



LANDRICH HOLDING LIMITED 譽樂豐控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 2132

INTERIM REPORT
2021

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Tsui Kai Kwong (*Chairman*)
Mr. Tsui Tsz Yeung Ian
(Chief Executive Officer)
Ms. Tsui Wai Yeung Janis

Independent Non-executive Directors

Mr. Lee Yan Kit
Mr. Lee Kin Kee
Mr. Kwong Ping Man

BOARD COMMITTEES

Audit Committee

Mr. Lee Kin Kee (*Chairman*)
Mr. Lee Yan Kit
Mr. Kwong Ping Man

Remuneration Committee

Mr. Lee Yan Kit (*Chairman*)
Mr. Lee Kin Kee
Mr. Kwong Ping Man
Mr. Tsui Kai Kwong

Nomination Committee

Mr. Kwong Ping Man (*Chairman*)
Mr. Lee Yan Kit
Mr. Lee Kin Kee
Mr. Tsui Kai Kwong

COMPANY SECRETARY

Ms. Ng Hoi Ying

AUTHORISED REPRESENTATIVES

Mr. Tsui Kai Kwong
Ms. Ng Hoi Ying

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31st Floor
Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

COMPLIANCE ADVISER

Frontpage Capital Limited
26th Floor
Siu On Centre
188 Lockhart Road
Wan Chai
Hong Kong

CORPORATE INFORMATION

LEGAL ADVISER AS TO HONG KONG LAWS

CFN Lawyers in association
with Broad and Bright
Room Nos., 4101-4104, 41st Floor
Sun Hung Kai Centre
30 Harbour Road
Wan Chai
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2808, 28th Floor
The Octagon
6 Sha Tsui Road
Tsuen Wan
New Territories
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

PRINCIPAL BANKS

Bank of Communications (Hong Kong) Limited
DBS Bank (Hong Kong) Limited
Standard Chartered Bank

COMPANY'S WEBSITE

www.landrich.com.hk

STOCK CODE

2132

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Landrich Holding Limited (the “**Company**” together with its subsidiaries collectively referred to as the “**Group**”) has more than 27 years of solid track record in the construction industry in Hong Kong. The Group is able to undertake civil engineering works as either a main contractor or a subcontractor. The Group principally provides civil engineering works which can be broadly categorised as (i) roads and drainage works; and (ii) site formation works. The Group also performs building works.

As at 30 September 2021, the Group had 30 construction projects on hand (including projects in progress and projects that are yet to commence) with a total outstanding contract value of approximately HK\$2,015.6 million. With the projects on hand, it is expected that the performance of the continuation works will remain steady for the coming years.

OUTLOOK

The shares of the Company were listed (the “**Listing**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 20 October 2020 (the “**Listing Date**”).

During 2021, in view of the fact that novel coronavirus (the “**COVID-19**”) further slowed down the construction industry, the operation of the Group was also slightly affected by the reduction in face-to-face business activities and meetings and works progress of the projects. Meanwhile, the Group has not encountered or experienced any material difficulty and/or delay in completion of the projects to the customers and from the subcontractors and any material supply chain disruptions under the impact of COVID-19. The Group has implemented a series of precautionary and control measures to assure the health and safety of its employees and smooth business operations without interruption. While the situation is dynamically evolving, the Group will continue to (i) proactively monitor the development of COVID-19 and the projects’ progress, and communicate with the suppliers and subcontractors; (ii) maintain close communication with the customers and the other representatives of the project owners on the latest project works schedules and arrangements; and (iii) proactively follow up with the potential customers on the tenders and quotations submitted, and actively respond to any business enquiries, tenders and quotation invitations to maintain the market competitiveness.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately HK\$259.6 million, or approximately 118.3%, from approximately HK\$219.5 million for the six months ended 30 September 2020 to approximately HK\$479.1 million for the six months ended 30 September 2021. The increase in the Group's revenue was primarily driven by the substantial amount of works undertaken in large scale projects during the six months ended 30 September 2021.

Gross profit and gross profit margin

The Group's gross profit increased by approximately HK\$25.8 million, or approximately 115.7%, from approximately HK\$22.3 million for the six months ended 30 September 2020 to approximately HK\$48.1 million for the six months ended 30 September 2021. The Group's gross profit margin slightly decreased from approximately 10.2% for the six months ended 30 September 2020 to approximately 10.0% for the six months ended 30 September 2021. The increase in gross profit was mainly due to the increase in revenue as mentioned above.

Other income

Other income decreased by approximately HK\$10.9 million from approximately HK\$11.8 million for the six months ended 30 September 2020 to approximately HK\$0.9 million for the six months ended 30 September 2021, mainly due to the one-off wages subsidies received from the Employment Support Scheme granted by the Hong Kong SAR Government in response to the COVID-19 during the six months ended 30 September 2020 which was absent for the six months ended 30 September 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative and other operating expenses

Administrative and other operating expenses increased by approximately HK\$1.7 million from approximately HK\$12.2 million for the six months ended 30 September 2020 to approximately HK\$13.9 million for the six months ended 30 September 2021. Setting aside the listing expenses, the adjusted administrative and other operating expenses increased from approximately HK\$10.2 million for the six months ended 30 September 2020 to approximately HK\$13.9 million for the six months ended 30 September 2021. Such increase was primarily due to the increase in staff costs and legal and professional fee after the Listing.

Income tax expense

Income tax expense increased by approximately HK\$4.5 million, from approximately HK\$1.8 million for the six months ended 30 September 2020 to approximately HK\$6.3 million for the six months ended 30 September 2021.

Profit and total comprehensive income for the period

As a result of the foregoing, the Group recorded a profit and total comprehensive income of approximately HK\$28.6 million for the six months ended 30 September 2021, representing an increase of approximately 44.4% as compared with a profit and total comprehensive income of approximately HK\$19.8 million for the six months ended 30 September 2020.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Company's shares were successfully listed on the Main Board of the Stock Exchange on the Listing Date. There has been no change in the capital structure of the Group since then. The capital of the Group only comprises of ordinary shares and the capital structure of the Company comprised mainly issued share capital and reserves.

The Group's operation and investments were financed principally by cash generated from its business operations and equity contribution from the shareholders.

As at 30 September 2021, the Group had net current assets of approximately HK\$221.6 million (31 March 2021: approximately HK\$196.1 million), and bank balances and cash of approximately HK\$98.3 million (31 March 2021: approximately HK\$121.8 million), which were denominated in Hong Kong dollars.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 September 2021, the Group's total equity attributable to owners of the Company amounted to approximately HK\$251.3 million (31 March 2021: approximately HK\$227.6 million). The Group's total debt comprising interest-bearing bank borrowings and bank overdraft amounted to approximately HK\$17.3 million (31 March 2021: approximately HK\$11.6 million), which were denominated in Hong Kong dollars. The directors of the Company (the "**Directors**") have confirmed that the Group will have sufficient financial resources to meet its obligations as they fall due in the foreseeable future.

CONTINGENT LIABILITIES

As at 30 September 2021, the Group did not have any significant contingent liabilities (31 March 2021: Nil).

CHARGES ON GROUP ASSETS

As at 30 September 2021, the Group had pledged bank deposits of approximately HK\$19.0 million (31 March 2021: approximately HK\$8.0 million) to secure the Group's certain bank facilities.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

During the six months ended 30 September 2021, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures. Save as disclosed herein, the Group did not have other plans for material investments or acquisition of capital assets as at 30 September 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENTS

The Group had approximately HK\$2.8 million of capital commitments contracted but not provided for in respect of acquisition of property, plant and equipment as at 30 September 2021 (31 March 2021: approximately HK\$4.6 million).

TREASURY POLICIES

The Directors will continue to follow a prudent policy in managing the Group's cash and maintaining a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

FOREIGN CURRENCY RISK

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As most of the monetary assets and liabilities are denominated in Hong Kong dollars, the Directors are of the view that the Group does not have significant exposure to foreign exchange risk. The Group currently does not have a foreign currency hedging policy.

GEARING RATIO

As at 30 September 2021, the gearing ratio of the Group, which is calculated as the total debt (total interest-bearing bank borrowings and bank overdraft) divided by total equity, was approximately 6.9% (31 March 2021: approximately 5.1%).

SEGMENT INFORMATION

No operating segment information is presented as the Group's revenue and results and the Group's total assets were derived from or attributable to one single operating segment and the Group had no geographical segment information presented as at 30 September 2021 and 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

EVENT AFTER THE REPORTING PERIOD

The Company adopted the share award scheme (the “**Share Award Scheme**”) on 22 November 2021. The purpose and the objective of the Share Award Scheme are (i) to recognise the contributions by certain employee (including without limitation any executive Director) of any member of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. Subject to any early termination, the Share Award Scheme shall be valid and effective for a term of 10 (ten) years commencing on the adoption date.

Pursuant to the Share Award Scheme, any awarded shares shall be either (i) existing shares purchased by the trustee of the Share Award Scheme on the Stock Exchange; or (ii) new shares to be allotted and issued to the trustee (which will hold the same on behalf of the selected employee(s)) by the Company pursuant to the general mandate granted by the shareholders at the annual general meeting of the Company from time to time. Subject to the rules of the Share Award Scheme, in the event that any awarded shares are to be allotted and issued as new shares under the general mandate, the Company shall comply with the relevant Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) when allotting and issuing any new shares under general mandate and application shall be made to the Stock Exchange for the granting of the listing of, and permission to deal in the new shares to be issued at the time of offering the shares. The Company shall comply with all requirements of the Listing Rules when making any grant of awarded shares under the Share Award Scheme.

Pursuant to the Share Award Scheme, the board of Directors (the “**Board**”) shall not make any further award which will result in the nominal value of the shares awarded by the Board pursuant to the Share Award Scheme exceeding 10% of the total number of issued shares of the Company from time to time. The maximum number of shares which may be awarded to a selected employee under the Share Award Scheme shall not exceed 1% of the issued shares of the Company from time to time and shall be subject to any other requirement of the Listing Rules.

No grant of awarded shares has been made under the Share Award Scheme since its adoption. For further details of the Share Award Scheme, please refer to the announcement of the Company dated 22 November 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Save as otherwise disclosed in this interim report, the Board is not aware of any other significant events requiring disclosure that have taken place subsequent to 30 September 2021 and up to the date of this interim report.

INTERIM DIVIDEND

On 31 May 2020, members of the Group declared interim dividends in the sum of HK\$18,000,000 to their then shareholders and the interim dividends have been settled by cash.

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2021, the Group had 362 employees (30 September 2020: 304 employees). Total staff costs for the six months ended 30 September 2021 amounted to approximately HK\$82.4 million (six months ended 30 September 2020: approximately HK\$52.3 million). Employees are remunerated based on their qualifications, position and performance. The remuneration offered to employees generally includes salaries, allowances and discretionary bonus. Various types of training were provided to the employees.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business strategies as set out in the prospectus of the Company dated 30 September 2020 (the "Prospectus") with actual business progress up to 30 September 2021.

Business strategies as stated in the Prospectus	Business objectives up to 30 September 2021	Actual business progress up to 30 September 2021
Finance the Group's existing projects	– Finance the working capital requirement for the Group's three existing projects	The funding costs for the Group's three civil engineering projects at Kwu Tung North, Tsui Ping River and Kwun Tong and the funding had been fully utilised.

MANAGEMENT DISCUSSION AND ANALYSIS

Business strategies as stated in the Prospectus	Business objectives up to 30 September 2021	Actual business progress up to 30 September 2021
Acquire machinery and equipment	<ul style="list-style-type: none"> – Acquire a truck mounted concrete pump (vertical reach 42m) 	The Group has acquired a 49m truck mounted concrete pump.
	<ul style="list-style-type: none"> – Acquire two mobile cranes (one 50 tonnes and one 90 tonnes) 	The Group has acquired two mobile cranes (one 50 tonnes and one 90 tonnes).
	<ul style="list-style-type: none"> – Acquire two excavators (one 13 tonnes and one 20 tonnes) 	The Group has acquired two excavators (one 22 tonnes and one 35 tonnes).
	<ul style="list-style-type: none"> – Acquire two crane lorries (one 9 tonnes and one 30 tonnes) 	The Group has identified suitable machinery and is expected to acquire during the year ending 31 March 2022.
	<ul style="list-style-type: none"> – Acquire a truck mounted concrete pump (vertical reach 38m) 	The Group has identified suitable machinery and is expected to acquire during the year ending 31 March 2022.
Strengthen the Group's manpower	<ul style="list-style-type: none"> – Recruit one senior project manager, two site agents, two site engineers, one safety and environmental officer, two safety supervisors, one project director, two administration managers, two purchase and plant controllers, one accounting manager and one estimator 	The Group has recruited certain project management team members accordingly. However, there was a delay in the recruitment schedule due to availability of suitable candidates and the funding is expected to be fully utilised by 31 March 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Business strategies as stated in the Prospectus	Business objectives up to 30 September 2021	Actual business progress up to 30 September 2021
Upgrade the Group's enterprise information system	<ul style="list-style-type: none"> - Upgrade existing accounting and administration management system 	The Group has acquired certain new hardware and software for system upgrade.
	<ul style="list-style-type: none"> - Upgrade management information system 	The Group is in the course of identifying suitable service providers for the system upgrades and the funding is expected to be fully utilised by 31 March 2023.
	<ul style="list-style-type: none"> - Apply cloud storage function 	The Group has applied the cloud storage function.
Enhance the Group's innovation and productivity	<ul style="list-style-type: none"> - Adopt building information modelling technology 	The Group is in the course of identifying suitable service providers for building the system and the funding is expected to be fully utilised by 31 March 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS FROM LISTING

The Company's shares were listed on the Main Board of the Stock Exchange on the Listing Date. The net proceeds from the Listing amounted to approximately HK\$57.8 million after deduction of related underwriting commission and expenses in connection with the share offer incurred by the Company for the Listing (the "Net Proceeds").

The below table sets out the proposed and actual applications of the Net Proceeds from the Listing Date up to 30 September 2021:

	Planned use of Net Proceeds as stated in the Prospectus <i>HK\$'million</i>	Actual use of Net Proceeds from the Listing Date up to 30 September 2021 <i>HK\$'million</i>	Unutilised balance of Net Proceeds from the Listing Date up to 30 September 2021 <i>HK\$'million</i>	Expected timeline for utilising the unutilised net proceeds
Finance the Group's existing projects	23.2	23.2	–	N/A
Acquire machinery and equipment	17.9	11.4	6.5	By 31 March 2022
Strengthen the Group's manpower	11.4	3.6	7.8	By 31 March 2023
Upgrade the Group's enterprise information system	2.4	0.6	1.8	By 31 March 2023
Enhance the Group's innovation and productivity	0.9	–	0.9	By 31 March 2022
General working capital	2.0	2.0	–	N/A
Total	57.8	40.8	17.0	

The remaining unutilised Net Proceeds as at 30 September 2021 of approximately HK\$17.0 million were deposited in licensed banks in Hong Kong. The Directors will constantly evaluate the Group's business objectives and specific needs from time to time. As at the date of this interim report, the Directors do not anticipate any change as to the use of Net Proceeds.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2021, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")) which were required to be 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 they were taken or deemed to have under such provisions), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in appendix 10 of the Listing Rules, to be notified to the Company and the Stock Exchange, are as follows:

Name	Capacity/ Nature of interest	Number of shares held/ interested	Percentage of shareholding
Mr. Tsui Kai Kwong ("Mr. KK Tsui") (Note)	Interest of a controlled corporation	1,200,000,000	75%

Note: New Brilliance Enterprises Limited ("New Brilliance") is wholly-owned by Mr. KK Tsui. Therefore, Mr. KK Tsui is deemed to be, or taken to be, interested in all the shares of the Company held by New Brilliance for the purpose of the SFO. Mr. KK Tsui is the sole director of New Brilliance.

Save as disclosed above, as at 30 September 2021, none of the Directors or chief executive of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be 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 they were taken or deemed to have under provision of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, to be recorded in the register referred to therein or as otherwise pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

So far as known to the Directors, as at 30 September 2021, the following person/entity (other than the Directors and chief executive of the Company) had or were deemed to have, interest or short position in the shares, the underlying shares and debentures of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

Name	Capacity/ Nature of interest	Number of shares held/ interested	Percentage of shareholding
New Brilliance	Beneficial owner	1,200,000,000	75%
Ms. Wong Cheuk Mui ("Ms. Wong") (Note)	Interest of spouse	1,200,000,000	75%

Note: Ms. Wong is the spouse of Mr. KK Tsui. Under the SFO, Ms. Wong is deemed to be interested in the same number of shares in which Mr. KK Tsui is interested.

Save as disclosed above, as at 30 September 2021, none of the substantial or significant shareholders or other persons, other than the Directors and chief executive of the Company whose interests are set out in the section "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" above, had any interests or short position in the shares or the underlying shares of the Company as recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2021.

COMPETING BUSINESS

During the six months ended 30 September 2021, none of the Directors or the Company's controlling shareholders (the "**Controlling Shareholders**") and their respective associates had any interests in a business, apart from the business of the Group, which competes or may compete with the business of the Group or has any other conflict of interest with the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules.

Non-Competition Undertaking

In order to avoid any potential competition arising between the Group and the Controlling Shareholders, Mr. KK Tsui and New Brilliance (each a "**Covenantor**" and collectively the "**Covenantors**") have entered into the deed of non-competition with the Company (for itself and for and on behalf of its subsidiaries) on 21 September 2020 (the "**Deed of Non-competition**"). Pursuant to the Deed of Non-competition, each of the Covenantors has irrevocably and unconditionally undertaken to the Company (for itself and for and on behalf of its subsidiaries) that, during the period the Deed of Non-competition remains effective, he/it shall not, and shall procure that his/its associates (other than any member of the Group) not to develop, acquire, invest in, participate in, carry on or be engaged, concerned or interested or otherwise be involved, whether directly or indirectly, in any business in competition with or likely to be in competition with the existing business activity of any member of the Group.

OTHER INFORMATION

Each of the Covenantors further undertakes that if any of he/it or his/its close associates other than any member of the Group is offered or becomes aware of any business opportunity which may compete with the business of the Group, he/it shall (and he/it shall procure his/its associates to) notify the Group in writing and the Group shall have a right of first refusal to take up such business opportunity. The Group shall, within 6 months after receipt of the written notice (or such longer period if the Group is required to complete any approval procedures as set out under the Listing Rules from time to time), notify the Covenantor(s) whether the Group will exercise the right of first refusal or not.

The Group shall only exercise the right of first refusal upon the approval of all the independent non-executive Directors (who do not have any interest in such opportunity). The relevant Covenantor(s) and the other conflicting Directors (if any) shall abstain from participating in and voting at and shall not be counted as quorum at all meetings of the Board where there is a conflict of interest or potential conflict of interest including but not limited to the relevant meeting of the independent non-executive Directors for considering whether or not to exercise the right of first refusal.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the code of conduct regulating securities transactions by Directors. Having made specific enquiry, all Directors have fully complied with the required standards set out in the Model Code and its code of conduct during the six months ended 30 September 2021.

SHARE OPTION SCHEME

The Company's share option scheme (the "**Share Option Scheme**") was conditionally adopted on 21 September 2020. The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and services providers of the Group and to promote the success of the business of the Group.

OTHER INFORMATION

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or services provider of the Group, options to subscribe for shares of the Company. The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of the Group.

The subscription price shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of the Company's shares on the date of grant of the option.

Under the Share Option Scheme, the maximum number of shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company as from the adoption date must not in aggregate exceed 10% of all the shares in issue upon the date on which the shares are listed and permitted to be dealt in the Stock Exchange. The 10% limit may be refreshed at any time by obtaining approval of the Company's shareholders in general meeting provided that the total number of Company's shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share options schemes of the Company must not exceed 10% of the Company's shares in issue as at the date of approval of the refreshed limit. The aggregate number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Company's shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of the Company if this will result in such 30% limit being exceeded.

OTHER INFORMATION

The total number of shares issued and which may fall to be issued upon exercise of the options and the options granted under the Share Option Scheme (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company. Where any further grant of options to a grantee would result in the shares issued and to be issued upon exercise of all options granted and proposed to be granted to such person (including exercised, cancelled and outstanding options) under the Share Option Scheme in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant requires approval of the shareholders of the Company in general meeting with such grantee and his associates abstaining from voting.

The maximum number of shares issued and to be issued upon exercise of the options granted under the Share Option Scheme to each of any eligible persons (including those cancelled, exercised and outstanding options), in any 12 months period up to the date of the latest grant shall not exceed 1% of the Company's shares in issue provided that the number of shares issued and to be issued upon exercise of all options granted and to be granted to each of the independent non-executive Directors or substantial shareholders of the Company or any of their respective associates in the 12 months period up to the date of such grant in excess of 0.1% of the Company's shares in issue and with a value in excess of HK\$5 million must be approved in advance by the Company's independent shareholders. Any further grant of options in excess of such limit requires the approval of the shareholders in general meeting in accordance with the requirements of the Listing Rules.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

OTHER INFORMATION

The Share Option Scheme will remain in force for a period of ten years commencing on 21 September 2020 and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the shareholders of the Company in general meeting.

For the six months ended 30 September 2021, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

DISCLOSURES PURSUANT TO RULES 13.18 AND 13.21 OF THE LISTING RULES

In late June and early August 2021, the Group's wholly owned subsidiaries, Richwell Civil Engineering Limited ("**Richwell CE**"), Richwell Engineering Limited ("**Richwell Engineering**") and Time Concept Construction Limited ("**Time Concept**") (as borrower(s)) entered into three separate facility arrangements with the Bank of Communications (Hong Kong) Limited (as lender) (the "**Bank**") for provision of overdraft facilities in the aggregate amount of HK\$30,000,000 (the "**Overdraft Facilities**"). Each of the Overdraft Facilities between the Bank and the Group contains a specific performance covenant imposed on the relevant borrower requiring it to ensure that Mr. KK Tsui, an executive Director and the Controlling Shareholder, possesses the single largest shareholding interest in the Company. A breach of the aforesaid covenants would constitute an event of default under the Overdraft Facilities and all amounts outstanding will immediately become due and payable. As at 30 September 2021, Mr. KK Tsui, through New Brilliance, owned 75% of the total issued share capital of the Company.

For details, please refer to the announcement of the Company dated 9 September 2021.

Save as disclosed above, as at 30 September 2021, the Company did not have other disclosure obligations under Rules 13.18 and 13.21 of the Listing Rules.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICE

The Company is committed to achieving and maintaining high standards of corporate governance, as the Board believes that good and effective corporate governance practices are key to obtain and maintain the trust of the shareholders of the Company and other stakeholders, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to create long-term value for the shareholders of the Company. The Company has adopted the principles and code provisions in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 of the Listing Rules. The Company has fully complied with the CG Code during the six months ended 30 September 2021 and up to the date of this interim report.

Ms. Ng Hoi Ying, the company secretary of the Company, is an external service provider. Pursuant to Code F.1.1 of the CG Code, an issuer can engage an external service provider to provide company secretarial services, provided that the issuer should disclose the identity of a person with sufficient seniority at the issuer whom the external provider can contact. In this respect, the Company has nominated Mr. KK Tsui as its contact point for Ms. Ng Hoi Ying.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established on 21 September 2020. The chairman of the Audit Committee is Mr. Lee Kin Kee, the independent non-executive Director, and other members include Mr. Lee Yan Kit and Mr. Kwong Ping Man, the independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the Stock Exchange’s website and on the Company’s website.

The primary duties of the Audit Committee are mainly to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

OTHER INFORMATION

The Company has complied with Rule 3.21 of the Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

The Group's condensed consolidated financial statements for the six months ended 30 September 2021 are unaudited and have not been audited nor reviewed by the Company's independent auditors, but have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the condensed consolidated financial statements of the Group for the six months ended 30 September 2021 comply with applicable accounting standards and the Listing Rules and that adequate disclosures have been made.

ENGLISH VERSION PREVAILS

This interim report is written in both English and Chinese. If there is any inconsistency between the English version and the Chinese version of this interim report, the English version will prevail.

By order of the Board
Landrich Holding Limited
Tsui Kai Kwong
Chairman and Executive Director

Hong Kong, 26 November 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2021

		Six months ended 30 September	
	Notes	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	4	479,108	219,494
Direct costs		(431,023)	(197,237)
Gross profit		48,085	22,257
Other income	5	941	11,839
Administrative and other operating expenses		(13,865)	(12,175)
Finance costs	6	(298)	(385)
Profit before income tax	8	34,863	21,536
Income tax expense	7	(6,250)	(1,764)
Profit and total comprehensive income for the period		28,613	19,772
Earnings per share			
Basic and diluted (HK cents)	9	1.79	1.65

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

	Notes	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	11	26,342	29,965
Deposit and prepayment		471	–
Deposits for acquisition of property, plant and equipment		647	2,802
Right-of-use assets	11	9,339	3,609
		36,799	36,376
Current assets			
Trade receivables	12	45,064	56,515
Other receivables, deposits and prepayments	13	17,492	13,634
Contract assets	14	225,783	132,222
Tax recoverable		2,410	2,410
Pledged bank deposits	15	19,012	8,000
Bank balances and cash		98,317	121,782
		408,078	334,563
Total assets		444,877	370,939
Current liabilities			
Trade and other payables	16	102,062	108,499
Contract liabilities	14	49,212	12,130
Borrowings	17	17,339	11,551
Lease liabilities		4,136	1,851
Dividend payable		5,000	–
Current tax liabilities		8,762	4,434
		186,511	138,465

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

	Notes	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Net current assets		221,567	196,098
Total assets less current liabilities		258,366	232,474
Non-current liabilities			
Lease liabilities		4,045	1,766
Deferred tax liabilities		3,060	3,060
		7,105	4,826
Net assets		251,261	227,648
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	18	16,000	16,000
Reserves		235,261	211,648
Total equity		251,261	227,648

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Share capital HK\$'000	Combined capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (Note)	Retained profits HK\$'000	Total equity HK\$'000
As at 1 April 2020 (audited)	-	2	-	24,910	87,049	111,961
Shares issued	-*	-	-	-	-	-*
Profit and total comprehensive income for the period	-	-	-	-	19,772	19,772
Dividends recognised as distribution during the period (Note 10)	-	-	-	-	(18,000)	(18,000)
Effect of Reorganisation (Note 18(b))	-*	(2)	-	2	-	-
As at 30 September 2020 (unaudited)	-*	-	-	24,912	88,821	113,733
As at 1 April 2021 (audited)	16,000	-	69,814	24,912	116,922	227,648
Profit and total comprehensive income for the period	-	-	-	-	28,613	28,613
Dividend recognised as distribution during the period (Note 10)	-	-	-	-	(5,000)	(5,000)
As at 30 September 2021 (unaudited)	16,000	-	69,814	24,912	140,535	251,261

* The balance represents an amount less than HK\$1,000

Note: Other reserve represents the difference between the nominal value of the shares issued by Lion Brave Group Limited ("Lion Brave"), Lofty Wisdom Holdings Limited ("Lofty Wisdom") and Sheen Cedar Investments Limited ("Sheen Cedar") and the aggregate amount of the nominal value of the share capital of Richwell Engineering, Richwell CE and Time Concept which were acquired under the corporate reorganisation pursuant to which the Company became the holding company of the Group on 21 September 2020 (the "Reorganisation").

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	Notes	Six months ended 30 September	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Net cash (used in)/generated from operating activities		(15,048)	16,266
Cash flows from investing activities			
(Increase)/decrease in pledged bank deposits		(11,012)	577
Interest received		5	89
Payment for deposit and prepayment		(471)	–
Payment for deposits for acquisition of property, plant and equipment		(597)	–
Proceeds from disposals of property, plant and equipment		808	1,168
Purchase of property, plant and equipment		(1,174)	(4,790)
Net cash used in investing activities		(12,441)	(2,956)
Cash flows from financing activities			
Repayment to a director		–	(2,200)
Dividends paid		–	(18,000)
Interest paid		(187)	(168)
New bank loan raised		6,000	–
Repayments of lease liabilities		(1,466)	(461)
Interest paid on lease liabilities		(111)	(15)
Repayments of bank loans		–	(11,288)
Net cash generated from/(used in) financing activities		4,236	(32,132)
Net decrease in cash and cash equivalents		(23,253)	(18,822)
Cash and cash equivalents at the beginning of period		110,231	48,625
Cash and cash equivalents at the end of period		86,978	29,803
Represented by			
Bank balances and cash		98,317	41,006
Bank overdrafts	17	(11,339)	(11,203)
		86,978	29,803

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands as an exempted company, and registered in the Cayman Islands with limited liability on 31 July 2018. The shares of the Company have been listed on the Main Board of the Stock Exchange on 20 October 2020. Its immediate and holding company is New Brilliance, a private limited company incorporated in the British Virgin Islands and wholly-owned by Mr. KK Tsui, the Controlling Shareholder, an executive Director and the chairman of the Company. The address of the registered office of the Company is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and the address of the principal place of business in Hong Kong is Unit 2808, 28th Floor, The Octagon, 6 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in the provision of construction engineering works.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Listing Rules.

This condensed consolidated financial statements are presented in Hong Kong dollars (“**HKS**”), which is the same as the functional currency of the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2021 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2021.

Application of amendments to HKFRSs

In the current period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 39, HKFRS 4,
HKFRS 7, HKFRS 9 and HKFRS 16
Amendment to HKFRS 16

Interest Rate Benchmark
Reform – Phase 2
Covid-19-Related Rent Concessions
beyond 30 June 2021

The application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current period has no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

3. ESTIMATES

The preparation of condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual financial statements for the year ended 31 March 2021.

4. REVENUE AND SEGMENT INFORMATION

Revenue from external customers

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Recognised over time:		
Contract income from provision of construction engineering works	479,108	219,494

Geographical information

The Group principally operates in Hong Kong, which is also its place of domicile. All of the Group's revenue is derived from external customers located in Hong Kong and the Group's non-current assets are all located in Hong Kong.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

5. OTHER INCOME

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Government subsidies (Note)	–	10,244
Gain on disposals of property, plant and equipment	271	871
Interest income	5	89
Others	665	635
	941	11,839

Note: Government subsidies mainly comprises of Employment Support Scheme, an one-off subsidy from Construction Sector and Transport Department under Anti-epidemic Fund of the Hong Kong SAR Government due to the COVID-19 pandemic.

6. FINANCE COSTS

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest expenses on		
– Bank overdrafts	172	187
– Bank loans	15	183
– Lease liabilities	111	15
	298	385

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

7. INCOME TAX EXPENSE

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Hong Kong Profits Tax:		
Current tax	6,250	1,764

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

The two-tiered profits tax rates regime was applicable to the Group for the six months ended 30 September 2021 and 2020.

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated weighted average annual tax rate used is 16.5% for the six months ended 30 September 2021 (six months ended 30 September 2020: 16.5%).

8. PROFIT BEFORE INCOME TAX

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Profit before income tax has been arrived at after charging:		
Depreciation of property, plant and equipment	5,192	2,763
Depreciation of right-of-use assets	1,206	450
Listing expenses	–	1,933

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

9. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Earnings		
Profit for the period attributable to owners of the Company for the purpose of basic earnings per shares	28,613	19,772
Number of Shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousand)	1,600,000	1,200,000

The weighted average number of ordinary shares for the purpose of basic earnings per share for the six months ended 30 September 2021 was derived from 1,600,000,000 ordinary shares in issue by the Company.

The weighted average number of ordinary shares for the purpose of the basic earnings per share for the six months ended 30 September 2020 was derived from 1,200,000,000 ordinary shares in issue as if these 1,200,000,000 ordinary shares were outstanding throughout the period.

No diluted earnings per share is presented as there were no potential dilutive shares in issue for the six months ended 30 September 2021 and 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

10. DIVIDENDS

During the six months ended 30 September 2021, a final dividend of HK\$0.3125 cents per ordinary share, in aggregate amounting to HK\$5,000,000, in respect of the year ended 31 March 2021 (six months ended 30 September 2020: Nil) was declared and approved by the shareholders of the Company.

For the six months ended 30 September 2020, prior to the Reorganisation, certain subsidiaries of the Company, had declared dividends of HK\$18,000,000 to their then shareholders. The rate of dividends and number of shares ranking for dividend are not presented as such information is not meaningful having regard to the purpose of this interim report.

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Dividend recognised as distribution:		
Final dividend payable (HK\$0.3125 cents per ordinary share)	5,000	–
Interim dividends paid	–	18,000

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: Nil).

11. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30 September 2021, the Group used approximately HK\$6,941,000 (six months ended 30 September 2020: approximately HK\$4,790,000) on acquisition of property, plant and equipment and right-of-use assets.

During the six months ended 30 September 2021, certain items of property, plant and equipment at the aggregated carrying amount of approximately HK\$537,000 were disposed of (six months ended 30 September 2020: approximately HK\$297,000) and gain on disposals of property, plant and equipment of approximately HK\$271,000 was recognised during the six months ended 30 September 2021 (six months ended 30 September 2020: approximately HK\$871,000) in the condensed consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

12. TRADE RECEIVABLES

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Trade receivables	45,969	57,420
Less: Loss allowance	(905)	(905)
	45,064	56,515

The Group does not have a standardised and universal credit period granted to its customers, and the credit period of individual customer is considered on a case-by-case basis and stipulated in the project contract, as appropriate. The following is an aged analysis of the Group's trade receivables, net of loss allowance, presented based on the payment certificate date at the end of the reporting period:

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
0-30 days	27,665	41,837
31-60 days	7,744	5,874
61-90 days	1,383	365
Over 90 days	8,272	8,439
	45,064	56,515

As at 30 September 2021, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK\$17,399,000 (31 March 2021: approximately HK\$12,496,000) which are past due as at the reporting date. Out of the past due balances, approximately HK\$7,121,000 (31 March 2021: approximately HK\$4,563,000) has been past due 90 days or more and is not considered as in default based on good payment history and the Group is still engaging with the debtors in an active projects. The Group does not charge interest nor hold any collateral over these balances.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Other receivables	4,871	3,189
Other deposits	6,780	4,334
Prepayments	4,295	4,500
Utility deposits	1,546	1,611
	17,492	13,634

Included in other receivables of the Group as at 30 September 2021 was amount due from a partner of joint operations of approximately HK\$127,000 (31 March 2021: approximately HK\$1,138,000).

14. CONTRACT ASSETS AND CONTRACT LIABILITIES

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Contract assets	225,783	132,222
Contract liabilities	49,212	12,130

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

14. CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

Contract assets

Amounts represent the Group's right to considerations from customers for the provision of construction engineering works, which arise when: (i) the Group completed the relevant construction works under such contracts and pending for the certification by the customers; or (ii) the customers withhold certain amounts payable to the Group as retention money to secure the due performance of the contracts for a period of generally 12 months (defect liability period) after completion of the relevant works. Contract assets are reclassified to trade receivables when the rights becomes unconditional.

The Group's contract assets are analysed as follows:

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Retention receivables	49,626	33,694
Others (Note)	176,157	98,528
	225,783	132,222

Note: It represents the revenue not yet been billed to the customers which the Group has completed the relevant services under such contracts but yet certified by architects, surveyors or other representatives appointed by the customers.

Changes of contract assets was mainly due to increase in: (i) the amount of retention receivable (generally at certain percentage of total contract sum) in accordance with the number of ongoing and completed contracts under the defect liability period; and (ii) the size and number of contract works that the relevant services were completed but yet certified by architects, surveyors or other representatives appointed by the customers at the end of the reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

14. CONTRACT ASSETS AND CONTRACT LIABILITIES *(Continued)*

Contract liabilities

The contract liabilities represent the Group's obligations to transfer services to customers for which the Group has received consideration in advance (or an amount of consideration is due) from the customers according to the progress of contract works.

Contract liabilities which are expected to be settled within the Group's normal operating cycle, are classified as current.

Revenue from provision of construction engineering works recognised during the six months ended 30 September 2021 that was included in the contract liabilities at the beginning of each of the period/year was approximately HK\$4,924,000 (31 March 2021: approximately HK\$12,808,000).

15. PLEDGED BANK DEPOSITS

Pledged bank deposits represent deposit pledged to banks to secure the Group's certain banking facilities. As at 30 September 2021 and 31 March 2021, pledged bank deposits amounted to approximately HK\$19,012,000, and approximately HK\$8,000,000, respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

16. TRADE AND OTHER PAYABLES

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Trade payables	35,195	48,740
Retention payables (Note)	28,422	24,832
Accruals and other payables	38,445	34,927
	102,062	108,499

Note: The balances represent retention payables to subcontractors which are interest-free and payable at the end of the defect liability period of individual contracts. All retention payables are expected to be settled within one year based on the expiry date of the defect liability period.

Included in accruals and other payables of the Group as at 30 September 2021 was amounts due to partners of joint operations of approximately HK\$1,826,000 (31 March 2021: approximately HK\$3,759,000).

The credit period granted to the Group by its suppliers and subcontractors in general ranges from 30 to 60 days. The ageing analysis of the Group's trade payables below is presented based on the invoice date at the end of each reporting period:

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
0-30 days	23,799	44,393
31-60 days	4,542	1,948
61-90 days	4,229	270
Over 90 days	2,625	2,129
	35,195	48,740

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

17. BORROWINGS

	Notes	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Bank overdrafts	(i)	11,339	11,551
Bank loan – secured	(ii)	6,000	–
		17,339	11,551
Carrying amounts of bank loan that contain a repayment on demand clause (shown under current liabilities) but repayable based on scheduled repayment dates set out in the loan agreements:			
– Within one year		6,000	–
– Within a period of more than one year but not exceeding two years		–	–
– Within a period of more than two years but not exceeding five years		–	–
– Over five years		–	–
		6,000	–

Notes:

- (i) Bank overdraft carries interests at 2.25% per annum over 1 month Hong Kong Interbank Offered Rate (“HIBOR”) (31 March 2021: 2.25% per annum over 1 month HIBOR), also the effective interest rate, and was repayable on demand. As at 30 September 2021 and 31 March 2021, the bank overdraft was secured by pledged bank deposits of approximately HK\$8,000,000 and unlimited corporate guarantee granted by the Company.
- (ii) Short term bank loan of approximately HK\$6,000,000 (31 March 2021: Nil) carries interests at 3% per annum over 1 month HIBOR (31 March 2021: Nil), also the effective interest rate and was repayable on demand. As at 30 September 2021, the short term bank loan was secured by pledged bank deposits of approximately HK\$5,000,000 and unlimited corporate guarantee granted by the Company and a wholly-owned subsidiary (31 March 2020: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

18. SHARE CAPITAL

Share capital as at 1 April 2020 represents the aggregate of the paid-up share capital of the Company, Lion Brave, Sheen Cedar and Lofty Wisdom held by Mr. KK Tsui, the Controlling Shareholder, prior to the Reorganisation.

Details of the movement of the share capital of the Company are as follows:

	Notes	Number of ordinary shares	Share capital HK\$
Ordinary shares of HK\$0.01 each			
Authorised:			
At 1 April 2020	(a)	38,000,000	380,000
Increase in authorised share capital	(c)	9,962,000,000	99,620,000
		<hr/>	<hr/>
At 31 March 2021, 1 April 2021 and 30 September 2021		10,000,000,000	100,000,000
Issued and fully paid:			
At 1 April 2020	(a)	1	—*
New shares issued for the Reorganisation on 21 September 2020	(b)	9,999	100
Capitalisation Issue	(c)	1,279,990,000	12,799,900
Issue of shares by Share Offer	(d)	320,000,000	3,200,000
		<hr/>	<hr/>
At 31 March 2021, 1 April 2021 and 30 September 2021		1,600,000,000	16,000,000

* The amount is less than HK\$1.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

18. SHARE CAPITAL *(Continued)*

Notes:

- (a) On 31 July 2018, the Company was incorporated in the Cayman Islands as an exempted company with limited liability, the authorised share capital of the Company was HK\$380,000 divided into 38,000,000 ordinary shares of par value HK\$0.01 each at the time of incorporation. One fully-paid ordinary share was issued to the initial subscriber and transferred to New Brilliance on the same date.
- (b) Pursuant to the Reorganisation and as consideration for the acquisition by the Company of all the issued shares of Lion Brave, Sheen Cedar and Lofty Wisdom from New Brilliance on 21 September 2020, 9,999 ordinary shares were allotted and issued to New Brilliance and credited as fully paid.
- (c) On 21 September 2020, pursuant to the resolution of the Company's then sole shareholder, the Company's authorised share capital was increased from HK\$380,000 to HK\$100,000,000 by the creation of an additional 9,962,000,000 ordinary shares of par value HK\$0.01 each. Further, the Company allotted and issued a total of 1,279,990,000 new ordinary shares credited as fully paid by way of capitalisation of a sum of HK\$12,799,900 to share premium of the Company (the "**Capitalisation Issue**") to shareholders whose names appeared on the Company's register of members on 21 September 2020.
- (d) On 20 October 2020, the shares of the Company were listed on the Stock Exchange. 320,000,000 ordinary shares at an offer price of HK\$0.325 per share were issued upon Listing.

All shares allotted and issued during the six months ended 30 September 2021 and the year ended 31 March 2021 rank pari passu in all respect with the existing issued shares of the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

19. CAPITAL COMMITMENT

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	2,805	4,601

20. JOINT OPERATIONS

As at 30 September 2021 and 31 March 2021, the Group had interests in the following principal joint operations:

Name of joint operation	Form of business structure	Place of operation	Attributable interests to the Group		Principal activities
			30 September 2021	31 March 2021	
Leader Civil-Richwell Engineering Joint Venture	Unincorporated	Hong Kong	96%	96%	Civil engineering
Leader Civil-Richwell Engineering Joint Venture	Unincorporated	Hong Kong	49%	49%	Civil engineering
Build King-Richwell Engineering Joint Venture	Unincorporated	Hong Kong	49%	49%	Civil engineering
Build King-Richwell Engineering Joint Venture	Unincorporated	Hong Kong	40%	40%	Civil engineering
Build King-Richwell Engineering Joint Venture	Unincorporated	Hong Kong	30%	30%	Civil engineering
Build King-Richwell Civil Joint Venture	Unincorporated	Hong Kong	30%	30%	Civil engineering
Build King-Richwell Civil Joint Venture	Unincorporated	Hong Kong	38%	-	Civil engineering

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

20. JOINT OPERATION *(Continued)*

The Directors are of the view that entering into the above joint operations act as an important marketing and expanding strategy in developing its construction business. For the six months ended 30 September 2021 and the six months ended 30 September 2020, the Group's revenue included amounts derived through entering into these joint operations of approximately HK\$106,075,000 and approximately HK\$61,176,000, respectively.

21. RELATED PARTY TRANSACTIONS

Apart from disclosed elsewhere in the condensed consolidated financial statements, the Group entered into the following significant transactions with related parties during the six months ended 30 September 2021 and 2020:

		Six months ended 30 September	
	Notes	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Rental expenses paid to:			
Fame Most Limited	(i)&(ii)	672	670
Sale of motor vehicle to:			
Mr. Tsui Kai Chun	(iii)	–	70

Notes:

- (i) The rental expenses were charged based on the agreements entered between the parties involved.
- (ii) Fame Most Limited is indirectly wholly-owned by Mr. KK Tsui.
- (iii) The Group disposed a motor vehicle to Mr. Tsui Kai Chun, brother of Mr. KK Tsui, at a consideration of HK\$70,000 which was based on market value.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

21. RELATED PARTY TRANSACTIONS *(Continued)*

Compensation of key management personnel

Key management includes executive Directors and senior management of the Group. The remuneration of key management during the six months ended 30 September 2021 and 2020 are as follows:

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Short-term employee benefits	4,494	3,785
Post-employment benefits	54	54
	4,548	3,839