility of redeveloping the factory estates and aged public rental housing for public housing use. In view of the proposed housing policy, directors of the Company (the “Directors”) believe the construction industry remains promising.

## BUSINESS REVIEW

The Group provides steel and metal engineering services to its customers, including construction companies and engineering companies, on a project-by-project basis. As at 30 September 2019, the Group had 55 on-going projects (whether in progress or yet to commence), with an aggregate contract sum of approximately HK\$375.0 million (as at 31 March 2019: 46 on-going projects and aggregate contract sum of approximately HK\$404.5 million). The segment revenue amounted to approximately HK\$83.0 million, as compared to approximately HK\$79.1 million from the corresponding period last year.

The Group also supplies steel and metal products, such as metal gates, collapsible gates, fire-insulated shutters, sliding shutters, rolling shutters and metal doors based on customers’ specifications and requirements. Such sales do not require the provision of installation works and after-sale services. This segment recorded a revenue of approximately HK\$13.2 million during the Reporting Period, representing a decrease of approximately 30.2% when compared to that of the corresponding period of approximately HK\$18.9 million in 2018.

For the Reporting Period, the Group generated revenue of approximately HK\$96.3 million, representing a decrease of approximately 1.8% from approximately HK\$98.0 million for the corresponding period in 2018. The decrease in revenue mainly resulted from the decrease in sales of steel and metal products. The gross profit for the Reporting Period decreased by approximately HK\$10.8 million or 29.5%, the gross profit margin for the Reporting Period decreased from 37.4% to 25.9% as compared to that of the corresponding period in 2018.

With the increasing urgency in housing shortage, the Government is displaying more determination in speeding up supply and exploring various viable options for public housing. The Group, with decades of experience and accumulated reliability in public housing works, is always ready to excel in the upcoming opportunities.

### OUTLOOK

As set out in the 2019 Policy Address, the Government proposes to invoke the Lands Resumption Ordinance and redevelop the factory estates with an aim in boosting public housing supply. As a long established player in the public construction sector in Hong Kong, the Group holds a cautiously optimistic view towards the market. It will strive to capture the business opportunities and apply its expertise.

As for the PRC market, the Group has planted a well-grounded foothold for securing construction contracts and investing in real estate opportunities. The Group has been awarded two construction contracts in Tiantai, Zhejiang Province and Foshan Guangdong Province with total contract sum of RMB300 million. In addition, one of the subsidiaries of the Group was qualified as a supplier of steel and metal products for a top-tier property developer in the PRC during the Reporting Period.

Shortly after the Reporting Period, the Group has engaged in its first real estate development project, located in Foshan, Guangdong Province, the PRC. The Group expects that construction for these projects and steel and metal products business in the PRC will contribute revenue in the third and fourth quarters of FY2020. The Group's management is confident that the PRC market, with ample and diverse construction and real estate projects, will yield financial returns in the years to come.

### FINANCIAL REVIEW

#### Revenue

For the Reporting Period, the overall revenue of the Group has decreased by approximately HK\$1.8 million, or approximately 1.8% as compared to the corresponding period in 2018, from approximately HK\$98.0 million to approximately HK\$96.3 million.

Revenue from the provision of steel and metal engineering services increased by approximately HK\$3.9 million, or approximately 4.9%, from approximately HK\$79.1 million for the six months ended 30 September 2018 to approximately HK\$83.0 million for the Reporting Period. The increase in revenue was primarily due to the progress achieved in the projects on-hand.

Revenue from the sales of steel and metal products decreased by approximately HK\$5.7 million, or 30.2% from approximately HK\$18.9 million for the six months ended 30 September 2018 to approximately HK\$13.2 million for the Reporting Period. As a result of the policy implemented by the Hong Kong Housing Authority, the demand of standardised collapsible gates declined, leading to a shift of product mix of the Group to a decrease in the sales of the said product.

#### Direct costs

The Group's direct costs primarily consist of direct material costs, direct labour costs, installation service fees, and other costs.

During the Reporting Period, the Group's direct costs amounted to approximately HK\$70.4 million, representing an increase of approximately HK\$9.1 million or approximately 14.8% as compared to the direct costs of approximately HK\$61.3 million from the corresponding period last year. Such increase was mainly attributable to an increase in the number of site workers which resulted in an increase in direct labour costs.

### Gross profit and gross profit margin

For the Reporting Period, the gross profit of the Group decreased by approximately HK\$10.8 million, or approximately 29.5% as compared to the corresponding period in 2018, from approximately HK\$36.7 million to approximately HK\$25.9 million. The gross profit margin decreased from approximately 37.4% to 26.9% as compared to the corresponding period in 2018. The decrease in gross profit and gross profit margin were attributable to (i) the relatively low profit margin contributed by the current ongoing projects as these projects are still in the preliminary stage; (ii) the increase in labour cost due to slower progress and the increased procedural steps as a result of more stringent control on the quality of services in the industry; and (iii) continuously intensified price competition amongst the service providers.

### Other income and other gains and losses

Our Group recorded other income and other gains and losses of approximately HK\$0.6 million for the Reporting Period and approximately HK\$1.8 million for the corresponding period last year. Such decrease was mainly attributable to a gain on disposal of investment property for HK\$1.3 million in the corresponding period in 2018.

### Finance costs

The finance cost for the Reporting Period increased by approximately HK\$0.8 million from approximately HK\$46,000 to approximately HK\$894,000. The increase was in line with an increase in bank borrowings during the Reporting Period.

### Administrative expenses

For the Reporting Period, the administrative expenses increased by approximately HK\$7.3 million or approximately 102.2% as compared to the corresponding period in 2018, from approximately HK\$7.2 million to approximately HK\$14.5 million. The increase in administrative expenses was mainly attributable to an increase in directors' emoluments, professional fees, staff costs and the operating cost of the PRC office.

### Listing expenses

The Group's listing expenses amounted to approximately HK\$11.8 million for the six months ended 30 September 2018, which were non-recurring in nature. No listing expenses were incurred for the Reporting Period.

### Income tax expense

The income tax expense decreased from approximately HK\$5.3 million in the six months ended 30 September 2018 to approximately HK\$2.1 million in the Reporting Period, the decrease in tax expense was primarily due to a decrease in the operating profits earned in Hong Kong.

### Profit attributable to equity shareholders of the Company

As a result of the foregoing, profit attributable to equity shareholders of the Company for the six months ended 30 September 2019 was HK\$9.9 million, being HK\$4.2 million lower than the profit of HK\$14.1 million for the six months ended 30 September 2018.

### Current ratio

The Group's current ratio, calculated based on the total current assets divided by the total current liabilities, decreased from approximately 6.4 times as at 31 March 2019 to approximately 4.3 times as at 30 September 2019. The Group maintains a healthy liquidity level.

### Gearing ratio

As at 30 September 2019, the gearing ratio of the Group, calculated based on the total interest-bearing debts divided by the total equity attributable to the equity shareholders of the Company as at the respective period and multiplied by 100%, was 21.4% (31 March 2019: approximately 12.3%). Excluding lease liabilities from total interest-bearing debts, the gearing ratio as at 30 September 2019 increased to 20.2% (31 March 2019: approximately 12.3%).

## LIQUIDITY, FINANCIAL POSITION AND CAPITAL STRUCTURE

As at 30 September 2019, the capital structure of the Group consisted of equity of approximately HK\$246 million (31 March 2019: approximately HK\$244 million) and bank borrowings of HK\$50 million (31 March 2019: HK\$30 million) as more particularly described in the paragraph headed "Borrowings" below.

The Group maintained a sound financial position during the Reporting Period. As at 30 September 2019, the Group had total bank balances and cash of approximately HK\$73.1 million (31 March 2019: approximately HK\$55.0 million). As at 30 September 2019, the Group had net current asset of approximately HK\$225.7 million, representing a decrease of approximately HK\$1.1 million as compared to that of approximately HK\$226.9 million as at 31 March 2019.

As at 30 September 2019, the unutilised net proceeds of HK\$112.2 million from initial public offering were deposited in the licensed banks in Hong Kong and the PRC.

### Borrowings

The major source of debt financing of the Group was mainly from banks.

As at 30 September 2019, the Group had bank borrowings of HK\$50 million (31 March 2019: HK\$30 million). All of the bank borrowings are secured and repayable on demand and bear interest at floating rate of Hong Kong Interbank Offered Rate plus 2% per annum.

## USE OF PROCEEDS

The Company has raised gross proceeds of approximately HK\$161.5 million through the global offering upon the Listing. After deducting the listing expenses, the net proceeds amounted to approximately HK\$130.0 million. Such net proceeds are intended to be applied in the same manner and the same proportion as disclosed in the section headed “Future Plans and Use of Proceeds” of the Prospectus.

As at 30 September 2019, the net proceeds from the global offering had been applied as follows:

	<b>Planned (HK\$'000)</b>	<b>Net Proceeds Utilised (HK\$'000)</b>	<b>Unutilised (HK\$'000)</b>
Acquiring machines to replace and enhance the Group's production capacity	51,200	1,853	49,347
Expanding the Group's workforce in Hong Kong and the PRC	33,700	1,917	31,783
Renovation and re-design of the Group's existing production facilities	24,100	798	23,302
Purchasing delivery trucks	5,000	—	5,000
Upgrading the Group's information technology system and equipment	3,500	750	2,750
General working capital	12,500	12,500	—
	<b>130,000</b>	<b>17,818</b>	<b>112,182</b>

## CAPITAL EXPENDITURE AND COMMITMENTS

During the Reporting Period, the Group invested approximately HK\$0.6 million in the purchase of property, plant and equipment.

The Group had no capital commitments as at 30 September 2019.

## CHARGE ON GROUP ASSETS

As at 30 September 2019, the Group had approximately HK\$55.3 million bank deposits pledged to the bank (31 March 2019: HK\$40 million).

## LITIGATION, CLAIMS AND NON-COMPLIANCES

As at 30 September 2019, the Group had not been involved in claims of litigation which had material adverse effect on our business, results of operations of financial condition or on the Company.

## CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 September 2019 (as at 31 March 2019: Nil).



### MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 17 April 2019, the Group, via its wholly-owned subsidiary, HY China Investment Company Limited (“HY China”), has entered into a shareholders’ agreement (the “Shareholders Agreement”) in relation to HY Capital Holdings Company Limited (“HY Capital”), being a non-wholly owned subsidiary of HY China, with the other two shareholders of HY Capital (the “Joint Venture Partners”), namely Capital Development Investment Company Limited and CDI Shankly Capital Holdings Company Limited, to regulate the rights and obligations in HY Capital for developing the construction business in the PRC. Through HY China, the Group holds 60% equity interests in HY Capital and its wholly-owned subsidiaries, which comprises CDI Hang Yick (China) Construction Co. Ltd. (a company incorporated in Hong Kong) and CDI Hang Yick Construction Holdings Co. Ltd. SZ\* (首建恒益(深圳) 建築控股有限公司) (“CDI Hang Yick SZ”) (a company established in the PRC). Pursuant to the Shareholders Agreement, the Group and the Joint Venture Partners have committed to provide unsecured and interest-free shareholders’ loans of HK\$40 million in aggregate to HY Capital, in proportion to their respective equity interest in HY Capital, as initial funding to develop the construction business in the PRC. Details of this transaction were disclosed in the Company’s announcement dated 17 April 2019.

On 29 May 2019, CDI Hang Yick SZ completed the acquisition of the entire equity interests of Fujian Hejin Construction Engineering Limited (福建禾金建設工程有限公司) (“Fujian Hejin”), a private company established in the PRC, at a cash consideration of RMB2,800,000 (equivalent to approximately HK\$3,276,000). The reason for the Group for such acquisition was to acquire the relevant licenses held by Fujian Hejin for conducting construction services business in the PRC. Details of this acquisition were disclosed in the Company’s announcement dated 31 May 2019.

### FOREIGN EXCHANGE EXPOSURE

The Group mainly earns revenue in Hong Kong dollars (“HK\$”) and incurs costs in Renminbi (“RMB”) and HK\$. The Group is exposed to foreign exchange risk based on fluctuations between HK\$ and RMB arising from its core operation in the PRC. In order to minimise the foreign currency risk exposure between these two currencies, the Group generally maintains cash balances in both currencies that are sufficient to meet three to four months of operating cash flows requirements of the Group. The Group had not experienced any material effects on its operation or liquidity as a result of fluctuations in currency exchange rates and had not adopted any currency hedging policy or any hedging instrument during the Reporting Period. The Group will continue to monitor foreign currency risk exposure and will consider hedging significant foreign currency risk should the need arise.

### FUTURE PLAN FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed in the prospectus of the Company dated 28 September 2018 and the announcements made by the Company up to this report, the Group did not have other plans for material investment or capital assets as at 30 September 2019.

### INTERIM DIVIDEND

The board of Directors (the “Board”) has recommended the declaration of an interim dividend of HK0.3 cent per share for the six months ended 30 September 2019 (for the six months ended 30 September 2018: HK1.3 cents).

The interim dividend is expected to be distributed on or around 30 December 2019 to shareholders whose names appear on the register of members of the Company as at the close of business on 17 December 2019.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 13 December 2019 to 17 December 2019 (both dates inclusive) during which no transfer of shares in the Company will be effected. To qualify for the 2019 interim dividend, all completed transfer documents, accompanied by the relevant share certificates have to be lodged with the Company's Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 12 December 2019 (Hong Kong time).

## EMPLOYEES AND REMUNERATION POLICY

As of 30 September 2019, the Group had 308 full-time employees, 151 of which are located in Hong Kong, and the rest are located in the PRC. The remuneration packages of employees are determined based on their qualifications, position and experience. The Group has designed an annual review system to assess the performance of its employees, which forms the basis of its decisions with respect to salary raises, bonuses and promotions.

## EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 11 November 2019, CDI Hang Yick Guangdong Development Company Limited\* (首建恒益(廣東)實業發展有限公司) (the "Lender") as lender, an indirect non-wholly owned subsidiary of the Company and Foshan Zhenyu Real Estate Investment Company Limited\* (佛山市臻裕置業投資有限公司) (the "Borrower") as borrower, entered into a loan agreement, pursuant to which the Lender has agreed to provide a shareholder's loan (the "Shareholder's Loan") to the Borrower in the amount of RMB30 million for a term of 24 months. The Shareholder's Loan, bearing interest at a rate of 12% per annum, is unsecured and is repayable on the date falling 24 months from the date on which the Shareholder's Loan was advanced. The Borrower is held as to 25% by the Lender (an indirect non-wholly owned subsidiary of the Company), as to 70% by two individuals (the "Individuals") and as to 5% by a corporation (the "Corporation"). To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Individuals and the ultimate beneficial owner of the Corporation are third parties independent of and not connected with the Company, its subsidiaries and their respective connected persons. For details, please refer to the announcements of the Company dated 11 November 2019 and 12 November 2019.

Save as disclosed herein, there are no important events affecting the Group which have occurred subsequent to the end of the Reporting Period and up to the date of this report.

### SHARE OPTION SCHEME

In order to recognise the contributions that eligible participants have made or may make to the Group, to motivate the eligible participants to optimise their performance and efficiency for the benefit of the Group, and to attract and retain or otherwise maintain ongoing business relationship with the eligible participants whose contributions are, will or expected to be beneficial to the Group, the Company has conditionally adopted the Scheme on 19 September 2018, (“Share Option Scheme”) which became unconditional upon the Listing.

Summary of the principal terms of the Share Option Scheme were disclosed in the page 34–35 of the Annual Report 2018/19.

The movements of share options during the Reporting Period were as follows:

Category of grantees	Date of grant	Exercisable period	Exercise price per Share (HK\$)	Granted	As at 31 March 2019	Exercised	Cancelled	Forfeited	As at 30 September 2019
Senior management and other employees	11 January 2019	11 January 2022 to 10 January 2024	1.53	4,400,000	4,350,000	—	(25,000)	—	4,325,000
		11 January 2023 to 10 January 2024	1.53	4,400,000	4,350,000	—	(25,000)	—	4,325,000
Consultant	11 January 2019	11 January 2019 to 10 January 2021	1.53	7,600,000	7,600,000	—	—	—	7,600,000

# Corporate Governance and Other Information

## DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

As at 30 September 2019, the interests or 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 corporation (within the meaning of Part XV of the SFO), which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") (the "Model Code"), were as follows:

Name of Director	Capacity/Nature of interest	Number of Shares <small>(Note 1)</small>	Approximate percentage of shareholding in the Company
Mr. Lee Pui Sun ("Mr. PS Lee") <small>(Note 2)</small>	Interest in a controlled corporation and interest of spouse	570,000,000(L)	74.26%
Ms. Lau Lai Ching ("Ms. LC Lau") <small>(Note 3)</small>	Interest in a controlled corporation and interest of spouse	570,000,000(L)	74.26%

Notes:

1. The letter "L" denotes the Director's long position in the Shares.
2. Mr. PS Lee beneficially owns 70% of the issued share capital of HY Steel Company Limited ("HY Steel"). Mr. PS Lee is the spouse of Ms. LC Lau and is deemed to be interested in 30% of the issued share capital of HY Steel held by Ms. LC Lau. Therefore, Mr. PS Lee is deemed to be interested in all the Shares held by HY Steel for the purpose of the SFO. Mr. PS Lee is also a director of HY Steel.
3. Ms. LC Lau beneficially owns 30% of the issued share capital of HY Steel. Ms. LC Lau is the spouse of Mr. PS Lee and is deemed to be interested in 70% of the issued share capital of HY Steel held by Mr. PS Lee. Therefore, Ms. LC Lau is deemed to be interested in all the Shares held by HY Steel for the purpose of the SFO. Ms. LC Lau is also a director of HY Steel.

Save as disclosed above, as at 30 September 2019, none of the Directors or chief executive of the Company had any interests or short positions in any Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2019, so far as is known or otherwise notified to any Director or the chief executive of the Company, the particulars of the corporations or individuals (other than a Director or the chief executive of the Company) who had interests or short positions in the Shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were record in the register required to be kept under section 336 of the SFO, were as follows:

<b>Name of Shareholder</b>	<b>Capacity/Nature of interest</b>	<b>Number of Shares</b> <small>(Note 1)</small>	<b>Approximate percentage of shareholding in the Company</b>
HY Steel <small>(Note 2)</small>	Beneficial owner	570,000,000(L)	74.26%

Notes:

1. The letter "L" denotes the substantial shareholder's long position in the Shares.
2. HY Steel is owned by Mr. PS Lee and Ms. LC Lau as to 70% and 30%, respectively.

Save as disclosed above, as at 30 September 2019, the Directors and the chief executive of the Company are not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would be required to be notified to the Company and the Stock Exchange under the provisions 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.

### MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct governing securities transactions by the Directors. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required dealing standards as set out in the Model Code during the Reporting Period.

### PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

### CORPORATE GOVERNANCE

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules during the Reporting Period, except for the deviation as mention below.

Code Provision A.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Lee Pui Sun currently holds both positions. The Board believes that vesting the roles of both Chairman of the Board and Chief Executive Officer in the same person would allow the Company to be more effective and efficient in developing long term business strategies and execution of business plans.

### PUBLIC FLOAT

As at the date of this report, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules.

### REVIEW OF THE INTERIM RESULTS BY AUDIT COMMITTEE

As at the date of this report, the audit committee of the Board (the "Audit Committee") comprises all the independent non-executive Directors, namely Mr. Tse Ka Ching Justin (chairman), Mr. Au Yeung Wai Key and Hon Cheung Kwok Kwan, *JP*.

The Audit Committee had reviewed and approved the Group's unaudited condensed consolidated financial statements for the Reporting Period and this report.

By order of the Board  
**Hang Yick Holdings Company Limited**  
**Lee Pui Sun**  
*Chairman and Executive Director*

Hong Kong, 28 November 2019

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2019

	Notes	For the six months ended 30 September	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	4	96,264	98,043
Direct costs		(70,391)	(61,334)
Gross profit		25,873	36,709
Other income and other gains and losses		649	1,816
Administrative expenses		(14,549)	(7,196)
Finance costs	5	(894)	(46)
Listing expenses		—	(11,847)
Profit before taxation	6	11,079	19,436
Income tax expense	7	(2,085)	(5,328)
Profit for the period		<b>8,994</b>	14,108
Attributable to:			
Equity shareholders of the Company		9,937	14,108
Non-controlling interests		(943)	—
Profit for the period		<b>8,994</b>	14,108
Earnings per share — Basic (HK cents)	8	<b>1.3</b>	2.5
— Diluted (HK cents)	8	<b>1.3</b>	N/A

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2019

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Profit for the period</b>	<b>8,994</b>	14,108
<b>Other comprehensive income for the period (after tax)</b>		
<i>Item that may be subsequently reclassified to profit or loss:</i>		
Exchange difference arising on translation of foreign operation	<u>(2,940)</u>	<u>(2,825)</u>
<b>Total comprehensive income for the period</b>	<b><u>6,054</u></b>	<b><u>11,283</u></b>
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>7,035</b>	11,283
Non-controlling interests	<u>(981)</u>	<u>—</u>
<b>Total comprehensive income for the period</b>	<b><u>6,054</u></b>	<b><u>11,283</u></b>



# Condensed Consolidated Statement of Financial Position

As at 30 September 2019

	Notes	As at 30 September 2019 HK\$'000 (Unaudited)	As at 31 March 2019 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		11,920	13,153
Prepaid lease payments		—	3,901
Right-of-use assets		6,515	—
Intangible assets		2,912	—
Deposit		202	179
		<b>21,549</b>	17,218
<b>Current assets</b>			
Inventories		17,558	23,640
Prepaid lease payments		—	188
Trade receivables	10	23,236	11,241
Other receivables, deposits and prepayments		19,681	27,610
Contract assets		61,965	47,492
Tax recoverable		2,195	3,977
Pledged bank deposits		55,302	40,000
Amount due from a related party	11	40,350	—
Short-term bank deposits		—	60,000
Bank balances and cash		73,135	54,977
		<b>293,422</b>	269,125
<b>Current liabilities</b>			
Trade and other payables and accruals	12	14,178	11,401
Contract liabilities		1,452	915
Lease liabilities		1,819	—
Tax payable		303	—
Bank borrowings		50,000	30,000
		<b>67,752</b>	42,316
<b>Net current assets</b>		<b>225,670</b>	226,809
<b>Total assets less current liabilities</b>		<b>247,219</b>	244,027

## Condensed Consolidated Statement of Financial Position

As at 30 September 2019

	Notes	As at 30 September 2019 HK\$'000 (Unaudited)	As at 31 March 2019 HK\$'000 (Audited)
<b>Non-current liabilities</b>			
Provisions		197	197
Lease liabilities		976	—
Deferred tax liabilities		65	65
		<b>1,238</b>	262
<b>Net assets</b>		<b>245,981</b>	243,765
<b>Capital and reserves</b>			
Share capital		7,676	7,676
Reserves		239,286	236,089
		<b>246,962</b>	243,765
<b>Total equity attributable to equity shareholders of the Company</b>		<b>246,962</b>	243,765
<b>Non-controlling interests</b>		<b>(981)</b>	—
		<b>245,981</b>	243,765

# Condensed Consolidated Statement of Changes in Equity

As at 30 September 2019

	Share capital HK\$'000	Share premium HK\$'000	Share option reserve HK\$'000	Other reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
For the six months ended 30 September 2019 (Unaudited)									
At 1 April 2019 (audited)	<u>7,676</u>	<u>154,701</u>	<u>2,819</u>	<u>10</u>	<u>(1,700)</u>	<u>80,259</u>	<u>243,765</u>	<u>–</u>	<u>243,765</u>
Profit for the period	–	–	–	–	–	9,937	9,937	(943)	8,994
Exchange differences arising on translation of foreign operation	–	–	–	–	(2,902)	–	(2,902)	(38)	(2,940)
Total comprehensive (expense) income for the period	–	–	–	–	(2,902)	9,937	7,035	(981)	6,054
Dividend declared and paid (note 9)	–	–	–	–	–	(3,838)	(3,838)	–	(3,838)
At 30 September 2019 (unaudited)	<u>7,676</u>	<u>154,701</u>	<u>2,819</u>	<u>10</u>	<u>(4,602)</u>	<u>86,358</u>	<u>246,962</u>	<u>(981)</u>	<u>245,981</u>
For the six months ended 30 September 2018 (unaudited)									
At 1 April 2018 (audited)	–*	–	–	10	469	98,078	98,557	–	98,557
Profit for the period	–	–	–	–	–	14,108	14,108	–	14,108
Exchange differences arising on translation of foreign operation	–	–	–	–	(2,825)	–	(2,825)	–	(2,825)
Total comprehensive (expense) income for the period	–	–	–	–	(2,825)	14,108	11,283	–	11,283
Dividend declared and paid (note 9)	–	–	–	–	–	(24,000)	(24,000)	–	(24,000)
At 30 September 2018 (Unaudited)	<u>–*</u>	<u>–</u>	<u>–</u>	<u>10</u>	<u>(2,356)</u>	<u>88,186</u>	<u>85,840</u>	<u>–</u>	<u>85,840</u>

\* Amount less than HK\$1,000.

# Condensed Consolidated Statement of Cash Flows

As at 30 September 2019 — unaudited

	For the six months ended 30 September		
	Notes	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
<b>Net cash (used in)/from operating activities</b>		<b>(35,150)</b>	12,609
INVESTING ACTIVITIES			
Bank interest received		467	19
Purchases of property, plant and equipment		(659)	(627)
Payment of acquisition of subsidiary		(3,276)	—
Repayment of short-term bank deposits		60,000	—
Placement of pledged bank deposits		(15,302)	—
Proceeds from disposal of investment properties classified as held for sale		—	4,749
<b>Net cash from investing activities</b>		<b>41,230</b>	4,141
FINANCING ACTIVITIES			
Interests paid		(851)	(46)
Dividends paid		(3,838)	(24,000)
New bank borrowings raised		20,000	—
Repayments of bank borrowings		—	(1,357)
Repayments of obligations under finance leases		—	(1,013)
Capital elements of lease rentals paid		(961)	—
Interest elements of lease rentals paid		(43)	—
<b>Net cash from/(used in) financing activities</b>		<b>14,307</b>	(26,416)
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>20,387</b>	(9,666)
<b>Cash and cash equivalents at beginning of the period</b>		<b>54,977</b>	28,603
<b>Effect of foreign exchange rate changes</b>		<b>(2,229)</b>	61
<b>Cash and cash equivalents at end of the period represented by bank balances and cash</b>		<b>73,135</b>	18,998

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2019

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## 1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office and the principal place of business are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Unit B, Upper G/F, Stage 4 Yau Tong Industrial Building, 18-20 Sze Shan Street, Yau Tong, Kowloon, Hong Kong, respectively. The Company's share were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 12 October 2018.

## 2. BASIS OF PREPARATION

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

## 3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2019 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 March 2019.

### Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses.

Amortisation of intangible assets with finite useful is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The intangible assets with finite useful lives are amortised from the date that they are available for use and their estimated useful lives are 3 years.

Amortisation method and useful lives are reviewed at each reporting period date and adjusted if appropriate. Changes in the expected useful life or the expected pattern of consumption of future economic benefit embodied of the assets are accounted for by changing the amortisation period or method, as appropriate, and treated as changes accounting estimates.

### Non-controlling interest

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon.

### 3. PRINCIPAL ACCOUNTING POLICIES — continued

#### Accounting standards mandatorily effective for annual periods beginning on or after 1 April 2019

In the current interim period, the Group has applied, for the first time, certain new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and Interpretations issued by the HKICPA that are mandatorily effective for the annual period beginning on or after 1 April 2019 for the preparation of the Group’s condensed consolidated financial statements.

Except as described below, the application of the new and amendments to HKFRSs and Interpretations in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

##### *HKFRS 16 Leases*

The Group has applied HKFRS 16 for the first time from 1 April 2019. HKFRS 16 superseded HKAS 17 Leases (“HKAS 17”), and the related interpretations. HKFRS 16 requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less (“short-term leases”) and leases of low value assets (“low-value leases”). The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of accumulated profits at 1 April 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Before the adoption of HKFRS 16, commitments under operating leases for future periods were not recognised by the Group as liabilities. Operating lease payments, including the cost of acquiring or held under operating leases, were recognised in profit or loss over the lease term on a straight-line basis.

On adoption of HKFRS 16, the Group recognised the full lease liabilities in relation to leases which had previously been classified as operating leases if they meet certain criteria set out in HKFRS 16. These liabilities were subsequently measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, if that rate can be determined, or the incremental borrowing rate of respective entities. The difference between the present value and the total remaining lease payments represents the cost of financing. Such finance cost will be charged to profit or loss in the period in which it is incurred using effective interest method. The Group also applies the short-term lease recognition exemption to leases of properties that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The Group further applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and low-value leases are recognised in profit or loss on a straight-line basis over the lease term.

At the inception of a contract that contains a lease component, as a lessee, the Group should allocate the consideration in the contract to each lease component on the basis of their relative stand-alone price. The Group, as a lessee, assessed its leases for non-lease components and separated non-lease components from lease components for certain classes of assets if the non-lease components were material.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2019

### 3. PRINCIPAL ACCOUNTING POLICIES — continued

#### Accounting standards mandatorily effective for annual periods beginning on or after 1 April 2019 — continued

##### HKFRS 16 Leases — continued

The associated right-of-use assets were measured at cost, being the amount equal to the initial measurement of lease liabilities, adjusted for items such as lease incentives received, initial direct costs paid and expected restoration costs, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. Depreciation was charged on a straight-line basis over the shorter of the asset's useful life and the lease term. The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

In applying HKFRS 16 for the first time, the Group has used the following practical expedients as permitted by HKFRS 16:

- (i) the election of not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 March 2020; and
- (ii) the exclusion of initial direct costs for the measurement of the right-of-use assets at the date of initial application.

The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 4.3%.

The following table reconciles the operating lease commitments as previously disclosed in notes 29 and 35 to the consolidated financial statements for the year ended 31 March 2019 to the opening balance for lease liabilities recognised as at 1 April 2019:

	<b>1 April 2019</b> HK\$'000
Operating lease commitments at 31 March 2019	3,322
Less: short-term leases and other leases with remaining lease term ending on or before 31 March 2020 exempted from capitalisation	(61)
Less: total future finance costs	(193)
	<hr/>
Present value of remaining lease payments, discounted using the incremental borrowing rate and the total liabilities recognised at 1 April 2019	3,068
	<hr/> <hr/>
Analysed as:	
Current	1,144
Non-current	1,924
	<hr/>
	3,068
	<hr/> <hr/>

**3. PRINCIPAL ACCOUNTING POLICIES — continued**

Accounting standards mandatorily effective for annual periods beginning on or after 1 April 2019 — continued

*HKFRS 16 Leases — continued*

The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

	<b>1 April 2019</b> HK\$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	3,068
Reclassified from prepaid lease payments (note)	4,089
	<u>7,157</u>

Note: Upfront payments for leasehold lands in the People's Republic of China (the "PRC") were classified as prepaid lease payments as at 31 March 2019. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to HK\$188,000 and HK\$3,901,000 respectively were reclassified to right-of-use assets.

**4. REVENUE AND SEGMENT INFORMATION****Revenue**

Revenue represents the fair value of amounts received and receivable from the provision of engineering service or sales of goods by the Group to external customers. The Group's revenue is mainly derived from provision of steel and metal engineering services and sales of steel and metal products in Hong Kong during both periods.

	<b>For the six months ended 30 September</b>	
	<b>2019</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2018 HK\$'000 (Unaudited)
<i>Timing of revenue recognition and category of revenue</i>		
Recognised over time and long-term contracts		
— provision of steel and metal engineering services	<b>83,028</b>	79,120
Recognised at a point in time and short-term contracts		
— sales of steel and metal products		
• standardised collapsible gates	<b>2,247</b>	9,591
• other steel and metal products	<b>10,989</b>	9,332
	<b>13,236</b>	18,923
	<b>96,264</b>	98,043



## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2019

### 4. REVENUE AND SEGMENT INFORMATION — continued

#### Revenue — continued

The customers of the Group are mainly construction companies, contractors and engineering companies in Hong Kong. All of the Group's provision of steel and metal engineering services and sales of steel and metal products are made directly with the customers. Contracts with the Group's customers are mainly fixed-price contracts.

#### Segment information

For the purpose of resources allocation and performance assessment, the chief operating decision makers ("CODM") (being the executive directors of the Company) review the segment results of the Group. Specifically, the Group's reportable segments are provision of steel and metal engineering services and sales of steel and metal products. However, no analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM of the Group on making decision for resources allocation and performance assessment.

#### *Segment revenue and profit*

The following is an analysis of the Group's revenue to external customers and results by operating and reportable segment.

	<b>Provision of steel and metal engineering services HK\$'000</b>	<b>Sales of steel and metal products HK\$'000</b>	<b>Total HK\$'000</b>
<b><i>For the six months ended 30 September 2019 (Unaudited)</i></b>			
Segment revenue	<b>83,028</b>	<b>13,236</b>	<b>96,264</b>
Segment results	<b>23,545</b>	<b>2,328</b>	<b>25,873</b>
Other income and other gains and losses			<b>649</b>
Administrative expenses			<b>(14,549)</b>
Finance costs			<b>(894)</b>
Profit before taxation			<b>11,079</b>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2019

### 4. REVENUE AND SEGMENT INFORMATION — continued

#### Segment information — continued

*Segment revenue and profit — continued*

	Provision of steel and metal engineering services HK\$'000	Sales of steel and metal products HK\$'000	Total HK\$'000
<b><i>For the six months ended 30 September 2018</i></b>			
<b><i>(Unaudited)</i></b>			
Segment revenue	<u>79,120</u>	<u>18,923</u>	<u>98,043</u>
Segment results	<u>30,523</u>	<u>6,186</u>	36,709
Other income and other gains and losses			1,816
Administrative expenses			(7,196)
Finance costs			(46)
Listing expenses			<u>(11,847)</u>
Profit before taxation			<u>19,436</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results mainly represented profit earned by each segment, excluding other income and other gains and losses, administrative expenses, finance costs, listing expenses and income tax expense.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2019

### 5. FINANCE COSTS

	For the six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Interest on bank borrowings	851	28
Interest on finance lease	—	18
Interest on lease liabilities	43	—
	<u>894</u>	<u>46</u>

### 6. PROFIT BEFORE TAXATION

	For the six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Depreciation on property, plant and equipment	1,420	1,378
Depreciation on right-of-use assets	1,076	—
Cost of inventories recognised as an expense	7,576	23,872
Sales of scrap materials (included in other income)	(34)	(251)
Impairment loss allowance on trade receivables and contract assets	405	—
Amortisation of prepaid lease payments	—	96
Amortisation of intangible assets	364	—
Gain on disposal of investment property classified as held for sale (included in other gains and losses)	—	(1,399)
	<u>—</u>	<u>(1,399)</u>

## 7. INCOME TAX EXPENSE

	<b>For the six months ended 30 September</b>	
	<b>2019 HK\$'000 (Unaudited)</b>	2018 HK\$'000 (Unaudited)
Current tax:		
Hong Kong profits tax	1,782	4,483
PRC enterprise income tax	303	803
	<b>2,085</b>	5,286
Deferred taxation	—	42
	<b>2,085</b>	5,328

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2.0 million of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2.0 million will be taxed at 16.5%.

The profits of group entities operating in Hong Kong but not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The two-tiered profits tax rates regime will be applicable to one of the Company’s subsidiary incorporated in Hong Kong starting from current year.

Under the Law of the PRC on enterprise income tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for both periods. In accordance with Notice on Implementing the Policy on Inclusive Tax Reliefs for Small and Micro Enterprises (Cai Shui [2019] No. 13) issued by the Ministry of Finance, State Administration of Taxation and Publicity Department of the Communist Party of China, small and micro enterprises meet the standards under the notice can enjoy a tax deductions. The first RMB1.0 million of annual taxable income is eligible for 75% reduction and the income between RMB1.0 million and RMB3.0 million is eligible for 50% reduction at a reduced rate of 20%.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2019

### 8. EARNINGS PER SHARE

#### (a) Basic earning per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$9,937,000 (30 September 2018: HK\$14,108,000) and 767,600,000 ordinary shares (30 September 2018: 570,000,000 ordinary shares) in issue during the period. The number of ordinary shares for the purpose of calculating basic earning per share has been determined on the assumption that the capitalisation issues of 569,999,900 shares have been effective on 1 April 2018.

#### (b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$9,937,000 (six months ended 30 September 2018: HK\$14,108,000) and the weighted average number of 776,108,633 ordinary shares (six months ended 30 September 2018: 570,000,000 ordinary shares) after adjusting for the effects of all dilutive potential ordinary shares, calculated as follows:

	For the six months ended 30 September	
	2019	2018
Weighted average number of ordinary shares	<b>767,600,000</b>	570,000,000
Effect of deemed issue of ordinary shares under the Company's share option scheme	<b>8,508,633</b>	—
Weighted average number of ordinary shares (diluted)	<b>776,108,633</b>	570,000,000

### 9. DIVIDENDS

During the six months ended 30 September 2019, the Company declared and paid a final dividend of HK0.5 cent per share for the year ended 31 March 2019, amounting to a total of HK\$3,838,000 (six months ended 30 September 2018: a special dividend of HK\$240,000 per ordinary share (HK\$24.0 million in aggregate)).

The Board has recommended the declaration of an interim dividend of HK0.3 cent per share for the six months ended 30 September 2019 (for the six months ended 30 September 2018: HK1.3 cents).

## 10. TRADE RECEIVABLES

For customers that the Group provides engineering services on steel and metal works, the Group normally grants credit terms of 30 days from the date of invoices on progress payments of contract works. For customers that the Group sells metal and steel products, except for certain major customers of which the Group grants a credit period of up to 60 days from the delivery of goods, the Group grants no credit terms to other customers and they are to settle payment in full upon delivery of goods. The following is an ageing analysis of the trade receivables presented based on the invoice date at the end of the reporting period:

	<b>As at 30 September 2019 HK\$'000 (Unaudited)</b>	As at 31 March 2019 HK\$'000 (Audited)
0–30 days	7,149	7,229
31–60 days	917	2,000
61–90 days	745	1,262
Over 90 days	14,425	750
	<b>23,236</b>	11,241

## 11. AMOUNT DUE FROM A RELATED PARTY

On 21 December 2018, the Group entered into a non-legally binding strategic cooperation framework agreement (the “Strategic Cooperation Framework Agreement”) with Capital Development Investment Holdings Limited (“Capital Development”), pursuant to which Capital Development shall, among others, make use of its favourable connections and resources, introduce and propose property investment projects and construction projects in the PRC to the Group. Pursuant to the Strategic Cooperation Framework Agreement, the Group shall pay Capital Development a sum of HK\$22.8 million (equivalent to RMB20 million) as earnest money (included in other receivables, deposits and prepayments as at 31 March 2019 and reclassified as amount due from a related party since Capital Development become a related party of the Group as mentioned below) and the amounts were fully paid on 24 December 2018. The Strategic Cooperation Framework Agreement shall remain in effect for 12 months from the signing date of the Strategic Cooperation Framework Agreement to 21 December 2019 (the “Term”). Upon the expiry of the Term, the parties may agree to extend the Term in writing for not more than 24 months from the date of the Strategic Cooperation Framework Agreement. Details of this transaction were disclosed in the Company’s announcement dated 21 December 2018.

In April 2019, 首建恒益(深圳)建築控股有限公司 (CDI Hang Yick Constructions Holding Co. Ltd. SZ\*), a non-wholly owned subsidiary of the Group, entered into a memorandum with Capital Development, pursuant to which the Group agreed to pay a deposit of HK\$17.5 million (equivalent to RMB15 million) to secured a new contract of a sports and tourism complex project in Kaihua, Zhejiang Province with a contract sum of approximately RMB500 million.

On 28 June 2019, Mr. Pang Ming, who hold 50% equity interest of Capital Development, was appointed as executive director of the Company, since then Capital Development became the related party of the Group.

\* *English names for identification purpose only*

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2019

### 12. TRADE AND OTHER PAYABLES AND ACCRUALS

	As at 30 September 2019 HK\$'000 (Unaudited)	As at 31 March 2019 HK\$'000 (Audited)
Trade payables	8,157	4,774
Accrued staff costs	5,063	4,943
Accruals and others	958	1,684
	<b>14,178</b>	<b>11,401</b>

The credit period granted to the Group by suppliers normally ranges from 0 to 60 days. The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	As at 30 September 2019 HK\$'000 (Unaudited)	As at 31 March 2019 HK\$'000 (Audited)
Trade payables:		
0–30 days	4,626	4,427
31–60 days	3,531	340
61–90 days	—	7
	<b>8,157</b>	<b>4,774</b>

### 13. EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 11 November 2019, with 首建恒益(廣東)實業發展有限公司 (CDI Hang Yick Guangdong Development Company Limited\*), an indirect non-wholly owned subsidiary of the Company as the lender (the “Lender”) and 佛山市臻裕置業投資有限公司 (Foshan Zhenyu Real Estate Investment Company Limited\*) as the borrower (the “Borrower”), a company indirectly held by the Company through the Lender as to 25%, the parties entered into a loan agreement involving the amount of RMB30 million. The loan shall be applied by the Borrower as (among others) development costs in relation to a real estate development project in Foshan, Guangdong, PRC, which the Borrower participates in with the cooperation of 佛山市禪城區祖廟街道鎮安中四股份合作經濟社 (Economic Cooperation of Zhenan Zhongsi of Zumiao Street, Foshan City, Chancheng District\*). The project comprises a residential and commercial complex with carparks and is located in the west of Chaoyang Road, Chancheng District, Foshan City in Guangdong, PRC.

\* English names for identification purpose only