Twintek Investment Holdings Limited

乙德投資控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6182)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022

FINANCIAL HIGHLIGHTS

	For the year ended 31 March	
	2022	2021
Revenue	**HK$337.4 million**	HK$311.8 million
Gross profit	**HK$56.1 million**	HK$48.8 million
Net profit after taxation	**HK$13.7 million**	HK$11.3 million
Basic earnings per share	**HK cents 1.72**	HK cents 1.41
Final dividend per share	**HK cents 0.50**	HK cent 1.00

The board (the "**Board**") of directors (the "**Directors**") of Twintek Investment Holdings Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 March 2022, together with comparative figures of the corresponding period in 2021.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	**2022** *HK$'000*	2021 *HK$'000*
Revenue	3	**337,372**	311,754
Cost of sales and services		**(281,250)**	(262,938)
Gross profit		**56,122**	48,816
Other income	4	**4,318**	3,629
Selling and distribution expenses		**(9,257)**	(8,797)
Administrative expenses		**(34,530)**	(30,911)
Finance costs		**(1,323)**	(1,625)
Profit before taxation		**15,330**	11,112
Income tax (expenses) credit	5	**(1,588)**	188
Profit and total comprehensive income for the year attributable to the owners of the Company	6	**13,742**	11,300
Earnings per share:			
Basic and diluted *(HK cents)*	8	**1.72**	1.41

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2022

	Notes	**2022** **HK$'000**	2021 HK$'000
Non-current assets			
Property, plant and equipment		**53,479**	55,067
Right-of-use asset		**143**	571
Prepayment and deposits paid for life insurance policies		**6,172**	5,936
Deposits, prepayments and other receivables		**–**	111
		59,794	61,685
Current assets			
Inventories		**5,836**	10,814
Contract assets		**117,478**	74,611
Trade receivables	9	**30,859**	32,383
Deposits, prepayments and other receivables		**2,405**	4,128
Pledged bank deposits		**8,096**	8,088
Bank balances and cash		**28,223**	41,618
		192,897	171,642
Current liabilities			
Trade and bills payables	10	**31,142**	28,338
Contract liabilities		**6,506**	3,395
Retention monies payables		**4,154**	4,110
Accrual and other payables		**4,610**	4,279
Bank borrowings		**48,512**	35,897
Lease liability		**146**	433
Tax payable		**1,093**	35
		96,163	76,487
Net current assets		**96,734**	95,155
Total assets less current liabilities		**156,528**	156,840
Non-current liabilities			
Deferred tax liability		**239**	146
Lease liability		**–**	147
		239	293
		156,289	156,547
Capital and reserves			
Share capital	11	**8,000**	8,000
Reserves		**148,289**	148,547
		156,289	156,547

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. GENERAL INFORMATION

Twintek Investment Holdings Limited ("**the Company**") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 8 February 2017 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited on 17 January 2018. Its ultimate and immediate holding company is also Helios Enterprise Holding Limited, a company incorporated in the British Virgin Islands with limited liability. Its ultimate controlling parties are Mr. Lo Wing Cheung and Ms. Fung Pik Mei. The addresses of the registered office of the Company is PO Box 309, Ugland House, Grand Cayman KY1-1104, the Cayman Islands and the principal place of business of the Company is Room 806, 8/F., Eastern Centre, 1065 King's Road, Quarry Bay, Hong Kong.

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") are investment holding, sales of building materials and provision of construction and engineering services.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Group.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for its first time, the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") which are effective for the Group's financial year beginning 1 April 2021:

Amendment to HKFRS 16	Covid-19 Related Rent Concessions
Amendment to HKFRS 16	Covid-19 Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments[2]
Amendments to HKFRS 3	Reference to Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[2]
Amendments to HKAS 1 and HKFRS Practice Statements 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018–2020 cycle[1]
Initial Application of HKFRS 17 and HKFRS 9	Comparative Information (Amendment to HKFRS 17)[2]

[1] Effective for annual periods beginning on or after 1 January 2022
[2] Effective for annual periods beginning on or after 1 January 2023
[3] Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that, except as described below, the application of the new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

Amendments to HKAS 1 – Classification of liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)

The amendments to HKAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Hong Kong Interpretation 5 was revised as a consequence of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current to align the corresponding wordings with no change in conclusion.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Based on the Group's outstanding liabilities as at 31 March 2022, the application of the amendments will not result in change in the classification of the Group's liabilities.

Amendments to HKAS 16 – Property, Plant and Equipment – Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with HKAS 2 Inventories.

The amendments also clarify the meaning of "testing whether an asset is functioning properly". HKAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position or performance of the Group.

Amendments to HKAS 37 – Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position or performance of the Group.

Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies

The amendments change the requirements in HKAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in HKAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

Guidance and examples were provided to explain and demonstrate the application of the "four-step materiality process" described in HKFRS Practice Statement 2. The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

Amendments to HKAS 8 Definition of Accounting Estimates

The amendments to HKAS 8 introduce the definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period, with earlier application permitted.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on sales of building materials and provision of construction and engineering services. An analysis of the Group's revenue for the year is as follows:

	2022	2021
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregation by major products or services lines		
Sales of building materials		
– Gypsum block	**32,807**	19,717
– Wooden flooring	**14,422**	18,949
– Others	**1,295**	4,425
Revenue from provision of construction and engineering services		
– Gypsum block	**164,129**	77,294
– Wooden flooring	**114,857**	160,958
– Others	**9,862**	30,411
	337,372	311,754

Disaggregation of the Group's revenue by timing of recognition

	2022	2021
	HK$'000	*HK$'000*
Timing of revenue recognition		
At a point in time	**48,524**	43,091
Over time	**288,848**	268,663
Total revenue from contract with customers	**337,372**	311,754

Segment revenues and results

Information reported to the executive directors of the Company, being the chief operating decision maker (the "**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The directors of the Company have chosen to organise the Group around differences in nature of revenue. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments are as follows:

- Sales of building materials – trading of building materials; and

- Construction contracts – provision of construction and engineering services.

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

For the year ended 31 March 2022

	Sales of building materials *HK$'000*	**Construction contracts** *HK$'000*	**Total** *HK$'000*
Segment revenue			
External sales	**48,524**	**288,848**	**337,372**
Segment profit	**16,906**	**37,796**	**54,702**
Unallocated income			**4,318**
Unallocated corporate expenses			**(42,367)**
Unallocated finance costs			**(1,323)**
Profit before taxation			**15,330**

For the year ended 31 March 2021

	Sales of building materials *HK$'000*	Construction contracts *HK$'000*	Total *HK$'000*
Segment revenue			
External sales	43,091	268,663	311,754
Segment profit	13,757	35,881	49,638
Unallocated income			2,807
Unallocated corporate expenses			(39,708)
Unallocated finance costs			(1,625)
Profit before taxation			11,112

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central administration costs and selling and distribution expenses, directors' emoluments, finance costs and certain other income. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Information about major customers

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

	2022	2021
	HK$'000	*HK$'000*
Customer A[1, 2]	**130,585**	62,558
Customer B[1, 2]	**54,570**	90,868

[1] Revenue from construction contracts segment

[2] Revenue from sales of building materials segment

4. OTHER INCOME

	2022	2021
	HK$'000	*HK$'000*
Bank interest income	**8**	172
Interest income from deposits paid for life insurance policies	**243**	234
Net foreign exchange gain	**1,216**	–
Reversal of impairment loss recognised on trade receivables	**–**	553
Reversal of impairment loss recognised on contract assets	**–**	269
Reversal of written off on prepayment	**–**	105
Gain on disposal of property, plant and equipment	**–**	83
Government grant *(note)*	**–**	1,708
Storage fee income	**2,816**	–
Compensation from employee injury claims	**–**	505
Others	**35**	–
	4,318	3,629

Note: During the year 31 March 2021, the Group recognised government grants of approximately HK$1,708,000 in respect of COVID-19-related subsidies related to Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund. There are no unfulfilled conditions and other contingencies attached to the receipts of those government grant.

5. INCOME TAX EXPENSES (CREDIT)

	2022	2021
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**1,515**	39
Over-provision in prior years	**(20)**	–
Deferred taxation	**93**	(227)
	1,588	(188)

Under the two-tiered profits tax rates regime, the first HK$2 million of assessable profits of qualifying corporation will be taxed at 8.25%, and assessable profits above HK$2 million will be taxed at 16.5%. For the years ended 31 March 2022 and 2021, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

6. PROFIT FOR THE YEAR

	2022	2021
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Directors' and chief executive's emoluments	**5,903**	5,266
Other staff costs	**12,832**	12,279
Contribution to defined contribution retirement benefits scheme (excluding directors' and chief executive's emoluments)	**438**	427
Total staff costs	**19,173**	17,972
Auditor's remuneration	**1,060**	1,034
Depreciation of property, plant and equipment	**2,918**	2,391
Depreciation of right-of-use asset	**428**	429
Net foreign exchange loss	**–**	150
Impairment loss recognised on trade receivables	**338**	–
Impairment loss recognised on contract assets	**1,082**	–
Loss on write-off of property, plant and equipment	**1**	–
Amortisation of prepayment paid for life insurance policies	**7**	8
Expense relating to short-term lease under HKFRS 16	**238**	782
Amount of inventories recognised as an expense	**48,462**	42,308

7. DIVIDENDS

	2022	2021
	HK$'000	*HK$'000*
Dividends paid during the year:		
2021 Final dividends – HK1.0 cent per ordinary share	**8,000**	–
2022 Interim dividends – HK0.75 cents per ordinary share	**6,000**	–
	14,000	–

Subsequent to the end of the reporting period, a final dividend of HK0.5 cents (2021: HK1.0 cent) per ordinary share in respect of the year ended 31 March 2022, in aggregate amount of HK$4,000,000 (2021: HK$8,000,000), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

8. EARNINGS PER SHARE

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

	2022	2021
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share, representing profit for the year attributable to owners of the Company	**13,742**	11,300

	2022	2021
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share *('000 shares)*	**800,000**	800,000

The diluted earnings per share is the same as the basic earnings per share as there were no dilutive potential ordinary shares outstanding for the years ended 31 March 2022 and 2021.

9. TRADE RECEIVABLES

The following is an analysis of trade receivables at the end of each reporting period:

	2022	2021
	HK$'000	*HK$'000*
Trade receivables	**32,591**	33,777
Less: allowance for impairment loss of trade receivables	**(1,732)**	(1,394)
	30,859	32,383

The average credit period granted to trade customers ranged from 30 to 60 days.

The following is an aging analysis of trade receivables, net of allowance for impairment loss of trade receivables, presented based on the invoice dates, which approximates the respective revenue recognition dates, at the end of the reporting period.

	2022	2021
	HK$'000	*HK$'000*
Within 30 days	**18,063**	23,358
31 to 60 days	**10,311**	5,620
61 to 90 days	**653**	971
Over 90 days	**1,832**	2,434
	30,859	32,383

10. TRADE AND BILLS PAYABLES

	2022	2021
	HK$'000	*HK$'000*
Trade payables	**14,225**	19,434
Bills payables	**16,917**	8,904
	31,142	28,338

The following is an aging analysis of trade and bills payables presented based on the invoice date at the end of the reporting period:

	2022	2021
	HK$'000	*HK$'000*
Within 30 days	**13,018**	17,334
31 to 90 days	**10,471**	8,161
91 to 180 days	**7,384**	2,574
Over 180 days	**269**	269
	31,142	28,338

The average credit period on purchases of goods is 30 to 60 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

11. SHARE CAPITAL

The share capital as at 31 March 2022 and 2021 represented the share capital of the Company.

	Number of shares	**Share capital**
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	2,000,000,000	20,000
Issued and fully paid:		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	800,000,000	8,000

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND MARKET PROSPECT

The Group is a building materials contractor providing building materials and the relevant installation services mainly in Hong Kong. The Group's products mainly consist of (i) timber flooring products; (ii) interior wall-fill materials, in particular, gypsum block and drywall partition products; (iii) interior composite panel lining, in particular, SPC wall panels; (iv) woodwork products; and (v) roof tiles.

During the year ended 31 March 2022, as pandemic containment has become broadly stable in Hong Kong and various governments made progress with vaccination programs, construction works have been resumed to normal level. Hong Kong's economy started to recover steadily, and the overall market outlook was expected to be positive. The Group generally continued noting signs of improvement, and recorded an increase in revenue and net profit to approximately HK$337.4 million and HK$13.7 million for the year ended 31 March 2022, respectively, compared to revenue and net profit of approximately HK$311.8 million and HK$11.3 million for the year ended 31 March 2021, respectively.

The Group noted the increasing competition on timber flooring products with its competitors' aggressive pricing strategy, and the drop in number of private residential properties completed in 2021 by approximately 31% as compared to 2020, according to the data from the Rating and Valuation Department. In addition, following the completion of several residential projects in Pak Shek Kok, Tseung Kwan O and Eastern Kowloon and a major construction project in last financial year, the commencement dates and work programmes of several newly awarded timber flooring projects have been slightly delayed due to the fifth wave of COVID-19 outbreak in Hong Kong. The above factors hindered the performance of timber flooring projects for the year ended 31 March 2022.

The 10-Year Hospital Development Plan contained in the 2016 Policy Address of the Chief Executive would continue to be the key footprint for the Group to pursue in its business development. Having considered the stringent requirements related to hospitals construction projects, the Group kept up the efforts to improve the technicality of its gypsum block installation system, so as to facilitate compliance with the enhanced construction standards to maintain its competitiveness. In previous years, the Group's efforts have been proven successful by its completion of several large-scale hospital projects in both private and public sectors. As disclosed in the annual report 2020 of the Group, the Group has been awarded one project under the 10-Year Hospital Development Plan with a contract sum of approximately HK$109.3 million for the supply and installation of over 100,000 square meters of gypsum block products. Such project has commenced in November 2020 and is in the final stage of completion as at 31 March 2022. Going onward, the Group trusts it remains well-positioned to take on further potential business opportunities brought by the 10-Year Hospital Development Plan, the implementation of which is being robustly driven by the Hong Kong Government. As of now, the Group has already submitted 2 tenders for new projects under the 10-Year Hospital Development Plan with aggregate contract sum of not less than HK$200 million. In addition to the potential projects under the 10-Year Hospital Development Plan, the Group has also received several tender invitations for other public utilities projects. Given the risks presented by the COVID-19 pandemic, developers are likely to place more emphasis on the quality of gypsum block products, which could lead to greater business opportunities for the Group as it offers gypsum block products with eco-friendly and radiation protection features that are fit for the current building material specifications.

In 2019, the Group introduced several new products including interior composite panel lining, in particular, the SPC wall panel, a panel lining with anti-bacterial, eco-friendly properties, which provides a quicker and budgeted solution to the Group's customers compared to conventional installation methods and is well-suited to the latest industry trend requiring faster construction. After completing a large scaled hospital project for the supply and installation of over 20,000 square meters of SPC wall panels in early 2021, the Group is well-prepared to take part in other large scaled projects in the future. With an increasing awareness about public health and safety amidst the COVID-19 pandemic, the Group foresees an increase in demand for the anti-bacterial SPC wall panels from its customers.

The Group kept exploring the fitout sector so as to fully utilise its interior installation experience and to achieve vertical integration and diversification of its business segments. The Group has so far received positive response from its customers.

Looking forward, the Group will continue to focus on its competitive edge. The Directors believe that the Group will benefit from the promising medium-to-long term outlook of the Hong Kong construction industry. In the long run, the Group will continue to use all endeavors to manage upcoming challenges in the fast-changing environment and maintain its leading position among industry players to achieve satisfactory results in the future.

FINANCIAL REVIEW

Revenue

The Group's revenue was generated from two segments: (i) construction contracts, i.e. provision of construction and engineering services; and (ii) sales of building materials. The Group's total revenue increased by approximately HK$25.6 million, or approximately 8.2%, from approximately HK$311.8 million for the year ended 31 March 2021 to approximately HK$337.4 million for the year ended 31 March 2022. Despite keen competition from competitors with aggressive pricing strategies, the Group kept its effort in securing several projects with considerable contract sum.

The following table sets forth the details of the Group's revenue sources:

	For the year ended 31 March			
	2022		2021	
	HK$ million	*%*	*HK$ million*	*%*
Construction contracts	**288.9**	**85.6**	268.7	86.2
Sales of building materials	**48.5**	**14.4**	43.1	13.8
Total	**337.4**	**100.0**	311.8	100.0

Construction Contracts

The Group's revenue generated from construction contracts has been increased from approximately HK$268.7 million for the year ended 31 March 2021 to approximately HK$288.9 million for the year ended 31 March 2022, represented an increase of approximately HK$20.2 million or approximately 7.5%. Despite the revenue generated from timber flooring projects has decreased by approximately 28.6% due to the abovementioned reasons, three major gypsum block projects, including the project under the 10-Year Hospital Development Plan which contributed revenue of approximately HK$158.7 million, offsetting the decrease in revenue generated from timber flooring projects.

Sales of Building Materials

The Group's revenue generated from sales of building materials increased by approximately HK$5.4 million, or approximately 12.6%, from approximately HK$43.1 million for the year ended 31 March 2021 to approximately HK$48.5 million for the year ended 31 March 2022. Despite the abovementioned keen competition, with the proven quality of the Group's gypsum block products, revenue recorded from sales of gypsum block products rebounded from approximately HK$19.7 million for the year ended 31 March 2021 to approximately HK$32.8 million for the year ended 31 March 2022. A timber flooring project in Tseung Kwan O has further contributed revenue of approximately HK$11.1 million for the year ended 31 March 2022.

Cost of Sales and Services

The Group's cost of sales and services amounted to approximately HK$281.3 million for the year ended 31 March 2022, slightly increased by approximately 7.0% (2021: approximately HK$262.9 million). Cost of sales and services mainly comprised material costs and subcontracting costs, which together accounted for approximately 98.2% (2021: approximately 98.5%) of the Group's total cost of sales and services for the year ended 31 March 2022.

The Group's material costs mainly comprises wooden flooring materials and gypsum block materials. The Group recorded an increase in material costs under cost of sales and services by approximately 7.8% for the year ended 31 March 2022, which was generally in line with the increase in revenue for the year ended 31 March 2022. The increase in material costs for the year ended 31 March 2022 was mainly derived from gypsum block materials, and in line with the increase in revenue generated from gypsum block materials during the year ended 31 March 2022.

The Group recorded a mild increase in subcontracting costs under cost of sales and services by approximately 4.6% for the year ended 31 March 2022. As the Group has placed considerable effort in cost control, the increase in subcontracting costs charged on projects was generally less than the increase in revenue generated from construction contracts.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by approximately HK$7.3 million, or approximately 15.0%, from approximately HK$48.8 million for the year ended 31 March 2021 to approximately HK$56.1 million for the year ended 31 March 2022, and the Group's gross profit margin increased from approximately 15.7% for the year ended 31 March 2021 to approximately 16.6% for the year ended 31 March 2022.

The gross profit and gross profit margin of the Group's projects were affected by a number of factors, including terms of contract, the length of contractual period, scope of work, technical complexity, variation orders (if any) and/or work programme, and therefore vary from project to project.

With the increase in competition from competitors with aggressive pricing strategies, the Group carefully estimated the gross profit of each project before accepting a new bid.

Other than the above factors, the increase in the Group's gross profit margin was attributable to the increase in proportion of the Group's revenue generated from sales of building materials. In general, the gross profit margin of sales of building materials is higher than that of construction contracts, as the labour cost in Hong Kong is generally much higher than the material cost which lowers the gross profit margin of construction contracts. Given that the proportion of revenue contribution from sales of building materials slightly increased from approximately 13.8% to 14.4% of the Group's total revenue for the year ended 31 March 2022, the Group's overall gross profit margin increased accordingly.

Other Income

The Group's other income increased by approximately HK$0.7 million, or approximately 19.0%, from approximately HK$3.6 million for the year ended 31 March 2021 to approximately HK$4.3 million for the year ended 31 March 2022. Despite the Group received no wages subsidies during the year ended 31 March 2022 as compared to wage subsidies of approximately HK$1.7 million during the year ended 31 March 2021 from the Employment Support Scheme under the Anti-epidemic Fund launched by the government, the Group has earned one-off storage fee income of approximately HK$2.8 million and resulted in an increase of other income for the year ended 31 March 2022.

Selling and Distribution Expenses

The Group's selling and distribution expenses mainly comprised transportation expenses, storage expenses and business development expenses. The total selling and distribution expenses slightly increased by approximately HK$0.5 million, or approximately 5.2%, from approximately HK$8.8 million for year ended 31 March 2021 to approximately HK$9.3 million for the year ended 31 March 2022. The increase in selling and distribution expenses was in line with the increase in revenue generated from the German-made gypsum block products.

Administrative Expenses

The Group's administrative expenses increased by approximately HK$3.6 million, or approximately 11.7%, from approximately HK$30.9 million for the year ended 31 March 2021 to approximately HK$34.5 million for the year ended 31 March 2022. The increase in administrative expenses was mainly caused by (i) increase in staff cost of approximately HK$1.2 million as the average monthly salary of the Group's staff has increased; (ii) increase in depreciation expenses of approximately HK$0.5 million with the acquisition of a property in October 2020; and (iii) increase in impairment losses recognised on trade receivables and contract assets of approximately HK$1.4 million during the year ended 31 March 2022.

Finance Costs

The Group's finance costs slightly decreased by approximately HK$0.3 million, or approximately 18.6%, from approximately HK$1.6 million for the year ended 31 March 2021 to approximately HK$1.3 million for the year ended 31 March 2022, as the effective interest rate decreased during the year ended 31 March 2022.

Income Tax (Expenses) Credit

The Group's income tax credit switched from approximately HK$0.2 million for the year ended 31 March 2021 to income tax expense of approximately HK$1.6 million for the year ended 31 March 2022. The Group had utilised accumulated tax losses to offset the assessable profits for the year ended 31 March 2022 and minimised the income tax exposure.

Net Profit and Net Profit Margin

The Group's net profit increased from approximately HK$11.3 million for the year ended 31 March 2021 to approximately HK$13.7 million for the year ended 31 March 2022. The increase in net profit was mainly due to increase in revenue and gross profit as mentioned above.

The Group's net profit margins were approximately 4.1% and 3.6% for the year ended 31 March 2022 and 2021 respectively, and the increase in net profit margin was mainly due to reasons illustrated above.

LIQUIDITY AND FINANCIAL RESOURCES REVIEW

The Group had normally funded its liquidity and capital requirements primarily through bank borrowings and net cash generated from operating activities.

Total equity and net current assets

The total equity of the Group mainly comprises share capital, share premium and reserves. The total equity of the Group as at 31 March 2022 was approximately HK$156.3 million (2021: approximately HK$156.5 million).

As at 31 March 2022, the Group's net current assets were approximately HK$96.7 million (2021: approximately HK$95.2 million).

Cash and cash equivalents

As at 31 March 2022, the Group had cash and cash equivalents of approximately HK$28.2 million (2021: approximately HK$41.6 million).

Bank borrowings

As at 31 March 2022, the Group had bank borrowings of approximately HK$48.5 million carried at floating interest rate (2021: approximately HK$35.9 million carried at floating interest rate).

Key financial ratios

	2022	2021
Gearing ratio	**31.1%**	23.3%
Current ratio	**2.0**	2.2

Gearing ratio: Gearing ratio is calculated based on the total debts (including all interest-bearing borrowings and loans, and lease liability) divided by the total equity as at the end of the reporting period.

Current ratio: Current ratio is calculated based on the total current assets divided by the total current liabilities.

Going forward, the Group expects to fund its future operations and expansion plans primarily with cash generated from business operations and bank borrowings.

PLEDGE OF ASSETS

As at 31 March 2022, the Group's banking facilities were secured by properties with net carrying amount of approximately HK$51.1 million, prepayment and deposits paid for life insurance policies of approximately HK$6.2 million and pledged bank deposits of approximately HK$8.1 million.

As at 31 March 2021, the Group's banking facilities were secured by properties with net carrying amount of approximately HK$52.7 million and pledged bank deposits of approximately HK$8.1 million.

CAPITAL EXPENDITURE

During the year ended 31 March 2022, the Group acquired items of property, plant and equipment of approximately HK$1.3 million (2021: approximately HK$33.4 million).

CONTINGENT LIABILITIES

The Group provided guarantee of performance bonds in its ordinary course of business. As at 31 March 2022, the Group's contingent liabilities in relation to performance bonds were approximately HK$12.8 million (2021: approximately HK$10.4 million).

CAPITAL COMMITMENTS

The Group has no capital commitment as at 31 March 2022 (2021: nil).

PRINCIPAL RISKS AND UNCERTAINTIES

Fluctuating cash flows pattern

The Group may incur net cash outflows at the early stage of carrying out works when it is required to pay material costs and/or for subcontractors prior to receiving payment from customers. Customers will pay progress payments after works commenced and after such works have been certified by customers. Accordingly, the Group may experience net cash outflows to pay certain material costs and/or subcontractors' fees while the respective progress payments may not be received in the same periods. If during any particular period of time, there exists too many projects which require substantial cash outflows while the Group has significantly less cash inflows, the Group's cash flow position may be adversely affected.

Inaccurate estimation on the cost and work programme of projects

As contracts from customers are normally awarded through successful tendering and acceptance of quotation offer, the Group needs to estimate the time and costs based on the tender documents or quotation requests provided by customers in order to determine the tender price or quotation. There is no assurance that the actual execution time and costs of the project would not exceed the Group's estimation.

The actual time taken and costs involved in completing contracts undertaken by the Group may be adversely affected by a number of factors, such as shortage or cost escalation of materials and labour, adverse weather conditions, additional variations to the work plans requested by customers, delays in obtaining any required permits or approvals, disputes with subcontractors or other parties, accidents, changes in Hong Kong government policies and customers' priorities and any other unforeseen problems and circumstances. Any of the aforementioned factors may give rise to delays in completion of works or cost overspend or even termination of projects by customers, which in turn may adversely affect the Group's profitability and liquidity.

Irregular profit margin

The Directors believe that the profit margin of each project significantly depends on various factors, such as the terms of the contracts, the length of the contractual period, scope of work, technical complexity, variation orders (if any), the efficiency of implementation of the contractual works and the general market conditions which are beyond the Group's control. As a result, the income flow and the profit margin of each project, which are largely dependent on the terms of the work contracts, may not be entirely regular and consistent and there is no assurance that the profitability of a project can be maintained or estimated at any level. If the profit margin of the project significantly deviates from the estimation of the Directors, the Group's financial position could be adversely affected.

Failure to obtain new projects

The Group provides materials and/or relevant installation services to customers generally on a project-by-project basis. The Group's revenue from projects is non-recurring in nature. It cannot be guaranteed that the Group will continue to secure new projects from customers after the completion of the existing awarded projects.

Currency risk

Certain transactions of the Group are denominated in currencies which are different from the functional currency of the Group, namely, Hong Kong dollars, and therefore the Group is exposed to foreign exchange risk. Payments made by the Group for the settlement of its cost of sales and services are generally denominated in Hong Kong dollars, USD and EUR. Payments received by the Group from its customers are mainly denominated in Hong Kong dollars. The Group continues to monitor closely its exposure to currency movement and may take proactive measures where necessary.

Credit risk – Contract Assets

Contract assets represent a large portion of the Group's assets. The carrying amount of the Group's contract assets of approximately HK$117.5 million as at 31 March 2022 represents the maximum exposure to credit risk in relation to contract assets (2021: approximately HK$74.6 million). In order to minimise the Group's credit risk exposure, the management of the Group is closely monitoring the contract assets and take follow up action if needed.

In assessing credit risk, the Company has taken into the following factors:

1. Recovery history of the counterparties;

2. Credit rating of the counterparties; and

3. Forward-looking factors of the market.

In addition, the Group has appointed an independent professional valuer in assessing the expected credit loss of contract assets as at 31 March 2022 to ensure impairment loss provided is adequate.

Subsequent to 31 March 2022 and up to 15 June 2022, approximately 22.2% of contract assets as at 31 March 2022 have been subsequently billed to the customers and approximately 16.6% of contract assets as at 31 March 2022 have been settled.

Customer concentration risk

During the year ended 31 March 2022, the Group's five largest customers in aggregate accounted for approximately 69.9% (2021: approximately 73.5%) of the Group's total revenue. The largest customer accounted for approximately 38.7% (2021: approximately 29.1%) of the Group's total revenue.

If there is a significant decrease in business engagements with the Group's major customers for whatever reasons, and Group is unable to obtain comparable business engagements as replacement, the financial conditions and operating results of the Group would be materially and adversely affected. Meanwhile, if any of the Group's five largest customers experiences any liquidity problems, it may result in delay or default of payments to the Group, which in turn would have an adverse impact on the cash flows and financial conditions of the Group.

Uncertainties in business environment

The reporting period has been a time of unprecedented changes in Hong Kong's social, political and economic environments which have created negative impact on many business sectors of the local economy including, inevitably, the construction and property development sectors. With the outbreak of the COVID-19 pandemic, the economy was severely disrupted by several waves of COVID-19 pandemic shutdowns. Even with the supportive government policies, such policies are one-off. The Group and its industry peers will face continued uncertainties in the Hong Kong market, as well as continued challenges from aggressive competition rises in labour costs, and delay in materials delivery from the Group's suppliers. Amidst this unusually adverse business landscape, the Group may continue to be adversely affected in terms of profitability and liquidity.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2022, including executive Directors, the Group had 32 full-time employees and 2 part-time employees (2021: 34 full-time employees and 2 part-time employees). The total staff costs incurred by the Group for the year ended 31 March 2022 were approximately HK$19.2 million (2021: approximately HK$17.9 million). The increase in staff costs was mainly due to increase in average number of staff.

Employees' remuneration packages are determined with reference to the market information and individual performance and will be reviewed on a regular basis. The Group's employees are remunerated according to their job scope, responsibilities, and performance. Employees are also entitled to discretionary bonus depending on their respective performances and the profitability of the Group. Other staff benefits include the provision of retirement benefits and sponsorship of training courses.

The emoluments of Directors and senior management were reviewed by the Remuneration Committee of the Board, having regard to the remuneration paid by comparable companies, experience, responsibilities and performance of the Group, and approved by the Board.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS OR DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group had no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 March 2022. Save as disclosed under the section headed "Future plans and use of proceeds" in the prospectus of the Company dated 29 December 2017 (the "**Prospectus**") and under the section headed "Use of net proceeds from the Listing" in this announcement, there was no other plans for material investments or capital assets as at 31 March 2022.

USE OF NET PROCEEDS FROM THE LISTING

The net proceeds from the Listing will be utilised in accordance with the proposed applications set out under the section headed "Future plans and use of proceeds" in the Prospectus. The table below sets out the proposed applications of the net proceeds and actual usage up to 31 March 2022:

Planned Use of net proceeds (as disclosed in the Prospectus)	Original allocation of net proceeds (as disclosed in the Prospectus)	Re-allocation of unutilised net proceeds *(Note)*	Actual usage during the six months ended 31 March 2021	Unutilised net proceeds as at 31 March 2021	Actual usage during the 6 months ended 30 September 2021	Unutilised net proceeds as at 30 September 2021	Actual usage during the 6 months ended 31 March 2022	Unutilised net proceeds as at 31 March 2022
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*
Acquiring a property as a warehouse, workshop and showroom *(Note)*	29.9	32.3	32.3	–	–	–	–	–
Repayment of bank borrowings	27.8	–	–	–	–	–	–	–
Expanding capacity to undertake more projects	14.0	1.6	1.6	–	–	–	–	–
Expanding and strengthening the manpower	7.4	2.6	1.3	1.3	1.1	0.2	0.2	–
Refurbishment of the offices	5.1	–	–	–	–	–	–	–
Upgrading the information technology and project management systems	2.8	–	–	–	–	–	–	–
General working capital	9.4	–	–	–	–	–	–	–
Total	96.4	36.5	35.2	1.3	1.1	0.2	0.2	–

Note: As disclosed in the announcement of the Company dated 27 August 2020 (the "**Announcement**") and the circular of the Company dated 22 September 2020 (the "**Circular**"), the net proceeds of HK$29.9 million allocated for acquiring a property (as disclosed in the Prospectus) would be used to finance the acquisition of Sun Warm Holding Company Limited ("**Sun Warm**"). The main asset of Sun Warm is a property located at Unit No. 06 and storeroom on 8th Floor, Eastern Centre, 1065 King's Road, Quarry Bay, Hong Kong (the "**Property**"). Since the Property is already renovated and its information technology and project management systems remain in good condition, the acquisition of Sun Warm rendered the planned use of net proceeds towards the refurbishment of offices and upgrading of information technology and project management systems (as disclosed in the Prospectus) unnecessary. As disclosed in the Announcement and the Circular, such net proceeds has therefore be reallocated towards financing the remainder of the consideration and expanding the Group's capacity to undertake more projects. The Group intends to apply the unutilised net proceeds in accordance with the table above.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries had sold, purchased or redeemed any of the Company's listed securities during the year ended 31 March 2022.

OTHER INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintain high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability. Save for the deviation from code provision C.2.1 of the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 of the Listing Rules as disclosed below, the Company has adopted the CG Code as the Group's corporate governance practices. In the opinion of the Directors, the Company has complied with the applicable code provisions under the CG Code for the year ended 31 March 2022 except the following:

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer ("**CEO**") should be separate and should not be performed by the same individual. However, the roles of the Group's chairman and CEO are both performed by Mr. Lo Wing Cheung ("**Mr. Lo**"). Mr. Lo is currently the chairman of the Board and the CEO, responsible for strategic planning and management of the Group's overall business and operations. Mr. Lo has been responsible for the overall management of the Group since it was founded in 1980. The Board believes that the current management structure enables the Company to make and implement business decisions swiftly and effectively, which promotes the Group's development in line with its overall business direction. The Board considers that the balance of power and authority, accountability and independent decision-making under the present arrangement will not be impaired due to the diverse background and experience of the non-executive Director and independent non-executive Directors. Further, the audit committee (the "**Audit Committee**"), which consists of three independent non-executive Directors and one non-executive Director, has free and direct access to the Company's external auditors and independent professional advisers when it considers necessary.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Specific enquiry has been made to the executive Directors, non-executive Director and independent non-executive Directors, who have confirmed that they have complied with the Model Code for the year ended 31 March 2022.

SCOPE OF WORK OF SHINEWING (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 March 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, SHINEWING (HK) CPA Limited ("**SHINEWING**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING on the preliminary announcement.

AUDIT COMMITTEE'S REVIEW

The Company has established the Audit Committee with written terms of reference which deal clearly with its authority and duties.

The Audit Committee of the Company has reviewed the Group's consolidated financial statements for the year ended 31 March 2022, including the accounting principles and practices adopted by the Group and recommended to the Board for approval.

DIVIDEND

The Board has recommended the declaration of a final dividend of HK$0.5 cents per share for the year ended 31 March 2022 (2021: HK1.0 cent per share) to the shareholders of the Company. The proposed final dividend, subject to approval by the shareholders of the Company, is expected to be paid on Wednesday, 21 September 2022 to shareholders whose names shall appear on the Register of Members on Wednesday, 7 September 2022.

Interim dividend of HK0.75 cents per share was paid to the shareholders of the Company for the year ended 31 March 2022 (2021: nil).

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting (the "**AGM**") of the Company to be held on Wednesday, 24 August 2022, the register of members of the Company will be closed from Friday, 19 August 2022 to Wednesday, 24 August 2022 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's registrar, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 18 August 2022.

For determining the entitlement to the proposed final dividend (subject to approval by the shareholders at the AGM), the register of members of the Company will be closed from Tuesday, 6 September 2022 to Wednesday, 7 September 2022 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's registrar, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Monday, 5 September 2022.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the Company's website (www.kwantaieng.com) and the website of the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 March 2022 will also be available at the respective websites of the Company and the Stock Exchange and will be despatched to shareholders of the Company in late July 2022.

By order of the Board
Twintek Investment Holdings Limited
Lo Wing Cheung
Chairman and executive Director

Hong Kong, 23 June 2022

As at the date of this announcement, the executive Directors are Mr. Lo Wing Cheung (Chairman) and Ms. Fung Pik Mei, the non-executive Director is Mr. Wan Ho Yin, and the independent non-executive Directors are Mr. Shu Wa Tung Laurence, Mr. Tam Wai Tak Victor and Mr. Tam Wing Lok.