

TARGET

Intelligence Report

VOLUME XXV No. 13

T U E S D A Y

January 17, 2023

**IN CONSTRUCTION HOLDINGS LTD:
THE 2022 ANNUAL REPORT GIVES
ONE A VERY COMFORTING FEELING**

**BUT THE 2022 INTERIM REPORT
IS QUITE ANOTHER 'ANIMAL' !**

After that which could well have been described as somewhat of a financial drought, lasting most of the four Financial Years, ended March 31, 2021, In Construction Holdings Ltd (現恆建築控股有限公司) (Code: 1500, Main Board, The Stock Exchange of Hongkong Ltd) could be said, on careful investigation of the 2022 Annual Report of the Company, to have managed to leave much of the questionable past behind it.

Because, inter alia, the Net Profit Attributable To Shareholders, amounting to \$HK62,192,000.00 in respect of the 2022 Financial Year, must have been akin to the realisation of a very welcome fiat.

While the aggregate Net Profits Attributable to Shareholders with regard to the 2018-2021 Financial Years came in at a little more than \$HK66 million, by the same token, Management had had a rather difficult time in keeping its proverbial head from being swamped by one difficulty after another.

Management of In Construction Holdings Ltd describes its '**PRINCIPAL ACTIVITIES**' thusly:

'The Company is an investment holding company, and its subsidiaries are principally engaged in foundation works as well as associated works including demolition works, site formation works, ground investigation field works and general building works.'

The 2022 Annual Report Of In Construction Holdings Ltd

On or about Thursday, July 21, 2022, Management of In Construction Holdings Ltd produced its Annual Report in respect of the Financial Year, ended March 31, 2022.

At Page 57 of the Annual Report, one was presented with the ‘*Consolidated Statement of Profit or Loss and Other Comprehensive Income.*’

The following is a precis of that which this medium considers to be amongst the financial highlights of the Consolidated Statement:

	For The Financial Year, Ended March 31		Percentage Increase/(Decrease)*
	2022	2021	
	All Figures Are Denominated In \$HK'000 (except where otherwise stipulated)		
Revenue	462,246	378,783	22.03
Gross Profit	91,697	56,586	62.05
Gross Profit Margin*	19.84 percent	14.94 percent	32.80
Profit From Operations	74,904	34,623	116.34
Profit Before Taxation	74,346	33,716	120.51
Profit And Total Comprehensive Income For The Year	62,192	28,703	116.67
Earnings Per Share	7.50 cents	3.50 cents	114.29

* These are **TARGET**'s calculations.

At the following Page 58 of the 2022 Annual Report, one notes that, under the heading, ‘Cash and bank balances’, found under the Company’s ‘*Current assets*’, In Construction Holdings Ltd had \$HK147,751,000.00 (2021: \$HK55,995,000.00).

Still on this Page 58, it was shown that In Construction Holdings Ltd had obtained a loan from a shareholder in the amount of \$HK13,000,000.00 (2021: \$HK13,000,000.00).

At Page 112 of the 2022 Annual Report, it was shown that the loan from this unnamed shareholder was unsecured, interest-free and repayable by the service of two months’ notice.

At Page 59 of the 2022 Annual Report, the Company’s ‘**TOTAL EQUITY**’ (Shareholders’ Funds) amounted to \$HK314,664,000.00 (2021: \$HK277,372,000.00).

Thus, Shareholders’ Funds had appreciated, Year-On-Year, by about 13.44 percent.

At Page Four of the 2022 Annual Report, Mr Lau Pak Man (劉伯文), the Chairman of the Board of Directors of the Company, informed shareholders and prospective investors of the following:

‘... The Group has experienced an eventful year with Hong Kong suffered under the grip of Coronavirus disease 2019 (“COVID-19”) for the 2nd year. Though we followed the advice on Hygiene Plan of the Department of Health to minimise the risks of contracting and spreading infection disease cases, the 4th and then the 5th wave of COVID-19 where our staff and site operatives could not all be immune from coming down with the illness in particular from the highly infectious Omicron. This had led to loss time and slow progress when some of our construction projects due to staff/labour being quarantined causing manpower shortage and downtime. Other difficulties include shortage of raw building materials from the

Mainland China as transport drivers were unable to go back and forth across the border as normal...

‘Notwithstanding the above mentioned, we are pleased to say that in this financial year, we had been awarded 5 new contracts with an aggregate contract sum of HK\$411.6 million as compared to 4 new contracts in the last financial year with an aggregate contract sum of HK\$468.2 million.’

At Pages 14 of the 2022 Annual Report, one was informed that the Company’s Gearing Ratio, with regard to the 2022 Financial Year, was 7.40 percent (2021: 10.10 percent).

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