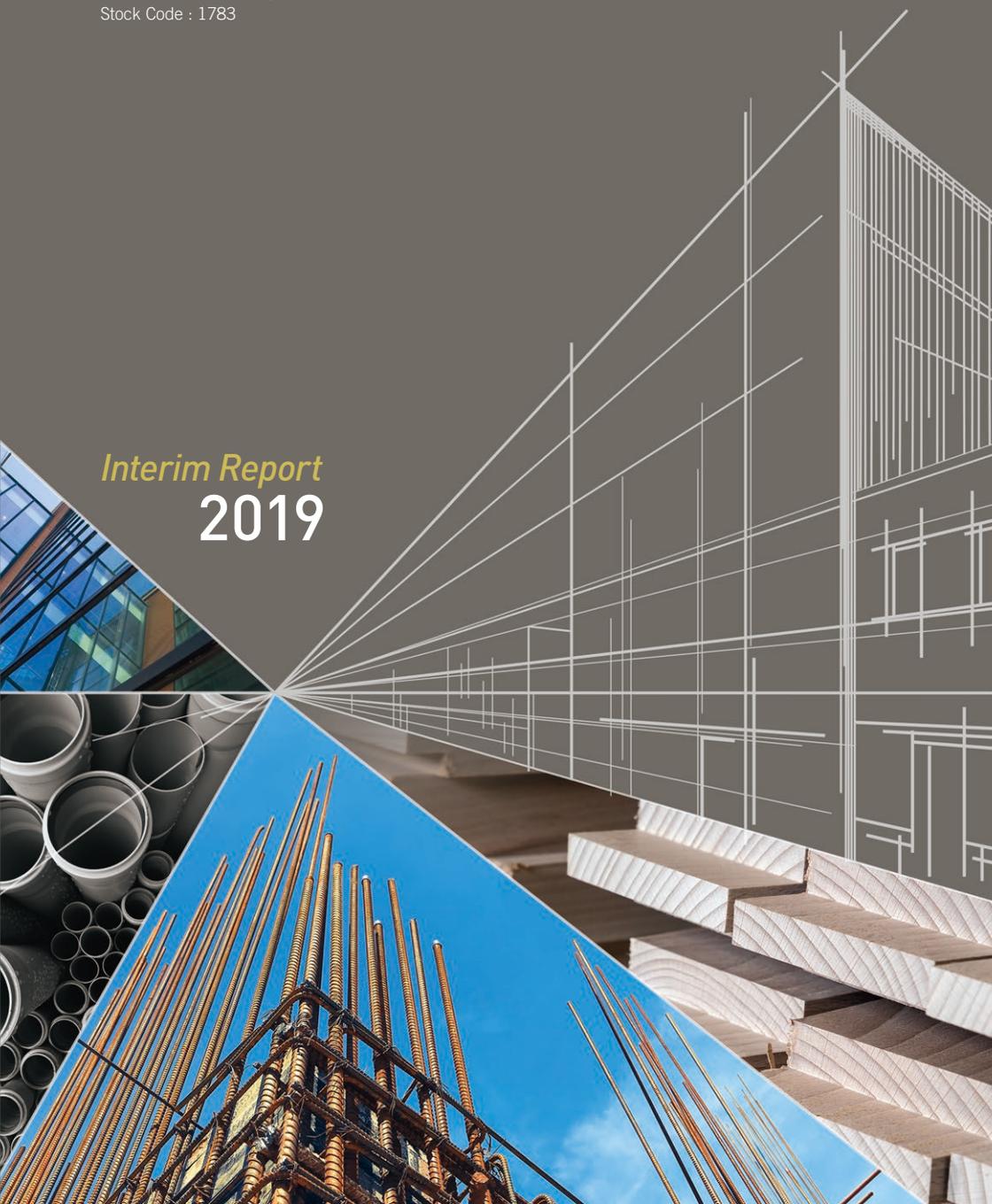


Golden Ponder Holdings Limited 金倫控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 1783

Interim Report
2019



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chan Kam Tong (*Chairman*)
Mr. Chan Kam Ming

Independent Non-executive Directors

Mr. Hau Wing Shing Vincent
Mr. Szeto Cheong Mark
Mr. Wan Simon

AUDIT COMMITTEE

Mr. Szeto Cheong Mark (*Chairman*)
Mr. Hau Wing Shing Vincent
Mr. Wan Simon

REMUNERATION COMMITTEE

Mr. Wan Simon (*Chairman*)
Mr. Chan Kam Ming
Mr. Szeto Cheong Mark

NOMINATION COMMITTEE

Mr. Chan Kam Tong (*Chairman*)
Mr. Hau Wing Shing Vincent
Mr. Wan Simon

COMPANY SECRETARY

Mr. Wong Chi Chui

AUTHORISED REPRESENTATIVES

Mr. Chan Kam Tong
Mr. Chan Kam Ming

COMPLIANCE ADVISER

Dakin Capital Limited
Suites 4505-6, 45/F
Tower 1
Lippo Centre
89 Queensway
Hong Kong

AUDITOR

BDO Limited
Certified Public Accountants
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

HEADQUARTERS, HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Offices F & G, Floor 23, Maxgrand Plaza
No.3 Tai Yau Street
San Po Kong
Kowloon
Hong Kong

REGISTERED OFFICE

Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

CORPORATE INFORMATION

PRINCIPAL BANKERS

The Bank of East Asia, Limited

G/F, Kalok Building
720-722 Nathan Road
Mongkok
Kowloon
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited

HSBC Main Building
1 Queen's Road Central
Central
Hong Kong

Bank of Communications Co., Ltd.

Hong Kong Branch

20 Pedder Street
Central
Hong Kong

Industrial and Commercial Bank of China (Asia) Limited

34/F, ICBC Tower
3 Garden Road
Central
Hong Kong

WEBSITE

www.headfame.com.hk

(the content of which do not form part of this report)

STOCK CODE

1783

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Estera Trust (Cayman) Limited
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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



FINANCIAL HIGHLIGHTS

The Group recorded a revenue amounted to approximately HK\$135.2 million for the six months ended 30 September 2019, representing a decrease of approximately HK\$112.2 million or 45.4% as compared with the six months ended 30 September 2018.

The gross profit for the six months ended 30 September 2019 was approximately HK\$6.8 million, representing a decrease of approximately 65.8% compared to approximately HK\$19.9 million for the six months ended 30 September 2018. The gross profit margin was approximately 5.0%.

The loss attributable to owners of the Company was approximately HK\$2.3 million for the six months ended 30 September 2019. Profit attributable to owners of the Company was approximately HK\$2.6 million for the six months ended 30 September 2018.

The basic and diluted loss per share for the six months ended 30 September 2019 were HK0.28 cents whereas the basic and diluted earnings per share were HK0.40 cents for the corresponding period in 2018.

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2019.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board") of Golden Ponder Holdings Limited (the "Company") and its subsidiaries (collectively the "Group"), I am delighted to present to you the unaudited consolidated financial results of the Group for the six months ended 30 September 2019.

OVERVIEW

The Group principally provides superstructure building and RMAA works service as a main contractor in Hong Kong.

Superstructure building works refer to the building works in relation to the parts of the structure above the ground level and the scope of the Group's superstructure building works contracts mostly consists of development projects for residential and commercial buildings. RMAA works refer to the repair, maintenance, alteration and addition works for an existing structure.

The Group recorded a net loss for the six months ended 30 September 2019 as compared to a net profit for that of the corresponding period in 2018. The loss was mainly attributable to: (i) decrease in revenue recognised by the Group for the six months ended 30 September 2019 substantially due to (a) the on-going projects for that of the corresponding period last year were at their ending phase and the relevant revenue was already recognised in prior years; and (b) newly awarded contracts are still at a preparatory phase prior to construction or preliminary stage under construction; and (ii) decrease in gross profit margin due to value of variation order works from some of construction projects, which is still under negotiation with customers.

GOING FORWARD

In the 2019 Policy Address, the Chief Executive of the Hong Kong Special Administrative Region stated that Hong Kong's operating and investment environment was being severely buffeted by external forces, including trade tension between the Mainland and the United States, as well as the impact of months of ongoing social incidents, and the local economy has slipped into a technical recession since the third quarter of 2019. In addition, as the construction market in Hong Kong is highly competitive, the Group expects its profit margin to remain substantially suppressed. It is expected that the Group will continue to face uncertain economic conditions and tougher trade environment in the second half of financial year ended 31 March 2020, while the Group will continue to use its best endeavors and prudence to bid for new major profitable projects.

APPRECIATION

On behalf of the Board, I would like to express our gratitude to all our customers, suppliers and shareholders for their continuous support. We would also like to thank our team of dedicated staff for their invaluable services and contributions throughout the period.

Chan Kam Tong
Chairman

Hong Kong, 27 November 2019



AUDITOR'S INDEPENDENT REVIEW REPORT

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS



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永安中心25樓

TO THE BOARD OF DIRECTORS OF GOLDEN PONDER HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated interim financial statements set out on pages 8 to 39 which comprise the condensed consolidated statement of financial position of Golden Ponder Holdings Limited and its subsidiaries (collectively referred to as the "Group") as of 30 September 2019 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the "condensed consolidated interim financial statements"). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim condensed consolidated interim financial statements in accordance with HKAS 34.

Our responsibility is to express a conclusion on the condensed consolidated interim financial statements based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

AUDITOR'S INDEPENDENT REVIEW REPORT

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Cont'd)

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("HKSRE 2410") issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with HKAS 34.

BDO Limited

Certified Public Accountants

Tang Tak Wah

Practising Certificate Number P06262

Hong Kong, 27 November 2019

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2019

	Notes	Six months ended 30 September	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	6	135,212	247,383
Cost of services		<u>(128,423)</u>	<u>(227,501)</u>
Gross profit		6,789	19,882
Other income	7	657	2,616
Administrative and other expenses		(9,626)	(17,455)
Finance costs	8	<u>(96)</u>	<u>(126)</u>
(Loss)/profit before income tax expense	9	(2,276)	4,917
Income tax expense	10	<u>–</u>	<u>(2,332)</u>
(Loss)/profit and total comprehensive (expenses)/income for the period attributable to owners of the Company		<u>(2,276)</u>	<u>2,585</u>
		HK cents	HK cents
(Loss)/earnings per share, attributable to owners of the Company			
– Basic and diluted	12	<u>(0.28)</u>	<u>0.40</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

		30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
	Notes		
Non-current assets			
Property, plant and equipment	13	1,696	2,019
Right-of-use assets	13	2,289	–
Deposits	15	362	362
		<u>4,347</u>	<u>2,381</u>
Current assets			
Trade receivables	14	28,986	63,297
Deposits, prepayments and other receivables	15	43,103	37,401
Contract assets	6	103,916	120,078
Restricted bank deposit		12,000	12,030
Cash and cash equivalents		103,101	63,380
		<u>291,106</u>	<u>296,186</u>
Current liabilities			
Trade and retention money payables	16	92,831	93,288
Accruals and other payables	17	6,692	9,455
Contract liabilities	6	5,092	4,935
Obligations under finance leases		–	30
Lease liabilities		1,140	–
Current tax liabilities		537	537
		<u>106,292</u>	<u>108,245</u>
Net current assets		<u>184,814</u>	<u>187,941</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

		30 September 2019	31 March 2019
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Total assets less current liabilities		189,161	190,322
Non-current liabilities			
Lease liabilities		<u>1,115</u>	<u>–</u>
NET ASSETS		<u>188,046</u>	<u>190,322</u>
Capital and reserves			
Share capital	18	8,000	8,000
Reserves	18	<u>180,046</u>	<u>182,322</u>
TOTAL EQUITY		<u>188,046</u>	<u>190,322</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

	Attributable to owners of the Company				
	Share capital	Share premium	Capital reserve	Retained earnings	Total
	HK\$'000 (note 18)	HK\$'000 (note 18)	HK\$'000 (note 18)	HK\$'000 (note 18)	HK\$'000
At 1 April 2019 (audited)	8,000	88,035	15,500	78,787	190,322
Loss and total comprehensive income for the period	—	—	—	(2,276)	(2,276)
At 30 September 2019 (unaudited)	8,000	88,035	15,500	76,511	188,046
At 1 April 2018 (audited)	—*	—	15,500	67,963	83,463
Dividend (note 11)	—	—	—	(6,000)	(6,000)
Profit and total comprehensive income for the period	—	—	—	2,585	2,585
Capitalisation issue of shares	6,000	(6,000)	—	—	—
Issue of shares under public offer and placing	2,000	108,000	—	—	110,000
Share issue expenses	—	(13,965)	—	—	(13,965)
At 30 September 2018 (unaudited)	8,000	88,035	15,500	64,548	176,083

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

	Six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from/(used in) operating activities	39,751	(6,756)
Cash flows from investing activities		
Purchase of property, plant and equipment	(10)	(273)
Decrease in restricted bank deposit	30	–
Interest received	610	1,581
Net cash generated from investing activities	630	1,308
Cash flows from financing activities		
Interest paid	(96)	(126)
Repayments of lease liabilities	(564)	–
Proceeds from bank borrowings	–	5,000
Repayments of bank borrowings	–	(13,526)
Repayments from directors	–	4,546
Repayment of obligations under finance leases	–	(26)
Dividend paid	–	(3,602)
Proceeds from issue of shares upon public offer and placing	–	110,000
Payment of share issue expenses	–	(13,965)
Net cash (used in)/generated from financing activities	(660)	88,301
Net increase in cash and cash equivalents	39,721	82,853
Cash and cash equivalents at beginning of the period	63,380	24,696
Cash and cash equivalents at end of the period	103,101	107,549

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

1. GENERAL INFORMATION

Golden Ponder Holdings Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands. Its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 22 August 2018 (the “Listing”). The address of its registered office is located at P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and its principal place of business in Hong Kong is located at Offices F and G, Floor 23, Maxgrand Plaza, No. 3 Tai Yau Street, San Po Kong, Kowloon, Hong Kong. The Company is an investment holding company and the principal activities of its subsidiaries are provision of superstructure building and repair, maintenance, alteration and addition (“RMAA”) works services as a main contractor in Hong Kong.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”), issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange (the “Listing Rules”). These condensed consolidated interim financial statements were authorised for issue on 27 November 2019.

These condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the 2019 consolidated financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 April 2019. Details of any changes in accounting policies are set out in note 3. The Group has not early adopted any new and revised HKFRSs that has been issued but not yet effective in the current accounting period.

The preparation of these condensed consolidated interim financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 4.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

2. BASIS OF PREPARATION (Cont'd)

These condensed consolidated interim financial statements are presented in Hong Kong Dollars ("HK\$") which is also the functional currency of the Company, and all values are rounded to the nearest thousands, except when otherwise stated. These condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2019 consolidated financial statements. These condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs") and should be read in conjunction with the 2019 consolidated financial statements.

These condensed consolidated interim financial statements are unaudited, but has been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the HKICPA. BDO Limited's independent review report to the Board of Directors is included on page 6 and 7.

3. CHANGES IN ACCOUNTING POLICIES

Adoption of new/amended HKFRSs — effective from 1 April 2019

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

- HKFRS 16, Leases
- HK(IFRIC)-Int 23, Uncertainty over Income Tax Treatments
- Amendments to HKFRS 9, Prepayment Features with Negative Compensation
- Amendments to HKAS 19, Plan Amendment, Curtailment or Settlement

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

3. CHANGES IN ACCOUNTING POLICIES (Cont'd)

Adoption of new/amended HKFRSs — effective from 1 April 2019 (Cont'd)

- Amendments to HKAS 28, Long-term Interests in Associates and Joint Ventures
- Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23 included in Annual Improvements to HKFRSs 2015-2017 Cycle

The impact of the adoption of HKFRS 16 “Leases” (“HKFRS 16”) has been summarised below. The other new or amended HKFRSs that are effective from 1 April 2019 did not have any significant impact on the Group’s accounting policies and how the Group’s results and financial position have been prepared or presented in the condensed consolidated interim financial statements.

HKFRS 16 Leases

(i) Impact of the adoption of HKFRS 16

HKFRS 16 replaces HKAS 17 “Leases” (“HKAS 17”), HK(IFRIC)-Int 4 “Determining whether an Arrangement contains a Lease”, HK(SIC)-Int 15 “Operating Leases – Incentives” and HK(SIC)-Int 27 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease”. From a lessee’s perspective, almost all leases are recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities, with the narrow exception to this principle for leases of which the underlying assets are of low-value or are determined as short-term leases. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group’s accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, please refer to sections (ii) to (iv) of this note.

The Group has applied HKFRS 16 using the cumulative effect approach and recognised the right-of-use asset at the amount equal to the lease liability, adjusted by the amount of any prepayments or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 March 2019. The comparative information presented in 2019 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

3. CHANGES IN ACCOUNTING POLICIES (Cont'd)

HKFRS 16 Leases (Cont'd)

(i) **Impact of the adoption of HKFRS 16** (Cont'd)

So far as the impact of the adoption of HKFRS 16 on leases previously classified as finance leases is concerned, the Group is not required to make any adjustments at the date of initial application of HKFRS 16, other than changing the captions for the balances. Accordingly, instead of "obligations under finance lease", these amounts are included within "lease liabilities", and the depreciated carrying amount of the corresponding leased asset is identified as a right-of-use asset. There is no impact on the opening balance of equity.

The following table summarises the impact of transition to HKFRS 16 on the consolidated statement of financial position as at 1 April 2019:

	HK\$'000
Consolidated statement of financial position as at 1 April 2019	
	Increase/ (decrease)
Right-of-use assets	2,874
Motor vehicle presented in property, plant and equipment	(85)
Lease liabilities (non-current)	1,693
Lease liabilities (current)	1,126
Obligations under finance leases	(30)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

3. CHANGES IN ACCOUNTING POLICIES (Cont'd)

HKFRS 16 Leases (Cont'd)

(i) Impact of the adoption of HKFRS 16 (Cont'd)

The following reconciliation explains how the operating lease commitments disclosed under HKAS 17 as at 31 March 2019 could be reconciled to the lease liabilities at the date of initial application recognised in the consolidated statement of financial position as at 1 April 2019:

	HK\$'000
Reconciliation of operating lease commitment to lease liabilities	
Operating lease commitments as at 31 March 2019	3,321
Discounted using the lessee's incremental borrowing rate as at the date of initial application	3,058
Less: short term leases for which lease terms end on or before 31 March 2020	(269)
Add: obligations under finance leases as at 31 March 2019	30
	<hr/>
Lease liabilities as at 1 April 2019	2,819
	<hr/>

The lessee's weighted average incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position as at 1 April 2019 is 3.7%.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

3. CHANGES IN ACCOUNTING POLICIES (Cont'd)

HKFRS 16 Leases (Cont'd)

(i) **Impact of the adoption of HKFRS 16** (Cont'd)

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

	HK\$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	2,789
Amount included in property, plant and equipment under HKAS 17 – a motor vehicle previously under a finance lease	<u>85</u>
Right-of-use assets recognised at 1 April 2019	<u>2,874</u>
By class:	
Leasehold land and buildings	2,789
Motor vehicle	<u>85</u>
Total right-of-use assets	<u>2,874</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

3. CHANGES IN ACCOUNTING POLICIES (Cont'd)

HKFRS 16 Leases (Cont'd)

(ii) The new definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group has elected not to separate non-lease components and account for all each lease component and any associated non-lease components as a single lease component for all leases.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

3. CHANGES IN ACCOUNTING POLICIES (Cont'd)

HKFRS 16 Leases (Cont'd)

(iii) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets (the Group has leased photocopying machines) and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

3. CHANGES IN ACCOUNTING POLICIES (Cont'd)

HKFRS 16 Leases (Cont'd)

(iii) Accounting as a lessee (Cont'd)

Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in substance fixed lease payments or a change in assessment to purchase the underlying asset.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

3. CHANGES IN ACCOUNTING POLICIES (Cont'd)

HKFRS 16 Leases (Cont'd)

(iv) Transition

As mentioned above, the Group has applied HKFRS 16 using the cumulative effect approach and recognised the right-of-use asset at the amount equal to the lease liability, adjusted by the amount of any prepayments or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 March 2019. The comparative information presented in 2019 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has recognised the lease liabilities at the date of 1 April 2019 for leases previously classified as operating leases under HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 April 2019.

The Group has elected to recognise all the right-of-use assets at 1 April 2019 for leases previously classified as operating leases under HKAS 17 as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. For all these right-of-use assets, the Group has applied HKAS 36 "Impairment of Assets" at 1 April 2019 to assess if there was any impairment as at that date.

The Group has also applied the following practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months from the date of initial application (1 April 2019) and accounted for those leases as short-term leases; (iii) exclude the initial direct costs from the measurement of the right-of-use asset at 1 April 2019 and (iv) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

3. CHANGES IN ACCOUNTING POLICIES (Cont'd)

HKFRS 16 Leases (Cont'd)

(iv) Transition (Cont'd)

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases under HKAS 17 and HK(IFRIC)-Int 4 and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Int 4.

The Group has also leased majority of its motor vehicle of which the leases were previously classified as finance leases under HKAS 17. As the Group has elected to adopt the cumulative effect method over the adoption of HKFRS 16, for those finance leases under HKAS 17, the right-of-use assets and the corresponding lease liabilities at 1 April 2019 were the carrying amount of the lease assets and lease liabilities under HKAS 17 immediately before that date. For those leases, the Group has accounted for the right-of-use assets and the lease liabilities under HKFRS 16 from 1 April 2019.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

3. CHANGES IN ACCOUNTING POLICIES (Cont'd)

New/revised HKFRSs that have been issued but are not yet effective

The Group has not early applied the following revised new HKFRS and amendments to existing HKFRSs ("new and amended HKFRSs"), that are expected to be potentially relevant to the Group, and have been issued but are not yet effective, in these condensed consolidated interim financial statements:

HKFRS 17	Insurance Contracts ²
Amendments to HKAS 1 and HKAS 8	Definition of Material ¹
Amendments to HKFRS 3	Definition of a Business ¹
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 April 2020

² Effective for annual periods beginning on or after 1 April 2021

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

The Group is in the process of making an assessment of what the potential impact of these new and amended HKFRSs is expected to be in the period of initial application in the future and the directors of the Company are not yet in a position to assess whether the new and amended HKFRSs will have a significant impact on how the Group's results of operations and financial position are prepared and presented. The new and amended HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing this condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2019 consolidated financial statements, except for those new significant judgements related to the application of HKFRS 16 as described in note 3.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

5. SEGMENT INFORMATION

(a) Operating segments

During the six months ended 30 September 2019, the Group was principally engaged in the provision of superstructure building and RMAA works in Hong Kong. Information reported to the Group's chief operating decision maker, being the directors, for the purpose of resources allocation and performance assessment. As the Group's resources are integrated and therefore no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

(b) Geographical information

During the six months ended 30 September 2019, the Group's revenue was derived from Hong Kong, based on the location of the customers, and all of its non-current assets were located in Hong Kong, based on the location of assets. Therefore, no geographical information is presented.

6. REVENUE

Revenue represents amounts received and receivable from construction contract work performed.

An analysis of the Group's revenue from contracts with customers recognised during the reporting period is as follows:

	Six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong		
Superstructure building works	116,642	217,931
RMAA works	18,570	29,452
	135,212	247,383
Timing of revenue recognition		
Over time	135,212	247,383

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

6. REVENUE (Cont'd)

The following table provides information about trade receivables, contract assets and contract liabilities from contracts with customers:

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Trade receivables	28,986	63,297
Contract assets (note (a))	103,916	120,078
Contract liabilities (note (b))	5,092	4,935

Note (a): The Group's construction contracts include payment schedules which require stage payments over the construction period once milestones are reached. These payment schedules prevent the build-up of significant contract assets. Additionally, the Group typically agrees 1 to 3 year retention period for 5% of the contract sum, which is kept in contract assets until the end of the retention period as the Group's entitlement to it is conditional on the Group's work satisfactorily passing inspection. These retention money receivables amounted to approximately HK\$21,822,000 as at 30 September 2019 (31 March 2019: approximately HK\$24,675,000).

Note (b): The contract liabilities mainly related to the advance consideration received from customers. Nil of the contract liabilities as of 31 March 2019 has been recognised as revenue for the six months ended 30 September 2019 from performance obligations satisfied due to the changes in the estimated stage completion of some contract obligations (30 September 2018: approximately HK\$1,655,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

7. OTHER INCOME

An analysis of the Group's other income is as follows:

	Six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	610	1,581
Recovery of bad debts	–	1,035
Others	47	–
	<u>657</u>	<u>2,616</u>

8. FINANCE COSTS

	Six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank borrowings	–	122
Interest expenses on lease liabilities (note)	96	–
Finance lease interest	–	4
	<u>96</u>	<u>126</u>

Note: The Group has initially applied HKFRS 16 as at 1 April 2019 using the cumulative effect approach. Under this approach, comparative information is not restated.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

9. (LOSS)/PROFIT BEFORE INCOME TAX EXPENSE

(Loss)/profit before income tax expense is arrived at after charging:

	Six months ended	
	30 September	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment		
– Owned	248	52
– Held under finance leases	–	11
– Right-of-use assets	585	–
	833	63
Employee benefit expenses (including directors' remuneration)		
– Wages and salaries	13,919	11,101
– Contributions to defined contribution retirement plans	445	356
– Others	85	64
	14,449	11,521
Listing expenses	–	9,416
Machinery rental expenses	2,238	3,091
Minimum lease payments under operating leases		
– Buildings (under HKAS 17)	–	260
– Short-term lease expenses (under HKFRS 16)	182	–

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

10. INCOME TAX EXPENSE

The Group is subject to income tax on profits arising in or derived from Hong Kong, being its principal place of business. The income tax expense in the condensed consolidated statement of comprehensive income represents:

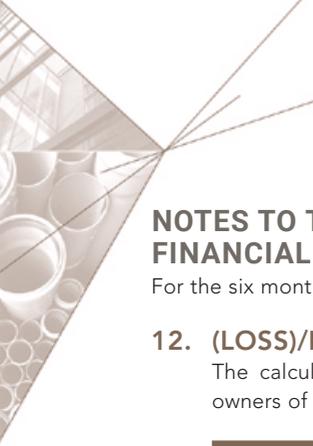
	Six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax – Hong Kong profits tax	–	2,332

No provision for Hong Kong profits tax has been made for the six months ended 30 September 2019 as the Group did not generate any assessable profits in Hong Kong during the period. Hong Kong profits tax for the six months ended 30 September 2018 was calculated by applying the estimated weighted average tax rate expected for the full financial year of 15.9% on the estimated assessable profits for that period.

11. DIVIDEND

For the six months ended 30 September 2019 and 2018, the Board of Directors does not recommend the payment of an interim dividend to the shareholders of the Company.

On 30 May 2018, dividend of HK\$6,000,000 for the year ended 31 March 2018 was declared by the Company, of which an amount of approximately HK\$2,398,000 was settled by offsetting with amount due from a director and the rest was paid in cash. There is no income tax consequences related to the payment of dividend by the Company to its shareholders.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

12. (LOSS)/EARNINGS PER SHARE

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

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
(Loss)/earnings		
(Loss)/earnings for the purposes of basic (loss)/earnings per share (HK\$'000)	(2,276)	2,585
Number of share		
Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share	800,000,000	643,715,847

For the six months ended 30 September 2019, the calculation of basic loss per share is based on the loss attributable to owners of the Company of HK\$2,276,000 and the weighted average number of 800,000,000 ordinary shares.

For the six months ended 30 September 2018, the calculation of the basic earnings per share is based on the profit attributable to owners of the Company of HK\$2,585,000 and the weighted average number of 643,715,847 ordinary shares.

Diluted (loss)/earnings per share are same as the basic (loss)/earnings per share as there is no dilutive potential ordinary shares in existence during the six months ended 30 September 2019 and 2018.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

13. PROPERTY, PLANT AND EQUIPMENT

(a) Acquisitions and disposals

During the six months ended 30 September 2019, the Group acquired property, plant and equipment with a total cost of HK\$10,000 (six months ended 30 September 2018: HK\$273,000).

(b) Right-of-use assets

As disclosed in note 3, the Group has initially applied HKFRS 16 using the cumulative effect approach and adjusted the opening balances at 1 April 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. In addition, the depreciated carrying amount of the finance leased assets which were previously included in motor vehicles presented in property, plant and equipment is also identified as right-of-use assets. Further details of the net book value of the Group's right-of-use assets by class of underlying asset are set out in note 3.

14. TRADE RECEIVABLES

Trade receivables were mainly derived from provision of building and civil engineering construction works, and are non-interest bearing. The Group does not hold any collateral or other credit enhancements over these balances.

The Group grants an average credit period of 30 days to its trade customers of contract works. Application for progress payments of contract works is made on a regular basis.

The following is an analysis of trade receivables by age, presented based on the invoice dates:

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Less than 1 month	12,679	25,722
More than 1 month but less than 3 months	1,224	10,162
More than 3 months but less than one year	15,083	27,413
	28,986	63,297



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

15. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Non-current		
Deposits	<u>362</u>	<u>362</u>
Current		
Deposits	36,698	29,529
Prepayments	4,562	5,118
Other receivables	<u>1,843</u>	<u>2,754</u>
	<u>43,103</u>	<u>37,401</u>

The balances of other receivables are unsecured, interest-free and repayable on demand. The Group's other receivables were neither past due nor impaired as at 30 September 2019 and 31 March 2019.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

16. TRADE AND RETENTION MONEY PAYABLES

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Trade payables (note (a))	65,392	63,645
Retention money payables (note (b))	27,439	29,643
	92,831	93,288

Note (a): An ageing analysis of trade payables based on the invoice dates is as follows:

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Current or less than 1 month	34,919	41,764
1 to 3 months	18,695	11,552
More than 3 months but less than 1 year	3,858	9,774
More than 1 year	7,920	555
	65,392	63,645

Note (b): Retention monies from sub-contractors of contract works are released by the Group after the completion of maintenance period of the relevant contracts or in accordance with the terms specified in the relevant contracts.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

17. ACCRUALS AND OTHER PAYABLES

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Accrued expenses	5,027	8,931
Other payables	<u>1,665</u>	<u>524</u>
	<u>6,692</u>	<u>9,455</u>

18. SHARE CAPITAL AND RESERVES

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
Upon incorporation (note (a))	10,000,000	100
Increase in authorised share capital (note (b))	<u>1,490,000,000</u>	<u>14,900</u>
As at 31 March 2019, 1 April 2019 and 30 September 2019	<u>1,500,000,000</u>	<u>15,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
Upon incorporation (note (a))	1	—*
Allotment of shares (note (c))	29,999	—*
Capitalisation issue of shares (note (d))	599,970,000	6,000
Issue of shares under share offer (note (e))	<u>200,000,000</u>	<u>2,000</u>
As at 31 March 2019, 1 April 2019 and 30 September 2019	<u>800,000,000</u>	<u>8,000</u>

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

18. SHARE CAPITAL AND RESERVES (Cont'd)

Share capital

- Note (a): The Company was incorporated in the Cayman Islands with limited liability on 11 May 2017 with an authorised share capital of HK\$100,000 divided into 10,000,000 ordinary shares with a par value of HK\$0.01 each. On the same day, one nil-paid subscriber share was allotted and issued to Reid Services Limited, the initial subscriber of our Company, which was subsequently transferred to Shiny Golden Limited ("Shiny Golden") on the same date.
- Note (b): On 25 July 2018, the authorised share capital of the Company was increased from HK\$100,000 divided into 10,000,000 ordinary shares to HK\$15,000,000 divided into 1,500,000,000 ordinary shares of par value of HK\$0.01 each by the creation of an additional of 1,490,000,000 ordinary shares.
- Note (c): On 28 November 2017, Mr. KT Chan, Mr. KM Chan, UG China Venture II Limited ("UG") and Vibrant Sound Limited ("Vibrant Sound"), as vendors, and the Company, as purchaser entered into a sale and purchase agreement, pursuant to which the Company acquired 135 ordinary shares, 135 ordinary shares, 20 ordinary shares and 10 ordinary shares of par value US\$1.00 each of Century Success Limited, representing all of its issued shares in aggregate, from Mr. KT Chan, Mr. KM Chan, UG and Vibrant Sound, respectively, which was satisfied by the Company allotting and issuing 26,999 ordinary shares, 2,000 ordinary shares and 1,000 ordinary shares, credited as fully-paid, to Shiny Golden (at the instructions of Mr. KT Chan and Mr. KM Chan), UG and Vibrant Sound, respectively, and crediting as fully paid the one nil-paid share held by Shiny Golden.
- Note (d): Pursuant to the written resolutions passed on 25 July 2018, the directors were authorised to capitalise an amount of HK\$5,999,700 from the share premium account of the Company by applying such sum towards the paying up in full at par a total of 599,970,000 ordinary shares for the allotment of shares to Shiny Golden.
- Note (e): Under a share offer took place during the period, 200,000,000 new ordinary shares of HK\$0.01 each were issued at a price of HK\$0.55 per share for a total consideration (before share issue expenses) of HK\$110,000,000.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

18. SHARE CAPITAL AND RESERVES (Cont'd)

Reserves

Details of movements of the Group's reserves are set out in the condensed consolidated statement of changes in equity on page 11.

(i) **Share premium**

Share premium is the excess of the proceeds received over the nominal value of the shares of the Company issued at a premium, less the amount of expenses incurred in connection with the issue of the shares.

(ii) **Capital reserve**

Capital reserve represents the aggregate of the share capital of Head Fame Company Limited and investment from pre-IPO investors.

(iii) **Retained earnings**

Retained earnings represent the cumulative profit or loss recognised.

19. MAJOR NON-CASH TRANSACTION

During the six months ended 30 September 2018, dividend declared by the Company amounting to HK\$2,398,000 was settled by offsetting with amount due from a director.

20. OPERATING LEASE COMMITMENTS

The Group leases office premises and storage rooms under operating leases. The leases run for initial periods of 12 to 36 months and the leases do not include contingent rentals. The total future minimum lease payments payable by the Group under non-cancellable operating leases are as follows:

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Not later than one year	–	1,536
More than one year, but not exceeding two years	–	1,785
	–	3,321

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

20. OPERATING LEASE COMMITMENTS (Cont'd)

The Group is the lessee in respect of a number of properties which were previously classified as operating leases under HKAS 17. The Group has initially applied HKFRS 16 using the cumulative effect approach. Under this approach, the Group adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to these leases. From 1 April 2019 onwards, lease liabilities are recognised in the consolidated statement of financial position in accordance with the policies set out in note 3.

21. RELATED PARTY TRANSACTIONS

Key management personnel remuneration

The remuneration of key management personnel of the Group during the period was as follows:

	Six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries and short-term benefits	715	650
Post-employment benefits	18	18
	<u>733</u>	<u>668</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

22. FINANCIAL INSTRUMENTS

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Financial assets measured at amortised cost		
Trade receivables	28,986	63,297
Deposits and other receivables	38,903	32,645
Contract assets	103,916	120,078
Restricted bank deposit	12,000	12,030
Cash and cash equivalent	103,101	63,380
	<u>286,906</u>	<u>291,430</u>
Financial liabilities measured at amortised cost		
Trade and retention money payables	92,831	93,288
Accruals and other payables	6,692	9,455
Contract liabilities	5,092	4,935
Lease liabilities relating to leases previously classified under HKAS 17 as finance leases	–	30
Lease liabilities (note)	2,255	–
	<u>106,870</u>	<u>107,708</u>

Note: The Group has initially applied HKFRS 16 using the cumulative effect approach and adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17 and amounts relating to new leases entered into during the year. Under this approach, the comparative information is not restated.

Management has assessed that the fair values of the above financial assets and liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments or that interests thereon are based on market rates.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2019

23. LITIGATION

At the end of the reporting period, the Group was a defendant in a number of claims, lawsuits and potential claims relating to employee's compensation cases and personal injury claims. In the opinion of the directors, the possibility of any outflow of resources in settling these claims is remote and accordingly no provision for liabilities in respect of these litigation is necessary.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group principally provides superstructure building and RMAA works service as a main contractor in Hong Kong.

Superstructure building works refer to the building works in relation to the parts of the structure above the ground level and the scope of the Group's superstructure building works contracts mostly consists of development projects for residential and commercial buildings. RMAA works refer to the repair, maintenance, alteration and addition works for an existing structure.

Superstructure building works

During the six months ended 30 September 2019, there were 4 (2018: 5) superstructure building works projects contributing revenue of approximately HK\$116.6 million (2018: approximately HK\$217.9 million) to this business segment.

RMAA works

During the six months ended 30 September 2019, there were 8 (2018: 6) RMAA works projects contributing revenue of approximately HK\$18.6 million (2018: approximately HK\$29.5 million) to this business segment.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue for the six months ended 30 September 2019 amounted to approximately HK\$135.2 million, representing a decrease of approximately HK\$112.2 million, or 45.4% compared to approximately HK\$247.4 million for the six months ended 30 September 2018. The decrease in total revenue was mainly attributable to decrease in revenue from superstructure building works of approximately HK\$101.3 million and RMAA works of approximately HK\$10.9 million.

Gross Profit and Gross Profit Margin

The gross profit of the Group for the six months ended 30 September 2019 amounted to approximately HK\$6.8 million, representing a decrease of approximately HK\$13.1 million, or 65.8% compared to approximately HK\$19.9 million for the six months ended 30 September 2018. The overall gross profit margin for the six months ended 30 September 2019 decreased to approximately 5.0% as compared to approximately 8.0% for the six months ended 30 September 2018. The decrease in gross profit was mainly attributable to the decrease in gross profit margin of superstructure building works services and RMAA works services of approximately 2.4% and 6.8% respectively as compared to that for the six months ended 30 September 2018, while the decline in gross profit margin was mainly due to value of variation order works from some of construction projects, which is still under negotiation with customers.

Other Income

The other income of the Group for the six months ended 30 September 2019 amounted to approximately HK\$0.7 million, representing a decrease of approximately HK\$1.9 million or 73.1% compared to approximately HK\$2.6 million for the six months ended 30 September 2018, which was mainly due to one-off interest income from public offer over subscription fund and recovery of bad debts in the corresponding period in 2018 whereas it was mainly due to interest income from fixed deposit with licensed bank in Hong Kong for the six months ended 30 September 2019.



MANAGEMENT DISCUSSION AND ANALYSIS

Administrative and Other Expenses

The administrative and other expenses of the Group for the six months ended 30 September 2019 amounted to approximately HK\$9.6 million, representing a decrease of approximately HK\$7.9 million or 45.1% compared to approximately HK\$17.5 million for the six months ended 30 September 2018. The decrease was mainly due to the net off of: (i) increase in legal and professional fees of approximately HK\$1.1 million; (ii) increase in salary, mandatory provident fund contribution and director remuneration of approximately HK\$1.2 million; (iii) increase in rent and building management fee and depreciation in right-of-use assets and leasehold improvement of approximately HK\$0.6 million; (iv) decrease in miscellaneous expenses of approximately HK\$0.4 million; and (v) decrease in the one-off listing expenses of approximately HK\$9.4 million and the donation to charity of approximately HK\$1.0 million compared to that for the six months ended 30 September 2018.

(Loss)/Profit Attributable to Owners of the Company

The Group reported loss attributable to owners of the Company of approximately HK\$2.3 million for the six months ended 30 September 2019 whereas the profit was approximately HK\$2.6 million for the six months ended 30 September 2018. The main reasons for turning from profit to loss were disclosed in the section "Chairman's Statement" above.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2019, the Group had a total of cash and cash equivalents (including restricted bank deposit) of approximately HK\$115.1 million (31 March 2019: approximately HK\$75.4 million).

Current ratio remained stable at approximately 2.7 as at 31 March 2019 and 30 September 2019. Gearing ratio was nil as at 31 March 2019 and 30 September 2019, which was mainly due to the utilisation of net proceeds from the Listing (the “**Net Proceeds**”) to repay the Group’s bank loan. Net debt to equity ratio increased from nil as at 31 March 2019 to 1.2% as at 30 September 2019, mainly due to the increase in lease liabilities from change in accounting policies as set out in Note 3 to the condensed consolidated interim financial statements of this interim report.

The capital structure of the Group consisted of equity of approximately HK\$188.0 million (31 March 2019: approximately HK\$190.3 million) and debts (obligations under finance leases and lease liabilities) of approximately HK\$2.3 million (31 March 2019: approximately HK\$30,000) as at 30 September 2019. Details of obligations under finance leases are set out in Note 3 to the condensed consolidated interim financial statements of this interim report.

TREASURY POLICY

The Group adopts a prudent approach in cash management. Apart from certain debts including obligations under finance leases, the Group did not have any material outstanding debts as at 30 September 2019. The banking facilities were secured by a charge over certain pledged deposit. Surplus cash is generally placed in short term deposits with licensed bank in Hong Kong.

FOREIGN EXCHANGE EXPOSURE

As the Group only operates in Hong Kong and all of the revenue and transactions arising from its operations were settled in Hong Kong dollar, the Board is of the view that the Group’s foreign exchange rate risks are insignificant during the six months ended 30 September 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF NET PROCEEDS

Net proceeds from the Listing

The Company successfully listed its shares on the Main Board of the Stock Exchange on 22 August 2018 and a total of 200,000,000 shares by way of public offer and placing at a price of HK\$0.55 each were offered for subscription. The Net Proceeds after deducting the underwriting fees, the Stock Exchange trading fee and Securities and Futures Commission transaction levy and Listing expenses in connection with the Listing, amounted to approximately HK\$78.5 million. The Group intends to apply the Net Proceeds in accordance with the proposed applications set out in the section headed "Future Plans and Use of Proceeds" to the prospectus of the Company dated 7 August 2018 (the "Prospectus"). As at 30 September 2019, the Group had used up approximately HK\$55.6 million of the Net Proceeds.

An analysis of the utilisation of the Net Proceeds from the date of Listing up to 30 September 2019 is set out below:

	Planned use of Net Proceeds stated in the Prospectus HK\$ million	Actual use of Net Proceeds Up to 30 September 2019 HK\$ million	Unutilised Amount Up to 30 September 2019 HK\$ million
To take out surety bonds for contracts we have secured or plan to secure	54.1	35.7	18.4
To finance our upfront cost and working capital requirement for one superstructure building project awarded to us	9.4	9.4	–
To expand our workforce and strengthen our manpower resources	4.8	0.3	4.5
To repay bank borrowings	10.2	10.2	–
	<u>78.5</u>	<u>55.6</u>	<u>22.9</u>

As at the date of this interim report, the unutilised Net Proceeds were placed at as interest bearing deposits with licensed bank in Hong Kong.

MANAGEMENT DISCUSSION AND ANALYSIS

The Directors regularly evaluate the Group's business objectives and may change or modify plans against the changing market condition to ascertain the business growth of the Group. During the six months ended 30 September 2019, the Directors considered that no modification of the intended use of proceeds described in the Prospectus was required.

The description of the intended use and expected timeline for utilising the remaining balance of the Net Proceeds from the Listing are as below:

- i) the unutilised Net Proceeds of approximately HK\$18.4 million as at 30 September 2019 were planned to be used for taking out surety bonds for contracts we have secured or plan to secure, of which approximately HK\$8.9 million is expected to be utilised for taking out surety bond for one awarded contract by 31 January 2020 and the remaining balance of approximately HK\$9.5 million is expected to be utilised by 31 March 2020, subject to the change in tender award progress due to the current uncertain economic condition.
- ii) the unutilised Net Proceeds of approximately HK\$4.5 million as at 30 September 2019 were planned to be used for strengthening our manpower resources, all of which are expected to be utilised for same specific use by 31 March 2020, subject to change in tender award progress due to the current uncertain economic condition.

The expected timeline for the use of unutilised Net Proceeds is made based on the best estimation of the Company taking into account, among others, prevailing and future market conditions and business developments and need, and therefore is subject to change.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2019, the Group employed a total of 65 employees (including executive Directors), as compared to a total of 59 employees as at 31 March 2019. Total staff costs which include Directors' emoluments for the six months ended 30 September 2019 was approximately HK\$14.4 million (for the six months ended 30 September 2018: approximately HK\$11.5 million). The remuneration package the Group offered to the employees includes salary, bonuses and other cash subsidies. In general, the Group determines employee salaries based on each employee's qualifications, position and seniority. The Group has designed an annual review system to assess the performance of the employees, which forms the basis of the decisions with respect to salary raises, bonuses and promotions.



MANAGEMENT DISCUSSION AND ANALYSIS

The emoluments of the Directors are decided by the Board after recommendation from the remuneration committee of the Company, having considered the factors such as the Group's financial performance and the individual performance of the Directors, etc.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees.

CONTINGENT LIABILITIES AND CLAIMS

Save as disclosed in note 23 to the condensed consolidated interim financial statements of this interim report, the Group had no other contingent liabilities and claims as at 30 September 2019.

SIGNIFICANT INVESTMENTS HELD

Except for investment in its subsidiaries, the Group did not hold any significant investments during the six months ended 30 September 2019.

CHARGES ON ASSETS

As at 30 September 2019, bank deposit of the Group amounting to HK\$12.0 million (31 March 2019: approximately HK\$12.0 million) was pledged to bank for securing the banking facilities granted to the Group. The Group had surety bonds being secured by certain deposits payment from a subsidiary of the Group and some of which were guaranteed by the Company.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend (2018: nil) for the six months ended 30 September 2019.

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

Neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2019.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") on 25 July 2018. The principal terms of the Share Option Scheme is summarised in Appendix IV to the Prospectus. The main purpose of the Share Option Scheme is to provide incentives or rewards to participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest (the "Invested Entity"). Participants include any employee (full-time and part-time), director, supplier, customer, service provider, shareholder, adviser, consultant, business partner or joint venture business partner of any member of the Group or any Invested Entity.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 25 July 2018, and there is no outstanding share option as at 30 September 2019.



CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR THE ASSOCIATED CORPORATIONS

As at 30 September 2019, the interests or short positions of the Directors and chief executives of the Company in the shares ("Shares"), underlying Shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO"), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules, were as follows:

Name of Directors	Nature of interest	Interest in ordinary shares	Approximate percentage of interests in the Company
Mr. Chan Kam Tong ("Mr. KT Chan")	Interest in a controlled corporation	540,000,000 (note)	67.5%
Mr. Chan Kam Ming ("Mr. KM Chan")	Interest in a controlled corporation	540,000,000 (note)	67.5%

Note:

These shares are held by Shiny Golden, which is beneficially owned as to 50% by Mr. KT Chan and 50% by Mr. KM Chan on 26 May 2017. Mr. KT Chan and Mr. KM Chan entered into the acting in concert confirmation to acknowledge and confirm, among other things, that they are parties acting in concert that to continue to act in the same manner in the Group upon the Listing. By virtue of the SFO, Mr. KT Chan and Mr. KM Chan are deemed to be interested in all the Shares held by Shiny Golden.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as at 30 September 2019, the following persons/entities (other than the Directors or chief executive of the Company) have interests or short positions in the Shares or the underlying Shares which would fall 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 recorded in the register required to be kept under Section 336 of the SFO.

Long Position in the Shares of the Company

Name of shareholders	Nature of interest	Total number of ordinary shares and underlying Shares (Note 1)	Approximate percentage of interests in the Company
Shiny Golden	Beneficial owner (Note 2 and 3)	540,000,000	67.5%
Ms. Shu Ah Ping	Interest of spouse (Note 4)	540,000,000	67.5%
Ms. Ng Wing Mui	Interest of spouse (Note 5)	540,000,000	67.5%
謝東霖	Beneficial owner	47,750,000	5.97%
UG China Venture II Limited ("UG")	Beneficial owner (Note 6)	40,000,000	5%
UG Capital Limited	Investment manager (Note 6)	40,000,000	5%
Mr. Lau Chi Yin Thomas	Beneficial owner (Note 7)	40,000,000	5%
Ms. Tsui Wing Suen Bernadette	Interest of spouse (Note 8)	40,000,000	5%

Notes:

- All interests stated are long positions.
- Shiny Golden is beneficially owned as to 50% by Mr. KT Chan and 50% by Mr. KM Chan on 26 May 2017. Mr. KT Chan and Mr. KM Chan entered into the acting in concert confirmation to acknowledge and confirm, among other things, that they are the parties acting in concert that to continue to act in the same manner in the Group upon the Listing. By virtue of the SFO, Mr. KT Chan and Mr. KM Chan are deemed to be interested in all the Shares held by Shiny Golden.
- Shiny Golden is the direct shareholder of the Company.



CORPORATE GOVERNANCE AND OTHER INFORMATION

4. Ms. Shu Ah Ping is the spouse of Mr. KT Chan. Accordingly, Ms. Shu Ah Ping is deemed or taken to be interested in the Shares Mr. KT Chan is interested in under the SFO.
5. Ms. Ng Wing Mui is the spouse of Mr. KM Chan. Accordingly, Ms. Ng Wing Mui is deemed or taken to be interested in the Shares Mr. KM Chan is interested in under the SFO.
6. UG is the direct shareholder of the Company, which is legally owned as to one voting share by UG Capital Limited and 11,600 non-voting shares by other independent third parties.
7. UG Capital Limited is the investment manager of UG. UG Capital Limited is deemed to be interested in all the Shares in which UG is interested by virtue of the SFO. UG Capital Limited is wholly-owned by Mr. Lau Chi Yin Thomas. To the best knowledge of the Directors, each of UG, UG Capital Limited and Mr. Lau Chi Yin Thomas is an independent third party.
8. Ms. Tsui Wing Suen Bernadette is the spouse of Mr. Lau Chi Yin Thomas. Accordingly, Ms. Tsui Wing Suen Bernadette is deemed or taken to be interested in the Shares Mr. Lau Chi Yin Thomas is interested in under the SFO.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 September 2019.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company recognises the importance of corporate transparency and accountability. The Company is committed in achieving a high standard of corporate governance and leading the Group to attain better results and improve its corporate image with effective corporate governance procedures.

During the six months ended 30 September 2019, the Board is of the opinion that the Company had adopted, applied and complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code contained in Appendix 10 to the Listing Rules as its own code of conduct of dealings in securities of the Company by Directors. All directors have complied with the required standard of dealings set out therein for the six months ended 30 September 2019.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPETING INTERESTS

The Directors confirm that neither the controlling shareholders of the Company nor their respective close associates is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business during the six months ended 30 September 2019, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient amount of public float for its Shares as required under the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

There is no other material subsequent event undertaken by the Company or the Group after 30 September 2019 and up to the date of this interim report.

AUDIT COMMITTEE

The Company established the audit committee (the "Audit Committee") on 25 July 2018 in accordance with Rule 3.21 of the Listing Rules with terms of reference aligned with the provision of the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are, among other things, (a) making recommendations to the Board on the appointment, re-appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor; (b) reviewing financial statements, annual report and accounts and half-year report and significant financial reporting judgements contained therein; and (c) reviewing financial controls, internal control and risk management systems. The Audit Committee consists of three members, namely Mr. Szeto Cheong Mark, Mr. Hau Wing Shing Vincent and Mr. Wan Simon. Mr. Szeto Cheong Mark is the chairman of the Audit Committee.



CORPORATE GOVERNANCE AND OTHER INFORMATION

REVIEW OF INTERIM FINANCIAL REPORT

The condensed consolidated interim financial statements of the Group for the six months ended 30 September 2019 are unaudited but have been reviewed and approved by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

The Company's independent auditor, BDO Limited, had conducted a review of the condensed consolidated interim financial statements for the six months ended 30 September 2019, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

By order of the Board
Golden Ponder Holdings Limited
Chan Kam Tong
Chairman

Hong Kong, 27 November 2019

As at the date of this interim report, the executive Directors are Mr. Chan Kam Tong and Mr. Chan Kam Ming, and the independent non-executive Directors are Mr. Hau Wing Shing Vincent, Mr. Szeto Cheong Mark and Mr. Wan Simon.