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LANDRICH HOLDING LIMITED

譽樂豐控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2132)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021

RESULTS

The board (the “**Board**”) of directors (the “**Director(s)**”) of Landrich Holding Limited (the “**Company**”) announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2021 together with the comparative figures for the last corresponding year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	<i>Notes</i>	2021 <i>HK\$’000</i>	2020 <i>HK\$’000</i>
Revenue	4	634,448	609,195
Direct costs		(567,065)	(534,274)
Gross profit		67,383	74,921
Other income	5	17,328	1,947
Administrative and other operating expenses		(27,092)	(26,829)
Finance costs	6	(583)	(658)
Profit before income tax	8	57,036	49,381
Income tax expense	7	(9,163)	(8,932)
Profit and total comprehensive income for the year		47,873	40,449
Earnings per share			
– Basic and diluted (HK cents)	9	3.36	3.16

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Non-current assets			
Property, plant and equipment		29,965	14,132
Deposits for acquisition of property, plant and equipment		2,802	–
Right-of-use assets		3,609	210
		<u>36,376</u>	<u>14,342</u>
Current assets			
Trade receivables	11	56,515	72,405
Other receivables, deposits and prepayments		13,634	17,865
Contract assets	12	132,222	72,198
Tax recoverable		2,410	–
Pledged bank deposits		8,000	10,454
Bank balances and cash		121,782	60,374
		<u>334,563</u>	<u>233,296</u>
Total assets		<u>370,939</u>	<u>247,638</u>
Current liabilities			
Trade and other payables	13	108,499	84,490
Contract liabilities	12	12,130	21,808
Amount due to a director		–	2,198
Borrowings		11,551	23,037
Lease liabilities		1,851	214
Current tax liabilities		4,434	3,930
		<u>138,465</u>	<u>135,677</u>
Net current assets		<u>196,098</u>	<u>97,619</u>
Total assets less current liabilities		<u>232,474</u>	<u>111,961</u>

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		1,766	–
Deferred tax liabilities		3,060	–
		<u>4,826</u>	<u>–</u>
Net assets		<u>227,648</u>	<u>111,961</u>
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	<i>14</i>	16,000	2
Reserves		211,648	111,959
		<u>227,648</u>	<u>111,961</u>
Total equity		<u>227,648</u>	<u>111,961</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. GENERAL INFORMATION

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 of Hong Kong Limited (the “**Stock Exchange**”) on 20 October 2020. Its immediate and ultimate holding company is New Brilliance Enterprises Limited (“**New Brilliance**”), a private limited company incorporated in the British Virgin Islands and wholly-owned by Mr. Tsui Kai Kwong (“**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 provision of construction engineering works.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared based on the accounting policies in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Prior to the corporate reorganisation undertaken in preparation for the listing of the Company’s shares on the Stock Exchange (the “**Reorganisation**”), the group entities were under the control of Mr. KK Tsui. Through the Reorganisation, the Company became the holding company of the companies now comprising the Group on 21 September 2020. Accordingly, for the purpose of the preparation of the consolidated financial statements of the Group, the Company has been considered as the holding company of the companies now comprising the Group throughout the years presented. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The Group was under the control of Mr. KK Tsui prior to and after the Reorganisation.

The consolidated financial statements have been prepared as if the Company had been the holding company of the Group throughout the years presented in accordance with Accounting Guideline 5 “*Merger Accounting for Common Control Combinations*” issued by the HKICPA. The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years presented, which include the results, changes in equity and cash flows of the companies now comprising the Group, have been prepared as if the current group structure had been in existence throughout the years presented, or since their respective dates of incorporation, where this is a shorter period. The consolidated statement of financial position as at 31 March 2020 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at that date.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, 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 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

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

New and amendments to HKFRSs in issue 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 ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendment to HKFRS 16	Covid-19-Related Rent Concessions ⁴
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ⁶
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ²

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after a date to be determined

⁴ Effective for annual periods beginning on or after 1 June 2020

⁵ Effective for annual periods beginning on or after 1 January 2021

⁶ Effective for annual periods beginning on or after 1 April 2021

The Directors anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from the provision of construction engineering works in Hong Kong.

(i) **Disaggregation of revenue from contracts with customers**

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Type of service		
Provision of construction engineering works	<u>634,448</u>	<u>609,195</u>
Type of sector		
Public sector	571,230	449,026
Private sector	<u>63,218</u>	<u>160,169</u>
	<u>634,448</u>	<u>609,195</u>

(ii) **Segment information**

Information is reported to the executive Directors, who are also the chief operating decision maker (“CODM”) of the Group, for the purposes of resource allocation and performance assessment. The CODM reviews the overall results and financial performance of the Group as a whole. No analysis of the Group’s results, assets or liabilities and no discrete financial information is regularly provided to the CODM. Accordingly, only entity-wide disclosures on revenue, major customers and geographical information are presented in accordance with HKFRS 8 *Operating Segments*.

The accounting policies for segment information are the same as Group’s accounting policies.

(iii) **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.

(iv) **Information about major customers**

Revenue from customers contributing over 10% of the Group's total revenue are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Customer A	232,877	193,063
Customer B	114,657	130,457
Customer C	86,720	N/A ¹
Customer D	86,463	N/A ¹
Customer E	63,479	N/A ¹
Customer F	N/A ¹	71,262

¹ The corresponding revenue did not contribute over 10% of the Group's total revenue.

5. OTHER INCOME

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Gain on disposals of property, plant and equipment	1,512	1,272
Interest income	118	182
Government subsidies (<i>Note</i>)	14,568	–
Others	1,130	493
	<u>17,328</u>	<u>1,947</u>

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

6. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest expenses on		
– Bank overdrafts	351	264
– Bank loans	183	362
– Lease liabilities	49	32
	<u>583</u>	<u>658</u>

7. INCOME TAX EXPENSE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Income tax expense comprises:		
Hong Kong Profits Tax:		
– Current year	6,459	7,966
– (Over)/under-provision in prior years	(356)	966
	<u>6,103</u>	8,932
Deferred tax:	<u>3,060</u>	–
	<u>9,163</u>	<u>8,932</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the 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 a flat rate of 16.5%.

The two-tiered profits tax rates regime was applicable to the Group for the years ended 31 March 2021 and 2020.

8. PROFIT BEFORE INCOME TAX

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit before income tax has been arrived at after charging/(crediting):		
Auditors' remuneration	800	400
Depreciation of property, plant and equipment	7,653	4,087
Depreciation of right-of-use assets	967	559
Listing expenses	6,428	3,613
Expenses related to short-term leases	20,813	26,035
Impairment/(reversal of) loss allowance on trade receivables, net of reversal/impairment	84	(212)
Cost of construction materials	130,627	101,973
Subcontracting charges	248,138	266,436
Employee benefits expense:		
– Salaries, allowances and other benefits in kind	140,728	124,495
– Contributions to retirement benefit scheme	4,152	3,958
Total employee benefits expense, including Directors' emoluments	<u>144,880</u>	<u>128,453</u>

9. EARNINGS PER SHARE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	<u>47,873</u>	<u>40,449</u>
	2021	2020
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousand)	<u>1,422,904</u>	<u>1,280,000</u>

The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 March 2021 was derived from 1,280,000,000 ordinary shares in issue as if these 1,280,000,000 ordinary shares were outstanding throughout the year and the effect of Share Offer as defined and described in Note 14.

The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 March 2020 was derived from 1,280,000,000 ordinary shares in issue as if these 1,280,000,000 ordinary shares were outstanding throughout the year.

No diluted earnings per share is presented as there were no potential dilutive shares in issue for the years ended 31 March 2021 and 2020.

10. DIVIDENDS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Dividends recognised as distribution	<u>18,000</u>	<u>–</u>

The dividends of HK\$18,000,000 declared and paid for the year ended 31 March 2021 represented the dividends paid by the subsidiaries of the Company to their then equity owners prior to the Reorganisation. The rate of dividend and the number of shares ranking for dividend are not presented as such information is not meaningful for the preparation of these consolidated financial statements.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2021 of HK\$0.3125 cents (2020: Nil) per ordinary share, in an aggregate amount of approximately HK\$5,000,000 (2020: Nil), has been proposed by the Directors and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

11. TRADE RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	57,420	73,226
Less: Loss allowance	<u>(905)</u>	<u>(821)</u>
	<u>56,515</u>	<u>72,405</u>

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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 30 days	41,837	46,320
31 – 60 days	5,874	23,376
61 – 90 days	365	2,709
Over 90 days	<u>8,439</u>	<u>–</u>
	<u>56,515</u>	<u>72,405</u>

12. CONTRACT ASSETS AND CONTRACT LIABILITIES

The following is the analysis of the contract assets and contract liabilities:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Contract assets	<u>132,222</u>	<u>72,198</u>
Contract liabilities	<u>12,130</u>	<u>21,808</u>

13. TRADE AND OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	48,740	37,816
Retention payables	24,832	22,909
Accruals and other payables	<u>34,927</u>	<u>23,765</u>
	<u>108,499</u>	<u>84,490</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 30 days	44,393	30,026
31 – 60 days	1,948	3,788
61 – 90 days	270	1,686
Over 90 days	<u>2,129</u>	<u>2,316</u>
	<u>48,740</u>	<u>37,816</u>

14. SHARE CAPITAL

Share capital as at 31 March 2020 represents the aggregate of the paid-up share capital of the Company, Lion Brave Group Limited (“**Lion Brave**”), Sheen Cedar Investments Limited (“**Sheen Cedar**”) and Lofty Wisdom Holdings Limited (“**Lofty Wisdom**”) held by Mr. KK Tsui, the controlling shareholder of the Company, prior to the Reorganisation.

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

	<i>Notes</i>	Number of ordinary shares	Share capital HK\$
Ordinary shares of HK\$0.01 each			
Authorised:			
At 1 April 2019 and 31 March 2020	<i>(a)</i>	38,000,000	380,000
Increase in authorised share capital	<i>(c)</i>	<u>9,962,000,000</u>	<u>99,620,000</u>
At 31 March 2021		<u>10,000,000,000</u>	<u>100,000,000</u>
Issued and fully paid:			
At 1 April 2019 and 31 March 2020	<i>(a)</i>	1	–*
New shares issued for the Reorganisation on 21 September 2020	<i>(b)</i>	9,999	100
Capitalisation Issue	<i>(c)</i>	1,279,990,000	12,799,900
Issue of shares by Share Offer	<i>(d)</i>	<u>320,000,000</u>	<u>3,200,000</u>
At 31 March 2021		<u>1,600,000,000</u>	<u>16,000,000</u>

* The amount is less than HK\$1.

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 (“**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 (“**Share Offer**”) at an offer price of HK\$0.325 per share were issued upon listing.

All shares allotted and issued during the years ended 31 March 2021 and 2020 rank pari passu in all respect with the existing issued shares.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group has more than 26 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 31 March 2021, the Group had 27 construction projects on hand (including projects in progress and projects that are yet to commence) with a total outstanding contract value of approximately HK\$2,130.3 million.

OUTLOOK

The shares of the Company (the “**Shares**”) were listed on the Main Board of the Stock Exchange on 20 October 2020 (the “**Listing Date**”) by way of Share Offer.

In 2020, in view of the fact that 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.

PROSPECTS

Looking forward, the Directors consider that the future opportunities and challenges encountered by the Group will continue to be affected by the demand of the construction engineering works and the expansion of the infrastructure in Hong Kong as well as factors affecting the material costs and labour costs. The Directors are of the view that the projects of the Group are mainly in cooperation with leading construction contractors and the Government departments in Hong Kong, thus the settlement of progress payments are generally considered as high stability and efficiently. In the meantime, according to the Year 2021-22 Budget Speech by the Financial Secretary of the Hong Kong SAR, the Hong Kong SAR Government will continue to invest in infrastructure and the annual capital works expenditure will exceed HK\$100 billion in coming years. The Directors therefore expect that the Hong Kong SAR Government budget of expenditure on infrastructure will increase the successful tenders bidding by the Group in the forthcoming years.

With the Group's experienced management team and reputation in the construction industry, the Directors are of the view that the current priority should be to strengthen its position in the market and well-established business relationships with its customers, as well as to focus on completing the existing civil engineering projects with effective control on costs so as to secure the profit margin of the projects and, hence, to achieve sustainable business growth to bring long-term benefits to our shareholders.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately HK\$25.2 million, or 4.1%, from approximately HK\$609.2 million for the year ended 31 March 2020 to approximately HK\$634.4 million for the year ended 31 March 2021. The increase in the Group's revenue was primarily driven by the substantial amount of works undertaken in three large scale projects.

Direct costs

Direct costs increased by approximately HK\$32.8 million, or 6.1%, from approximately HK\$534.3 million for the year ended 31 March 2020 to approximately HK\$567.1 million for the year ended 31 March 2021. Such increase was mainly driven by the corresponding increase in revenue.

Gross profit and gross profit margin

Gross profit decreased by approximately HK\$7.5 million, or 10.0%, from approximately HK\$74.9 million for the year ended 31 March 2020 to approximately HK\$67.4 million for the year ended 31 March 2021. The gross profit margin decreased by approximately 1.7 percentage points to approximately 10.6% for the year ended 31 March 2021 as compared to approximately 12.3% for the corresponding period in 2020. The decrease of the gross profit margin was mainly due to the two relatively lower gross profit margin projects with high contract sum were commenced during the year ended 31 March 2021.

Other income

Other income, increased by approximately HK\$15.4 million from approximately HK\$1.9 million for the year ended 31 March 2020 to approximately HK\$17.3 million for the year ended 31 March 2021, mainly due to the wage subsidies of the ESS provided by the Hong Kong SAR Government.

Administrative and other operating expenses

Administrative and other operating expenses increased by approximately HK\$0.3 million from approximately HK\$26.8 million for the year ended 31 March 2020 to approximately HK\$27.1 million for the year ended 31 March 2021. Setting aside the listing expenses, the adjusted administrative and other operating expenses decreased from approximately HK\$23.2 million for the year ended 31 March 2020 to approximately HK\$20.7 million for the year ended 31 March 2021, primarily due to reduction in administrative staff costs.

Income tax expense

Income tax expense remained stable from approximately HK\$8.9 million for the year ended 31 March 2020 to approximately HK\$9.2 million for the year ended 31 March 2021.

Profit and total comprehensive income for the year

As a result of the foregoing, the profit for the year increased by approximately HK\$7.5 million, or 18.6%, from approximately HK\$40.4 million for the year ended 31 March 2020 to approximately HK\$47.9 million for the year ended 31 March 2021. Setting aside the listing expenses, the Group's adjusted net profit for the year ended 31 March 2021 would be approximately HK\$54.3 million as compared with approximately HK\$44.0 million for the year ended 31 March 2020. The adjusted net profit margin (excluding the listing expenses) for the years ended 31 March 2021 and 2020 were approximately 8.6% and 7.2%, respectively.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Company's shares were successfully listed on the Main Board of the Stock Exchange (the "Listing") 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 31 March 2021, the Group had net current assets of approximately HK\$196.1 million (31 March 2020: approximately HK\$97.6 million) and bank balances and cash of approximately HK\$121.8 million (31 March 2020: approximately HK\$60.4 million), which were denominated in Hong Kong dollars.

As at 31 March 2021, the Group's total equity attributable to owners of the Company amounted to approximately HK\$227.6 million (31 March 2020: approximately HK\$112.0 million). The Group's total debt comprising interest-bearing bank loans and bank overdrafts amounted to approximately HK\$11.6 million (31 March 2020: approximately HK\$23.0 million), which were denominated in Hong Kong dollars. The Directors have confirmed that the Group will have sufficient financial resources to meet its obligations as they fall due in the foreseeable future.

CAPITAL EXPENDITURE

During the year ended 31 March 2021, the Group invested approximately HK\$24.0 million on the acquisition of property, plant and equipment and additions of approximately HK\$2.6 million motor vehicles under right-of-use assets. Capital expenditure was principally funded by internal resources and proceeds received from the Listing.

CONTINGENT LIABILITIES

As at 31 March 2021, the Group did not have any significant contingent liabilities (31 March 2020: Nil).

CHARGES ON GROUP ASSETS

Pledged bank deposits represent deposit pledged to a bank to secure banking facilities granted to a partner of joint operation of the Group for a term loan facility not exceeding HK\$25,000,000 and 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 year ended 31 March 2021, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures save for those related to the Reorganisation as disclosed in the prospectus of the Company dated 30 September 2020 (the "**Prospectus**"). Save as disclosed herein and in the Prospectus, the Group did not have other plans for material investments or acquisition of capital assets as at 31 March 2021.

CAPITAL COMMITMENTS

The Group had approximately HK\$4.6 million of capital commitments contracted but not provided for in respect of acquisition of property, plant and equipment as at 31 March 2021 (31 March 2020: approximately HK\$4.0 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 Group's 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 31 March 2021, the gearing ratio of the Group, which is calculated as the total debt (total interest-bearing bank loans and bank overdrafts) divided by total equity, was approximately 5.1% (31 March 2020: approximately 20.5%).

EVENT AFTER THE REPORTING PERIOD

Save as otherwise disclosed in this announcement, the Board is not aware of any other significant events requiring disclosure that have taken place subsequent to 31 March 2021 and up to the date of this announcement.

FINAL 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 Directors proposed the payment of a final dividend of HK\$0.3125 cents per ordinary share for the year ended 31 March 2021 to shareholders of the Company. Subject to approval by the shareholders of the Company in the forthcoming annual general meeting, this is the first cash dividend payment since the Listing.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2021, the Group had 343 employees (31 March 2020: 301 employees). Total staff costs for the year ended 31 March 2021 amounted to approximately HK\$144.9 million (31 March 2020: approximately HK\$128.5 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 with actual business progress up to 31 March 2021.

Business strategies as stated in the Prospectus	Business objectives up to 31 March 2021	Actual business progress up to 31 March 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 is expected to be fully utilised during the year ending 31 March 2022.
Acquire machinery and equipment	– Acquire a truck mounted concrete pump (vertical reach 42m)	The Group has acquired a 49m truck mounted concrete pump.
	– 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).
	– Acquire two excavators (one 13 tonnes and one 20 tonnes)	The Group has acquired two excavators (one 22 tonnes and one 35 tonnes).
	– 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.
	– 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	– 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.
Upgrade the Group's enterprise information system	– Upgrade existing accounting and administration management system	The Group has acquired certain new hardware and software for system upgrade.
	– Upgrade management information system	The Group is in the course of identifying suitable service providers for the system upgrades.
	– Apply cloud storage function	The Group has applied the cloud storage function.
Enhance the Group's innovation and productivity	– Adopt building information modelling technology	The Group is in the course of identifying suitable service providers for building the system.

USE OF PROCEEDS FROM LISTING

The 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 to 31 March 2021:

	Planned use of Net Proceeds as stated in the Prospectus <i>HK\$' million</i>	Actual use of Net Proceeds from the Listing Date to 31 March 2021 <i>HK\$' million</i>	Unutilised balance of Net Proceeds from the Listing Date to 31 March 2021 <i>HK\$' million</i>	Expected timeline for utilising the unutilised net proceeds
Finance the Group's existing projects	23.2	19.1	4.1	31 March 2022
Acquire machinery and equipment	17.9	11.4	6.5	31 March 2022
Strengthen the Group's manpower	11.4	0.7	10.7	31 March 2023
Upgrade the Group's enterprise information system	2.4	0.3	2.1	31 March 2023
Enhance the Group's innovation and productivity	0.9	–	0.9	31 March 2022
General working capital	2.0	2.0	–	N/A
Total	<u>57.8</u>	<u>33.5</u>	<u>24.3</u>	

The remaining unutilised Net Proceeds as at 31 March 2021 of approximately HK\$24.3 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 announcement, the Directors do not anticipate any change as to the use of Net Proceeds.

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

Save for the Reorganisation as disclosed in the Prospectus, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issues (the “**Model Code**”) set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as the code of conduct regulating securities transactions of 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 from the Listing Date up to the date of this announcement.

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 from the Listing date up to the date of this announcement.

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.

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.

During the year ended 31 March 2021, the Audit Committee held two meetings to review and comment on the Company’s 2020 interim result as well as to approve the accountants’ report of the Group.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements for the year ended 31 March 2021. The final results announcement of the Group for the year ended 31 March 2021 has been reviewed by the Audit Committee.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED

The figures in respect of the Group's consolidated statement of financial position as at 31 March 2021, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2021 as set out in the preliminary announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 March 2021. The work performed by HLB Hodgson Impey Cheng Limited 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 HKICPA and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

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

Hong Kong, 23 June 2021

As at the date of this announcement, the Board comprises Mr. Tsui Kai Kwong, Mr. Tsui Tsz Yeung Ian and Ms. Tsui Wai Yeung Janis as executive Directors; Mr. Lee Yan Kit, Mr. Lee Kin Kee and Mr. Kwong Ping Man as independent non-executive Directors.