LANDRICH HOLDING LIMITED
譽燊豐控股有限公司

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

ANNUAL REPORT
2021

CONTENTS

CORPORATE INFORMATION

Board of Directors

Executive Directors

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

Independent Non-executive Directors

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

Board Committees

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Company Secretary

Ms. Ng Hoi Ying

Authorised Representatives

Mr. Tsui Kai Kwong
Ms. Ng Hoi Ying

Auditors

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

Compliance Adviser

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

Legal Adviser as to Hong Kong Laws

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

Registered Office in the Cayman Islands

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

CORPORATE INFORMATION

Headquarters and Principal Place of Business in Hong Kong

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

Principal Share Registrar and Transfer Office in the Cayman Islands

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

Share Registrar and Transfer Office in Hong Kong

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

Principal Banks

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

Company's Website

www.landrich.com.hk

Stock Code

2132

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Landrich Holding Limited (the "**Company**") and its subsidiaries (collectively the "**Group**"), I am pleased to present to our shareholders the annual report of the Group for the year ended 31 March 2021.

THE LISTING

Year 2020 was a remarkable year for us. The shares of the Company (the "**Shares**") were successfully listed (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 20 October 2020 (the "**Listing Date**"). The Shares were issued under the share offer, raising net proceeds of 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 Listing set a new milestone in the history of the Group. It not only enlarged our capital base and provided funding for the Group to finance the growth of the Group's business, but also enhanced our corporate profile and market status in the construction industry for future business development. On behalf of the Group, I would like to express our deepest gratitude towards our business partners and staffs who have helped to build up our business over the years, and all parties involved in the process of the Listing.

FINANCIAL RESULTS

For the year ended 31 March 2021, the Group recorded a total revenue of approximately HK$634.4 million, representing an increase of approximately 4.1% as compared to approximately HK$609.2 million for the year ended 31 March 2020. The Group's gross profit decreased by approximately 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. Such decrease was primarily due to the commencement of two relatively lower gross profit margin projects with high contract sum during the year ended 31 March 2021. The Group has recorded a net profit of approximately HK$47.9 million for the year ended 31 March 2021, representing an increase of approximately 18.6% as compared to approximately HK$40.4 million for the year ended 31 March 2020.

DIVIDEND

The Directors proposed the payment of a final dividend of HK0.3125 cents per ordinary share of the Company for the year ended 31 March 2021 to shareholders of the Company whose names appear on the register of members of the Company on 20 September 2021. 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.

CHAIRMAN'S STATEMENT

PROSPECTS

Looking forward, the Directors consider that the future opportunities and challenges encountered by the Group will continue to be affected by the demand for 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 Special Administrative Region ("**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.

APPRECIATION

On behalf of the Board, I would like to express my sincerest gratitude to our shareholders, customers, suppliers and subcontractors for their continuous support and trust. I would also like to extend my heartfelt appreciation to all our management and staff members for their value and dedication bring to the Group throughout the years.

Tsui Kai Kwong
Chairman and Executive Director

Hong Kong, 23 June 2021

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 were listed on the Main Board of the Stock Exchange on the Listing Date by way of share offer.

In 2020, in view of the fact that novel coronavirus (the "**COVID-19**") further slowed down the construction industry, the operation of the Group was also slightly affected by the reduction in face-to-face business activities and meetings and works progress of the projects. Meanwhile, the Group has not encountered or experienced any material difficulty and/or delay in completion of the projects to the customers and from the subcontractors and any material supply chain disruptions under the impact of COVID-19. The Group has implemented a series of precautionary and control measures to assure the health and safety of its employees and smooth business operations without interruption. While the situation is dynamically evolving, the Group will continue to (i) proactively monitor the development of COVID-19 and the projects' progress, and communicate with the suppliers and subcontractors; (ii) maintain close communication with the customers and the other representatives of the project owners on the latest project works schedules and arrangements; and (iii) proactively follow up with the potential customers on the tenders and quotations submitted, and actively respond to any business enquiries, tenders and quotation invitations to maintain the market competitiveness.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 commencement two relatively lower gross profit margin projects with high contract sum 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 from the Employment Support Scheme provided by the Hong Kong SAR Government due to the COVID-19 pandemic.

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

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

As at 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 borrowings 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

As at 31 March 2021, the Group has pledged bank deposits of approximately HK$8.0 million (31 March 2020: approximately HK$10.5 million) to the banks as a security for the Group's 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 corporate reorganisation pursuant to which the Company became the holding company of the Group on 21 September 2020 (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 and bank borrowings and bank overdrafts) divided by total equity, was approximately 5.1% (31 March 2020: approximately 20.5%).

SEGMENT INFORMATION

No operating segment information is presented as the Group's revenue and results and the Group's total assets were derived from or attributable to one single operating segment and the Group had no geographical segment information presented as at 31 March 2021.

EVENT AFTER THE REPORTING PERIOD

Save as otherwise disclosed in this annual report, 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 annual report.

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 HK0.3125 cents per ordinary share for the year ended 31 March 2021 to shareholders of the Company whose names appear on the register of members of the Company on 20 September 2021. 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.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors believe that there are certain risks and uncertainties involved in the operations of the Group, some of which are beyond the Group's control. The Directors believe that the more significant risks relating to the business are as follows:

– the Group's business is non-recurring in nature and are subject to the risks associated with competitive tendering process;

– bear responsibilities for any non-performance, delayed performance, substandard performance or non-compliance of the subcontractors;

– price is determined based on the estimated time and costs involved, and the actual time and costs incurred may exceed the estimations due to unexpected circumstances, thereby adversely affect the operations and financial results of the Group;

– in case of any accidents to occur causing injury to the Group's or the subcontractors' employees, the Group's financial performance and business prospect may be adversely affected by such injury claims and litigations;

– depend on the expertise and continuing performance of our key management personnel and there is no assurance that the Group can hire and retain them; and

– exposure to certain types of liabilities which the Group's insurance coverage generally does not include.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

Business strategies as stated in the Prospectus	Business objectives up to 31 March 2021	Actual business progress up to 31 March 2021
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 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 *HK$' million*	Actual use of Net Proceeds from the Listing Date to 31 March 2021 *HK$' million*	Unutilised balance of Net Proceeds from the Listing Date to 31 March 2021 *HK$' million*	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	57.8	33.5	24.3	

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 annual report, the Directors do not anticipate any change as to the use of Net Proceeds.

DIRECTORS' REPORT

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 March 2021.

Principal Activities

The Company is an investment holding company. 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. Details of the principal activities of its subsidiaries are set out in Note 35 to the consolidated financial statements of this annual report. There were no significant changes in the nature of the Group's principal activities during the year.

Corporate Reorganisation

The Company was incorporated in the Cayman Islands on 31 July 2018 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised), of the Cayman Islands. In preparation of the Listing, the companies now comprising the Group underwent the Reorganisation. For details of the Reorganisation, please refer to the paragraph headed "History, Reorganisation and Corporate Structure – Reorganisation" in the Prospectus.

The Company's shares have been listed on the Stock Exchange since the Listing Date.

Dividend Policy

The Company adopted a general dividend policy (the "**Dividend Policy**") on 21 September 2020.

According to the Dividend Policy, in deciding whether to propose any dividend payout, the Board shall also take into account, inter alia:

- the Group's actual and expected financial performance;
- shareholders' interests;
- retained earnings and distributable reserves of the Company and each member of the Group;
- the level of the Group's debts to equity ratio, return on equity and financial covenants to which the Group is subject;
- possible effects on the Group's creditworthiness;
- any restrictions on payment of dividends that may be imposed by the Group's lenders;
- the Group's expected working capital requirements and future expansion plans;
- liquidity position and future commitments at the time of declaration of dividend;
- taxation considerations;

- statutory and regulatory restrictions;
- general business conditions and strategies;
- general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- other factors that the Board deems appropriate.

The Board may propose the payment of dividends, if any, with respect to the Company’s shares on a per share basis.

In addition to cash, dividends may be distributed in the form of shares subject to and in accordance with the procedures set out in the Company’s memorandum and articles of association.

Except for interim dividend, any dividends declared by the Company must be approved by an ordinary resolution of shareholders at the general meeting and must not exceed the amount recommended by the Board. The Board may from time to time pay to the shareholders such interim dividends as appear to the Directors to be justified by the profits of the Company available for distribution.

The Company will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify this Dividend Policy at any time, and this Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

Results and Dividends

The results of the Group for the year ended 31 March 2021 and the state of affairs of the Company and of the Group as at 31 March 2021 are set out in the consolidated statement of profit or loss and other comprehensive income, Note 36 to the consolidated financial statements, and the consolidated statement of financial position, respectively.

The dividends paid during the year ended 31 March 2021 are set out in Note 14 to the consolidated financial statements.

The Directors recommend the payment of a final dividend of HK0.3125 cents per ordinary share (2020: Nil), amounting to approximately HK$5.0 million for the year ended 31 March 2021 (2020: Nil).

Closure of the Register of Members

The forthcoming annual general meeting is scheduled to be held on Friday, 10 September 2021 (the "**AGM**"). For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 7 September 2021 to Friday, 10 September 2021, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 6 September 2021.

In order to qualify for the entitlement to the proposed final dividend, the register of members of the Company will also be closed from Thursday, 16 September 2021 to Monday, 20 September 2021, both days inclusive, during which period no transfer of shares in the Company will be registered. All transfer of shares, accompanied by the relevant share certificates, must be lodged with the share registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 15 September 2021. If the resolution of the proposed final dividend is passed at the AGM, the proposed dividend will be payable to shareholders of the Company whose names appear on the register of members of the Company on Monday, 20 September 2021. The proposed final dividend is expected to be paid on or before Wednesday, 20 October 2021.

Business Review

The review of the business of the Group during the year ended 31 March 2021 and the discussion on the Group's future business development are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis", and the description of principal risks and uncertainties facing the Group and key financial performance indicators are set out in the section headed, "Management Discussion and Analysis". The financial risk management objectives and policies of the Group are set out in Note 33 to the consolidated financial statements. No important event affecting the Group that has occurred since the end of the financial year ended 31 March 2021 and up to the date of this annual report.

Summary of Financial Information

A summary of the results, assets and liabilities of the Group for each of the five financial years ended 31 March is set out on page 134 of this annual report. Such summary does not form part of the audited consolidated financial statements of the Group.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group during the year ended 31 March 2021 are set out in Note 15 to the consolidated financial statements of this annual report.

Donation

Charitable donations made by the Group during the year ended 31 March 2021 amounted to approximately HK$30,000 (31 March 2020: approximately HK$50,000).

Share Capital

Details of the Company's share capital is set out in Note 26 to the consolidated financial statements of this annual report.

Share Option Scheme

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

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

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

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

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

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

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

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

From the adoption date of the Share Option Scheme up to 31 March 2021, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

Reserves

Details of movements in the reserves of the Company and the Group are set out in Note 36 to the consolidated financial statements of this annual report and in the consolidated statement of change in equity, respectively.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's memorandum and articles of association or the laws of Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to the existing shareholders of the Company.

Connected and Related Party Transactions

Details of the significant related party transactions entered into by the Group during the year ended 31 March 2021 are set out in Note 31 to the consolidated financial statements. To the best knowledge of the Directors, none of these related party transactions constitutes connected transactions that need to be disclosed under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Distributable Reserves

As at 31 March 2021, the Company's reserves available for distribution amounted to approximately HK$39.4 million (31 March 2020: Nil).

Major Customers, Subcontractors and Suppliers

During the year ended 31 March 2021, the percentage of the Group's aggregate turnover attributable to the Group's largest customer was approximately 36.7%, while the percentage of the Group's total turnover attributable to the five largest customers in aggregate was approximately 92.1%.

During the year ended 31 March 2021, the percentage of the Group's largest supplier was approximately 6.1% of the total direct costs for the year, while the percentage of the Group's five largest suppliers accounted for approximately 15.1% of the total direct costs.

During the year ended 31 March 2021, the percentage of the Group's largest subcontractor was approximately 4.0% of the total direct costs for the year, while the percentage of the Group's five largest subcontractors accounted for approximately 16.1% of the total direct costs.

None of the Directors, or any of their close associates or shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) has any beneficial interest in the Group's five largest customers, suppliers or subcontractors.

DIRECTORS

The Directors during the year ended 31 March 2021 and up to the date of this annual report were as follows:

Executive Directors

Mr. Tsui Kai Kwong ("**Mr. KK Tsui**") *(Chairman) (appointed on 31 July 2018)* [Note 1]
Mr. Tsui Tsz Yeung Ian ("**Mr. Ian Tsui**") *(Chief Executive Officer) (appointed on 31 July 2018)* [Note 2]
Ms. Tsui Wai Yeung Janis ("**Ms. Janis Tsui**") *(appointed on 31 July 2018)* [Note 3]

Independent non-executive Directors

Mr. Lee Yan Kit ("**Mr. Lee**") *(appointed on 21 September 2020)*
Mr. Lee Kin Kee ("**Mr. Kevin Lee**") *(appointed on 21 September 2020)*
Mr. Kwong Ping Man ("**Mr. Kwong**") *(appointed on 21 September 2020)*

In accordance with the Company's memorandum and articles of association, at each annual general meeting, one third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Such retiring Directors may, being eligible, offer themselves for re-election at the annual general meeting. All Directors appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders of the Company after their appointment and be subject to re-election at such meeting and all Directors appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

Notes:

1. Mr. KK Tsui was appointed as a Director on 31 July 2018 and re-designated as the chairman of the Company (the "**Chairman**") and an executive Director on 26 October 2018.

2. Mr. Ian Tsui was appointed as a Director on 31 July 2018 and re-designated as the chief executive officer of the Company (the "**Chief Executive Officer**") and an executive Director on 26 October 2018.

3. Ms. Janis Tsui was appointed as a Director on 31 July 2018 and re-designated as an executive Director on 26 October 2018.

Pursuant to Article 108 and 112 of the Company's memorandum and articles of association, Mr. KK Tsui, Mr. Ian Tsui, Ms. Janis Tsui, Mr. Lee, Mr. Kevin Lee and Mr. Kwong will retire at the forthcoming annual general meeting and, all being eligible, will offer themselves for re-election in the said meeting.

Permitted Indemnity Provision

Every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his/her favour, or in which he/she is acquitted.

Directors' Service Contracts

None of the Directors has a service contract with the Company and/or any of its subsidiaries, which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

Directors' and Senior Management's Biographies

Biographical details of the Directors and the senior management of the Group are set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

Controlling Shareholders' Interests in Contracts

Save as disclosed in the Prospectus and in this annual report, neither the Company nor any of its subsidiaries had entered into any contract of significance with the Company's controlling shareholders (the "**Controlling Shareholders**") or their subsidiaries, or any contract of significance for the provision of services to the Company or any of its subsidiaries by the Controlling Shareholders or their subsidiaries, during the year ended 31 March 2021.

Emoluments of Directors and Five Highest Paid Individuals

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in Note 11 and Note 12 respectively to the consolidated financial statements of this annual report.

The remuneration of the senior management of the Group for the year ended 31 March 2021 falls within the following band:

Remuneration Band	Number of senior management
HK$1,000,001 to HK$1,500,000	1
HK$1,500,001 to HK$2,000,000	2

Emolument Policy

The Company's remuneration policy comprises primarily a fixed component (in the form of a base salary) and a variable component (which includes discretionary bonus and other merit payments), considering other factors such as their experience, level of responsibility, individual performance, the profit performance of the Group and general market conditions.

The remuneration committee of the Company (the "**Remuneration Committee**") will meet at least once for each year to discuss remuneration related matters (including the remuneration of Directors and senior management) and review the remuneration policy of the Group. It has been decided that Remuneration Committee would determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management.

Retirement Benefit Plan

Details of retirement benefit plan of the Group as at 31 March 2021 are set out in Note 28 to the consolidated financial statements of this annual report.

Directors' Interest in Significant Contracts

Save as the related party transactions disclosed in Note 31 to the consolidated financial statements of this annual report, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

Management Contracts

During the year ended 31 March 2021, the Company did not enter into or have any management and administration contracts in respect of the whole or any principal business of the Company.

Directors' Right to Acquire Shares or Debentures

Save as disclosed under the paragraph headed "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" below, at no time during the year ended 31 March 2021 were rights to acquire benefits by means of the acquisition of shares in the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, or the Company's subsidiary or holding company or a subsidiary of the Company's holding company a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares or Debentures

As at 31 March 2021, the interests and short positions of each of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of Securities and Future Ordinance (the "**SFO**")) which are 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 or short positions which they were taken or deemed to have under such provisions), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"), to be notified to the Company and the Stock Exchange, were as follows:

Long positions in Shares and underlying Shares of the Company

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

Note: New Brilliance Enterprises Limited ("**New Brilliance**") is 100% owned by Mr. KK Tsui. Therefore, Mr. KK Tsui is deemed to be, or taken to be, interested in all the shares of the Company held by New Brilliance for the purpose of the SFO. Mr. KK Tsui is the sole director of New Brilliance.

Save as disclosed above, as at 31 March 2021, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, to be recorded in the register referred to therein or as otherwise pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Substantial Shareholders' and Other Person's Interests and Share Positions in Shares, Underlying Shares and Debentures

So far as is known to the Directors, as at 31 March 2021, the following person/entity (other than the Directors and chief executive of the Company) had or were deemed to have, interests or short positions in the shares, the underlying shares and debentures of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

Long positions in ordinary shares and underlying shares of the Company

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

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

Save as disclosed above, as at 31 March 2021, there was no person or corporation, other than the Directors and chief executive of the Company whose interests are set out in the section "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" above, or who were directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group.

Purchase, Sale or Redemption of Listed Securities of the Company

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.

Competing Business

During the year ended 31 March 2021, none of the Directors or the Controlling Shareholders and their respective associates had any interests in a business, apart from the business of the Group, which competes or may compete with the business of the Group or has any other conflict of interest with the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules.

Non-Competition Undertaking

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

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

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

Each of the Covenantors also gave certain non-competition undertakings under the Deed of Non-competition.

During the year ended 31 March 2021, the Company had not received any information in writing from any of the Controlling Shareholders in respect of any new business opportunity which competed or might compete with the existing and future business of the Group which were offered to or came to be the knowledge of the Controlling Shareholders or their associates (other than any member of the Group), and the Company has received an annual written confirmation from each Controlling Shareholder of the Company in respect of him/it and his/its associates in compliance with the Deed of Non-competition. The independent non-executive Directors have also reviewed and were satisfied that each of the Controlling Shareholders had complied with the Deed of Non-competition.

Corporate Governance

Details of the Company's corporate governance practices are set out in the section headed "Corporate Governance Report" of this annual report.

Equity-Linked Agreements

Save as disclosed in the page 17 in the paragraph named "Share Option Scheme" of this annual report, no equity-linked agreement was entered into by the Company at any time during the year ended 31 March 2021.

Sufficiency of Public Float

To the knowledge of the Directors and based on the information available in the public domain concerning the Company, at least 25% of the Company's issue share capital as required under the Listing Rules is held by the public since the Listing Date and up to the latest practicable date prior to the issue of this annual report.

Independence of Independent Non-Executive Directors

The Company has received from each independent non-executive Director an annual written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers all the independent non-executive Directors to be independent.

Independent Auditors

The consolidated financial statements of the Company for the year ended 31 March 2021 were audited by HLB Hodgson Impey Cheng Limited. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint HLB Hodgson Impey Cheng Limited as the auditors of the Company.

Compliance with the Relevant Laws and Regulations

As far as the Board is aware, the Group has complied with the relevant laws and regulations that may cause a significant impact on the business and operation of the Group in the event of a material breach or non-compliance. During the year ended 31 March 2021, there was no material breach nor non-compliance with the applicable laws and regulations by the Group.

Environmental Policies and Performance

The Board has overall responsibility for the Group's ESG strategy and reporting, and is responsible for the Group's ESG risk management and internal control systems to ensure that the ESG strategies and reporting requirements are met. The details of ESG performance of the Group are set out in the "Environmental, Social and Governance Report" section of this annual report.

Relationship with Customers, Suppliers, Subcontractors and Employees

The Group maintains good relationships with its employees and certain policies have been implemented to ensure that its employees are provided with competitive remuneration, good welfare benefits and continuous professional training. The Group also maintains good relationships with its customers, suppliers and subcontractors, without whom the success in the Group's operation would be at risk. During the year ended 31 March 2021, there were no material disputes between the Group and its customers, suppliers, subcontractors and employees.

ON BEHALF OF THE BOARD
Landrich Holding Limited
Tsui Kai Kwong
Chairman and Executive Director

Hong Kong, 23 June 2021

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Tsui Kai Kwong (**徐繼光**) ("**Mr. KK Tsui**"), aged 61, is the Chairman and executive Director. Mr. KK Tsui is responsible for the overall strategic management and development of the Group's business operations. Mr. KK Tsui was appointed as the Director on 31 July 2018 and re-designated as the Chairman and executive Director on 26 October 2018. He is also a member of the nomination committee of the Board (the "**Nomination Committee**") and the Remuneration Committee. Mr. KK Tsui is a director of all subsidiaries of the Company.

Mr. KK Tsui has over 40 years of experience in the construction industry. He began his career as an assistant surveyor at a civil engineering construction contractor from October 1979 to October 1982 where he gained exposure to project execution of civil engineering construction. From October 1982 to October 1991, Mr. KK Tsui worked as a surveyor in Leader Civil Engineering Corporation Limited (currently known as Build King Civil Engineering Limited) with his last position held as a chief surveyor. He then founded Time Maker Trading & Construction Limited with independent third parties, where he acted as a director. In addition to his management duties, he also worked as a chief surveyor from October 1991 to May 1993. In July 1993, Mr. KK Tsui founded the Group by establishing Richwell Engineering Limited ("**Richwell Engineering**") and expanded the Group by establishing Richwell Civil Engineering Limited ("**Richwell CE**") and Time Concept Construction Limited ("**Time Concept**") over the years in order to capture the growing business opportunities for construction engineering works in Hong Kong.

Mr. KK Tsui obtained a Higher Certificate in Civil Engineering from Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) in November 1987.

Mr. KK Tsui is the father of Mr. Ian Tsui and Ms. Janis Tsui, each an executive Director, and the uncle of Mr. Tsui Ying Yin, the audit controller of the Group.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Tsui Tsz Yeung Ian（**徐子揚**）(“**Mr. Ian Tsui**”), aged 38, is the Chief Executive Officer and executive Director. Mr. Ian Tsui is responsible for overseeing the Group’s operation, business development, human resources, finance and administration. Mr. Ian Tsui first joined the Group as the site engineer in October 2007 and was promoted to sub agent in January 2010. He was further promoted to the site agent in January 2012 and director in January 2017. He was appointed as the Director on 31 July 2018 and re-designated as the Chief Executive Officer and executive Director on 26 October 2018. Mr. Ian Tsui is a director of Richwell CE.

Mr. Ian Tsui studied up to the penultimate year of a Master of Science Degree in Civil Engineering at Imperial College London from October 2002 to May 2006.

Mr. Ian Tsui is the son of Mr. KK Tsui, the brother of Ms. Janis Tsui and the cousin of Mr. Tsui Ying Yin.

Ms. Tsui Wai Yeung Janis（**徐慧揚**）(“**Ms. Janis Tsui**”), aged 41, is the executive Director. Ms. Janis Tsui is responsible for overseeing the Group’s operation, business development, human resources, finance and administration. Ms. Janis Tsui first joined the Group as the administration officer in May 2013 and was promoted to a financial controller in January 2018. She was appointed as the Director on 31 July 2018 and redesignated as the executive Director on 26 October 2018. Ms. Janis Tsui is a director of Time Concept.

Before joining the Group, Ms. Janis Tsui worked as a studio coordinator at J Studio Pte Ltd in Singapore from May 2007 to October 2007. She was employed by Ocean Faith International Trading Limited from August 2010 to February 2011 with her last position held as retail supervisor. Ms. Janis Tsui was an assistant sales operations officer in Sa Sa Cosmetic Company Limited from September 2011 to April 2013.

Ms. Janis Tsui obtained a Bachelor of Arts Degree in Accounting & Finance and Economics and a Postgraduate Diploma in Management Science from University of Kent at Canterbury (currently known as University of Kent) in July 2002 and November 2004, respectively.

Ms. Janis Tsui is the daughter of Mr. KK Tsui, the sister of Mr. Ian Tsui and the cousin of Mr. Tsui Ying Yin.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Independent Non-Executive Directors

Mr. Lee Yan Kit（**李殷傑**）(“**Mr. Lee**”), aged 50, was appointed as the independent non-executive Director on 21 September 2020. He is also the chairman of the Remuneration Committee and a member of each of the audit committee of the Board (the “**Audit Committee**”) and Nomination Committee. Mr. Lee is responsible for providing independent judgment and advising on the issue of strategy, performance, resources and standard of conduct of the Group.

Mr. Lee worked in Sin Hua Bank Limited (currently known as Bank of China (Hong Kong) Limited) from March 1996 to April 2000 with his last position held as an officer. He then worked as an assistant manager in Wing Hang Bank, Limited (currently known as OCBC Wing Hang Bank Limited) from April 2000 to January 2001. Mr. Lee also worked in DBS Bank (Hong Kong) Limited from January 2001 to June 2004 with his last position held as vice president. He also acted as the senior business financial manager and team manager of Standard Chartered Bank (HK) Limited from June 2004 to September 2006. From September 2006 to July 2016, he held various positions at Dah Sing Bank Limited including team head, regional head, general manager and project manager. Mr. Lee was appointed as the president of SBG Holdings Limited and the chief marketing officer of HKST Group Holdings Limited from September 2016 to September 2017 and September 2016 to May 2018, respectively. Mr. Lee has been the director of Hoyan Group International Limited since September 2016. He has been the chief executive officer and the director of National Arts Travel Limited, a subsidiary of National Arts Entertainment and Culture Group Limited (the “**National Arts Group**”), a company listed on GEM of the Stock Exchange (stock code: 8228), since June 2018 and February 2019, respectively. Mr. Lee has been the vice chairman of the board of directors of Sowers Action since October 2018. Mr. Lee has been the chief executive officer of National Arts Production & Promotions Limited, the director of artiste management of National Arts Entertainment Limited, both are subsidiaries of the National Arts Group, and the director of investor relationship and marketing of the National Arts Group since February 2020. He is one of the founding directors of Hong Kong Young Chief Officers’ Association and is currently the president of external affairs committee of Hong Kong Young Chief Officers’ Association. Mr. Lee has been the independent non-executive director of C-Link Squared Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1463), since March 2020. He has been the chief operating officer of the National Arts Group since May 2020. Mr. Lee was elected as the 5th Global Outstanding Chinese Youth organised by the Outstanding Chinese Culture Association. He has been awarded by Hong Kong Shue Yan University as an industrial advisor to the Bachelor of Business Administration (Honours) in Digital Marketing Programme of the Department of Business Administration since 1 July 2020. Mr. Lee has been a director of Skyyer Mediax Limited, a subsidiary of the National Arts Group since October 2020. Mr. Lee has been appointed as an independent director of Lixiang Education Holding Co., Ltd (stock code: LXEH), a company listed on NASDAQ since October 2020.

Mr. Lee obtained a Bachelor of Arts degree from The University of Manitoba, Canada in May 1993. He also obtained a certificate of Business Management from Ryerson Polytechnic University, Canada in June 1996. He further obtained a Master of Science degree in Financial Management from the University of London through distance learning in December 2000.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Lee Kin Kee (李建基) ("**Mr. Kevin Lee**"), aged 57, was appointed as the independent non-executive Director on 21 September 2020. He is also the chairman of the Audit Committee and a member of each of the Nomination Committee and Remuneration Committee. Mr. Kevin Lee is responsible for providing independent judgment and advising on the issue of strategy, performance, resources and standard of conduct of the Group.

Mr. Kevin Lee has 34 years of experience in the finance profession. Before joining the Group, Mr. Kevin Lee served as an audit assistant at Price Waterhouse Company (currently known as Price Waterhouse Company Limited) in August 1987, and was promoted to senior accountant II in July 1990 before he left his position in October 1990. From October 1990 to January 1994, he served at Elec & Eltek Group, and held the positions of senior officer with the department of audit & system review, and, in the department of group finance & treasury, the positions of senior accountant, manager (management accounting) and manager (corporate accounting & credit control). From January 1994 to July 1994, he served at Technic Holdings Corporation as a finance manager. From August 1995 to March 1997, he served with Asia Commercial Holdings Limited as a PRC financial controller. From July 1998 to July 2001, he served with SEI Interconnect Products (Hong Kong) Limited, initially as an assistant manager of the accounting department, and, from January 1999 onward, as a manager of accounting department. From July 2001 to November 2004, he served with Wah Shing Toys Company Limited, initially as a financial controller in the finance department, and, from February 2004 onwards, as a director in the production & material control department. From December 2004 to July 2007, he served with Musical Industries Limited as a general manager. From August 2007 to December 2008, he served with United Luminous International (Holdings) Limited as a financial controller. From January 2009 to March 2010, he served with Traxon Technologies Limited as its finance & accounting director. From March 2010 onwards, he serves with Optiled Lighting International Limited as a financial controller. From December 2015 to August 2016 and August 2016 to April 2018, he served as a non-executive director and was re-designated as an executive director of Super Strong Holdings Limited (stock code: 8262), respectively. Since March 2010, he serves as a director of LED Lighting Expert Limited. Mr. Kevin Lee has been the non-executive director of Alpha Era International Holdings Limited, a company listed on the GEM of the Stock Exchange (stock code: 8406) since March 2016.

Mr. Kevin Lee obtained a Diploma in Accounting from Hong Kong Baptist College (currently known as Hong Kong Baptist University) in December 1987. He further obtained a Master of Business Administration from University of Canberra in Australia in May 2001. He was admitted as a member of the Hong Kong Society of Accountants (currently known as the Hong Kong Institute of Certified Public Accountants) in February 1992, and became a fellow thereof in October 2000. Mr. Kevin Lee was also admitted as an associate member and a fellow member of the Chartered Association of Certified Accountants in November 1990 and November 1995 respectively.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Kwong Ping Man（鄺炳文）(“**Mr. Kwong**”), aged 56, was appointed as the independent non-executive Director on 21 September 2020. He is also the chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee. Mr. Kwong is responsible for providing independent judgment and advising on the issue of strategy, performance, resources and standard of conduct of the Group.

Mr. Kwong possesses over 25 years of experience in accounting and administration. Prior to joining the Group, Mr. Kwong worked in Polyard Petroleum International Group (stock code: 8011) with his last position as qualified accountant and company secretary from 2006 to 2007. He then served in Starlight Culture Entertainment Group Limited (stock code: 1159) with his last position as financial controller and company secretary from 2008 to 2009. From 2009 to 2013, he worked in China Agroforestry Low-Carbon Holdings Limited (currently known as China Bozza Development Holdings Limited) (stock code: 1069) and his last position was company secretary. Mr. Kwong is currently the managing director of O'Park Corporate Services Limited, a company primarily engaged in corporate advisory and company secretarial services.

Mr. Kwong is currently the independent non-executive director of Royal Deluxe Holdings Limited (a company listed on the Main Board of the Stock Exchange (Stock Code: 3789)), Rare Earth Magnesium Technology Group Holdings Limited (formerly known as Group Sense (International) Limited) (a company listed on the Main Board of the Stock Exchange (stock code: 601)) and Tang Palace (China) Holdings Limited (a company listed on the Main Board of the Stock Exchange (stock code: 1181)).

Besides, Mr. Kwong had been an independent non-executive director of the following companies until he retired from his office: Clear Lift Holdings Limited (currently known as Hao Tian International Construction Investment Group Limited) (a company listed on the Main Board (stock code: 1341)) until March 2017, Century Sunshine Group Holdings Limited (a company listed on the Main Board (stock code: 509)) until June 2019 and Elegance Optical International Holdings Limited (a company listed on the Main Board (stock code: 907)) until April 2017 and Dragon King Group Holdings Limited (a company listed on GEM of the Stock Exchange (stock code: 8493)) until April 2021.

Mr. Kwong obtained a Bachelor of Commerce Degree in Accounting from Curtin University of Technology (currently known as Curtin University) in Australia in August 1996. He further obtained a Postgraduate Diploma in Corporate Administration and a Master of Professional Accounting from The Hong Kong Polytechnic University in November 1998 and November 2003, respectively. He was admitted as a certified practicing accountant of Australian Society of Certified Practising Accountants in August 1999, a fellow member of the Hong Kong Institute of Certified Public Accountants in July 2012, and an associate member of each of The Hong Kong Institute of Company Secretaries and The Institute of Chartered Secretaries and Administrators in November 1999.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Senior Management

Mr. Law Kwong Shun (羅廣信) ("**Mr. Law**"), aged 56, is the commercial manager of the Group. Mr. Law first joined the Group as a quantity surveyor in June 2006 and was appointed as the commercial manager in January 2010. He is primarily responsible for the overall supervision of the commercial team and quantity surveying works, undertaking cost analysis and controlling the budgets of the projects.

Prior to joining the Group, Mr. Law worked as an assistant quantity surveyor in Construction Techniques Limited from 1989 to 1991. He then worked as a quantity surveyor in Beria Consultants Limited and Maeda-CSCEC Joint Venture from 1991 to 1994 and 1994 to 1997, respectively. He subsequently worked as a senior quantity surveyor in Zen Pacific Construction Limited from 1997 to 2000.

Mr. Law obtained a Bachelor of Science Degree in Construction Management in University of Wolverhampton in October 2006. He has been a member of The Chartered Institute of Building since August 2007.

Mr. Tsui Ying Yin (徐英賢) ("**Mr. Tsui**"), aged 36, is the audit controller of the Group. Mr. Tsui first joined the Group as an assistant quantity surveyor in May 2008 and was promoted to a quantity surveyor in July 2009. He was appointed as a project quantity surveyor in July 2011 and promoted to an assistant commercial manager in January 2013. Mr. Tsui has been the audit controller since July 2018. He is primarily responsible for overall control and identification of risks of the Group's operation.

Mr. Tsui obtained a Bachelor of Arts Degree in Accounting and Finance from The University of Lancaster in July 2007. He then obtained a Bachelor of Science Degree in Surveying from The Hong Kong Polytechnic University in October 2014.

Mr. Tsui is the nephew of Mr. KK Tsui and cousin of Mr. Ian Tsui and Ms. Janis Tsui.

Mr. Wong Kin Biu (黃健標) ("**Mr. Wong**"), aged 52, is the operation director of the Group. Mr. Wong first joined the Group as a general foreman in June 2006 and was appointed as a superintendent in January 2010. He was promoted to an operation manager in January 2013 and has been the operation director since January 2018. He is responsible for the overall supervision, management and control of the Group's operation.

Prior to joining the Group, Mr. Wong worked as a junior foreman in China Harbour Engineering Company from September 1993 to July 1995. He worked as a foreman in Mew Engineering Limited from August 1995 to September 1996. Mr. Wong then worked as a foreman in Kumagai Gumi-Entrecanales-Cubiertas Joint Venture from October 1996 to July 1998. He also worked as a site foreman in Geoworks Equipment Company Limited and AJAX Pong Construction Limited from July 1998 to October 1998 and from October 1998 to February 2000, respectively.

Company Secretary

Ms. Ng Hoi Ying (吳愷盈) ("**Ms. Ng**"), aged 34, was appointed as the company secretary of the Company on 26 October 2018. Ms. Ng obtained a Bachelor of Business Administration Degree in Accountancy from The Hong Kong Polytechnic University in October 2008 and has been a member of the Hong Kong Institute of Certified Public Accountants since January 2012.

Ms. Ng has over 12 years of experience in auditing, accounting and financial reporting. Ms. Ng joined Deloitte Touch Tohmatsu from September 2008 to November 2011, with her last position held as a senior auditor. She then joined Asia Maritime Pacific (Hong Kong) Limited from November 2011 to October 2014 with her last position held as a senior accountant. Ms. Ng joined Ngai Shun Construction & Drilling Co. Ltd, a subsidiary of Boill Healthcare Holdings Limited (Stock Code: 1246), a company listed on the Main Board of the Stock Exchange, as an assistant finance manager in October 2014. She was promoted to finance manager and worked until October 2018. Ms. Ng is currently a company secretarial manager at Blooming (HK) Business Limited, a company primarily engaged in corporate advisory and company secretarial services.

CORPORATE GOVERNANCE REPORT

Introduction

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 obtaining and maintaining 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.

Corporate Governance Practice

The Company has adopted the principles and code provisions set out 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 since the Listing Date up to the date of this annual report.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiry, all Directors have fully complied with the required standards set out in the Model Code since the Listing Date and up to the date of this annual report.

Directors' Responsibilities

The Board takes the responsibility to oversee all major matters of the Company, including but not limited to formulating and approving the overall strategies and business performance of the Company, monitoring the financial performance and internal control as well as overseeing the risk management system of the Company and monitoring the performance of senior executives. The Board is also responsible for performing the corporate governance duties including the development and reviewing the Company's policies and practices on corporate governance.

Liability insurance for the Directors and senior management officers of the Company was maintained by the Company with coverage for any legal liabilities which may arise in the course of performing their duties.

Delegation by the Board

Daily operation and managing of the business of the Group, inter alia, the implementation of strategies are delegated to the Executive Directors along with other senior executives. They report periodically to the Board their work and business decisions.

Board Composition

The composition of the Board as at this annual report is set out as follows:

Executive Directors

Mr. Tsui Kai Kwong *(Chairman) (appointed on 31 July 2018)*
Mr. Tsui Tsz Yeung Ian *(Chief Executive Officer) (appointed on 31 July 2018)*
Ms. Tsui Wai Yeung Janis *(appointed on 31 July 2018)*

Independent non-executive Directors

Mr. Lee Yan Kit *(appointed on 21 September 2020)*
Mr. Lee Kin Kee *(appointed on 21 September 2020)*
Mr. Kwong Ping Man *(appointed on 21 September 2020)*

Biographical details of the Directors are set out in the section headed "Biographical Details of the Directors and Senior Management" of this annual report.

The current proportion of independent non-executive Directors is higher than what is required by Rules 3.10(1) and (2), and 3.10A of the Listing Rules whereby independent non-executive directors of a listed issuer represent at least one-third of the Board. The three independent non-executive Directors represent more than one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. With the various experience of both the executive Directors and the independent non-executive Directors and the nature of the Group's business, the Board considered that the Directors have a balance of skills and experience for the business of the Group.

Independent Non-Executive Directors

The independent non-executive Directors play a significant role in the Board as they bring an impartial view on the Company's strategies, performance and control, as well as ensure that the interests of all shareholders are considered. All independent non-executive Directors possess appropriate academic, professional qualifications or related financial management experience. None of the independent non-executive Directors held any other offices in the Company or any of its subsidiaries or is interested in any shares of the Company.

The Company has received from each independent non-executive Director an annual confirmation of his independence, and the Company considers such Directors to be independent in accordance with the criteria set out in Rule 3.13 of the Listing Rules.

Appointment and Re-Election of Directors

Each executive Director has entered into a service contract with the Company on 26 October 2018. The letters of appointment with each of the independent non-executive Directors was for an initial term of three years commencing from the Listing Date. The service contracts and letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with the memorandum and articles of association of the Company and the applicable Listing Rules.

According to article 108 of the Company's memorandum and articles of association, one-third of the Directors for the time being shall retire from office by rotation at every annual general meeting of the Company, provided that every Director shall retire from office by rotation and are subject to re-election at annual general meeting at least once every three years. Article 112 of the Company's memorandum and articles of association provides that any Directors who are appointed to fill casual vacancies shall hold office only until the first general meeting after their appointment, and are subject to re-election by shareholders of the Company. Any Directors appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Pursuant to article 108 of the Company's memorandum and articles of association, each of Mr. KK Tsui, Mr. Ian Tsui, Ms. Janis Tsui, Mr. Lee, Mr. Kevin Lee and Mr. Kwong will retire from office as Directors at the forthcoming annual general meeting of the Company to be held on 10 September 2021. Mr. KK Tsui, Mr. Ian Tsui, Ms. Janis Tsui, Mr. Lee, Mr. Kevin Lee and Mr. Kwong, being eligible, will offer themselves for re-election.

At the forthcoming annual general meeting of the Company, separate ordinary resolutions will be put forward to the shareholders of the Company in relation to the proposed re-election of Mr. KK Tsui, Mr. Ian Tsui, Ms. Janis Tsui as executive Directors, Mr. Lee, Mr. Kevin Lee and Mr. Kwong as independent non-executive Directors.

Chairman and Chief Executive Officer

Code provision A.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and not be performed by the same individual to avoid power being concentrated in any one individual. Mr. KK Tsui is the Chairman and Mr. Ian Tsui is the Chief Executive Officer.

Directors' Training and Professional Development

In compliance with the code provision A.6.5 of the CG Code, all Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure that they keep abreast of the current requirements. All Directors attended a formal directors training session conducted by CFN Lawyers prior to the Listing. The training covered topics including the Listing Rules, the CG Code and disclosure of inside information. The Group has also provided reading materials including the CG Code, the Inside Information Provision (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) to all Directors to develop and refresh their knowledge and skills.

The participation by individual Directors in the continuous professional development programme during the year ended 31 March 2021 is recorded in the table below:

Name of Directors	Training on Listing Rules	Training on CG Code	Training on disclosure of inside information
Executive Directors			
Mr. Tsui Kai Kwong	✓	✓	✓
Mr. Tsui Tsz Yeung Ian	✓	✓	✓
Ms. Tsui Wai Yeung Janis	✓	✓	✓
Independent non-executive Directors			
Mr. Lee Yan Kit	✓	✓	✓
Mr. Lee Kin Kee	✓	✓	✓
Mr. Kwong Ping Man	✓	✓	✓

The Group continuously updates the Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, so as to ensure that the Directors are aware of their responsibilities and obligations as well as to maintain good corporate governance practices.

Board Committees

The Board has established three Board committees, namely, the Remuneration Committee, the Nomination Committee and the Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference, which are posted on the Stock Exchange's website www.hkexnews.hk and the Company's website at www.landrich.com.hk. All Board committees should report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of Board committees follow in line with, so far as practicable, those of the Board meetings set out above.

All Board committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstance, at the Company's expense.

The Board is responsible for performing the corporate governance duties set out in the CG Code which included developing and reviewing the Company's policies and practices on corporate governance, training and continuous professional development of Directors, and reviewing the Company's compliance with the code provision in the CG Code and disclosures in this annual report.

Remuneration Committee

The Remuneration Committee was established on 21 September 2020. The chairman of the Remuneration Committee is Mr. Lee, the independent non-executive Director, and other members include Mr. KK Tsui, the executive Director, Mr. Kevin Lee and Mr. Kwong, the independent non-executive Directors. The written terms of reference of the Remuneration Committee is posted on the Stock Exchange's website and the Company's website.

The Remuneration Committee has been charged with the responsibility of making recommendations to the Board on the appropriated policy and structures for all aspects of Directors' and senior management's remuneration. The Remuneration Committee considers factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration. The Remuneration Committee held two meetings, to review the Directors' service agreements; and review the remuneration packages and emoluments of the Directors and senior management and considered that they are fair and reasonable during the year ended 31 March 2021. No Director nor any of his/her associates is involved in deciding his/her own remuneration.

Nomination Committee

The Nomination Committee was established on 21 September 2020. The chairman of the Nomination Committee is Mr. Kwong, the independent non-executive Director, and other members included Mr. KK Tsui, the executive Director, Mr. Lee and Mr. Kevin Lee, the independent non-executive Directors. The written terms of reference of the Nomination Committee is posted on the Stock Exchange's website and on the Company's website.

The primary duties of the Nomination Committee are to review and assess the composition of the Board and the independence of the independent non-executive Directors and makes recommendations to the Board on appointment of new Directors. In recommending candidates for appointment to the Board, the Nomination Committee considers candidates on merit against objective criteria and with due regards to the benefits of diversity on the Board.

In designing the Board's composition, Board diversity has been considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a Director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board.

Nomination Policy

The Nomination Committee will reference to the Board nomination policy (the "**Nomination Policy**") adopted by the Group on 21 September 2020 for selecting and recommending candidates for directorships.

Selection Criteria

The Nomination Committee will evaluate, select and recommend candidate(s) for directorships to the Board by giving due consideration to criteria including but not limited to:

(a) Diversity in aspects including but not limited to gender, age, experience, cultural and educational background, professional experience, skills, knowledge and industry experience;

(b) Sufficient time to effectively carry out their duties; their services on other listed and non-listed companies should be limited to reasonable numbers;

(c) Qualifications, including accomplishment and experience in the relevant industries the Company's business is involved in;

(d) Independence;

(e) Reputation for integrity;

(f) Potential contributions that the individual(s) can bring to the Board; and

(g) Commitment to enhance and maximise shareholders' value.

Nomination Process

The Nomination Committee will recommend to the Board for the appointment of a Director in accordance with the following procedures and process:

(a) The Nomination Committee will, giving due consideration to the current composition and size of the Board, develop a list of desirable skills, perspectives and experience at the outset to focus the search effort;

(b) The Nomination Committee may consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from an independent agency firm and proposals from shareholders of the Company with due consideration given to the criteria;

(c) The Nomination Committee may adopt any process it deems appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third-party reference checks;

(d) Upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;

(e) The Nomination Committee will thereafter make the recommendation to the Board in relation to the proposed appointment and the proposed remuneration package; and

(f) The Board will have the final authority on determining the selection of nominees and all appointment of Directors will be confirmed by the filing of the consent to act as Director of the relevant Director (or any other similar filings requiring the relevant Director to acknowledge or accept the appointment as Director, as the case may be) to be filed with the Companies Registry of Hong Kong.

Re-Election of Director at General Meeting

The Nomination Committee will evaluate and recommend retiring Director(s) to the Board for re-appointment by giving due consideration to the criteria including but not limited to:

(a) the overall contribution and service to the Company of the retiring Director including his attendance of Board meetings and, where applicable, general meetings, and the level of participation and performance on the Board; and

(b) whether the retiring Director(s) continue(s) to satisfy the criteria as set out above.

The Nomination Committee and/or the Board shall then make recommendation to shareholders of the Company in respect of the proposed re-election of Director at the general meeting.

Board Diversity Policy

The Board adopted a Board diversity policy (the "**Diversity Policy**") on 21 September 2020.

Selection Criteria

Selection of candidates will be based on a range of diversity perspectives, which would include but not be limited to gender, age, cultural and educational background, professional experience, skills, knowledge and industry experience. The Company will also take into account the factors relating to its own business model and specific needs from time to time. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board's composition will be disclosed in this annual report.

Monitoring and Review of the Diversity Policy

The Nomination Committee will monitor the implementation of the Diversity Policy.

The Nomination Committee will from time to time review the Diversity Policy, as appropriate, to ensure the effectiveness of the Diversity Policy.

Audit Committee

The Audit Committee was established on 21 September 2020. The chairman of the Audit Committee is Mr. Kevin Lee, the independent non-executive Director, and other members included Mr. Lee and Mr. Kwong, the independent non-executive Directors. The written terms of reference of the Audit Committee is posted on the Stock Exchange's website and on the Company's website.

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

The 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.

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

The Group's consolidated financial statements for the year ended 31 March 2021 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2021 comply with applicable accounting standards, Listing Rules and that adequate disclosures have been made.

Attendance Records of Meetings

The Board meets regularly for considering, reviewing and/or approving matters relating to, among others, the financial and operating performance, as well as, the overall strategies and policies of the Company. Additional meetings are held when significant events or important issues are required to be discussed and resolved.

During the year ended 31 March 2021, the Chairman held a meeting with the independent non-executive Directors without the presence of other Directors.

Details of all Directors' attendance at the Board meetings, Board committees' meeting held for the year ended 31 March 2021 are as follows:

	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting
Executive Directors			
Mr. Tsui Kai Kwong	6/6		2/2
Mr. Tsui Tsz Yeung Ian	6/6		
Ms. Tsui Wai Yeung Janis	6/6		
Independent non-executive Directors			
Mr. Lee Yan Kit	5/5	2/2	2/2
Mr. Lee Kin Kee	5/5	2/2	2/2
Mr. Kwong Ping Man	5/5	2/2	2/2

Company Secretary

The Company Secretary assists the Board by ensuring the Board policy and procedures are followed. The Company Secretary is also responsible for advising that Board on corporate governance matters.

The Company engages an external service provider, which assigned Ms. Ng as its Company Secretary. Ms. Ng possesses the necessary qualification and experience, and is capable of performing the functions of the Company Secretary. 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.

For the year ended 31 March 2021, Ms. Ng undertook no less than 15 hours of relevant professional training to update her skill and knowledge. The biography of Ms. Ng is set out in the section headed "Biographical Details of the Directors and Senior Management" of this annual report.

Independent Auditors' Remuneration

During the year ended 31 March 2021, the remuneration paid or payable to the external auditors of the Company, HLB Hodgson Impey Cheng Limited, in respect of the audit and non-audit services were as follows:

Services rendered	Remuneration paid/payable *HK$'000*
Audit services	
– Annual audit services	800
Non-audit services	
– Acting as reporting accountants for the Listing	1,500
	2,300

Shareholders' Right

As one of the measures to safeguard shareholders' interest and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. All resolutions put forward at shareholders' meeting will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the Stock Exchange's website and the Company's website after the relevant shareholders' meeting.

Extraordinary general meeting may be convened by the Board on requisition of shareholders holding not less than one-tenth of the paid-up capital of the Company or by such shareholders who made the requisition (the "**Requisitionists**") (as the case may be) pursuant to article 64 of the memorandum and articles of association of the Company. Such requisition must state the object of business to be transacted at the meeting and must be signed by the Requisitionists and deposited at the registered office of the Company or the Company's principal place of business in Hong Kong. Shareholders should follow the requirements and procedures as set out in such article for convening an extraordinary general meeting. Shareholders may put forward proposals with general meeting of the Company by sending the same to the Company at the principal place of business in Hong Kong.

Shareholders may send written enquiries or requests in respect of their rights to the Company's principal business address in Hong Kong.

Risk Management and Internal Control

The Group maintains an effective internal control and risk management systems. It consists, in part, of organisational arrangements with defined lines of responsibility and delegation of authority, and comprehensive systems and control procedures in order to safeguard the investment of the Company's shareholders and the Group's assets at all times.

CORPORATE GOVERNANCE REPORT

The Directors acknowledge that they have overall responsibility for overseeing the Company's internal control, financial control and risk management system and shall monitor its effectiveness on an ongoing basis. A review of the effectiveness of the risk management and internal control systems has been conducted by the Board at least annually.

Aimed at providing reasonable assurance against material errors, losses or fraud, the Company has established risk management procedures which comprised the following steps:

- Identify risks: Identify major and significant risks that could affect the achievement of goals of the Group;

- Risk assessment: Assess and evaluate the identified risk according to its likely impact and the likelihood of occurrence;

- Risk mitigation: Develop effective control activities to mitigate the risks.

Risk identification and assessment is performed or updated annually, and the results of risk assessment, evaluation and mitigation of each functions or operation are documented in the Risk Registry to communicate to the Board and management for reviews.

The Group's risk management and internal control systems are, however, designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

A review on the internal control systems of the Company, including financial, operational and compliance controls and risk management functions has been carried out by an independent consultancy company with staff in possession of relevant expertise to conduct an independent review.

The Audit Committee reviewed the internal control review report issued by the independent consultancy company and the Company's risk management and internal control systems in respect of the year ended 31 March 2021 and considered that they are effective and adequate. The Board assessed the effectiveness of internal control systems by considering the internal control review report and reviews performed by the Audit Committee and concurred the same.

The Group has yet to establish its internal audit function during the year ended 31 March 2021 as required under code provision C.2.5 of the CG Code. The Audit Committee and the Board have considered the internal control review report prepared by an independent consultancy company and communications with the Company's external auditors in respect of any material control deficiencies identified during the course of the financial statement audit to form the basis to review the adequacy and effectiveness of the Group's risk management and internal control systems. The Audit Committee and the Board will continue to review the need for an internal audit function on an annual basis.

Disclosure of Inside Information

The Group has in place a policy on disclosure of inside information which sets out the procedures and internal controls for handling and dissemination of inside information.

The policy provides guidelines to the Directors, officers and all relevant employees of the Group to ensure proper safeguards exist to prevent the Company from breaching the statutory disclosure requirements. It also includes appropriate internal control and reporting systems to identify and assess potential inside information.

Key procedures in place include:

- define the requirements of periodic financial and operational reporting to the Board and Company Secretary to enable them to assess inside information and make timely disclosures, if necessary;

- controls the access to inside information by employees on a need-to-know basis, and safeguarding the confidentiality of the inside information before it is properly disclosed to public;

- procedures of communicating with the Group's stakeholders, including shareholders, investors, analysts, etc. in ways which are in compliance with the Listing Rules.

The Group has also established and implemented procedures to handle enquiries from external parties related to the market rumours and other Group's affairs.

To avoid uneven dissemination of inside information, the dissemination of inside information of the Company shall be conducted by publishing the relevant information on the Stock Exchange's website and the Company's website.

Communication with Shareholders and Investor Relations

The Company has adopted shareholders communication policy with the objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company.

The Company has established several channels to communicate with the shareholders as follows:

(i) corporate communications such as annual reports, interim reports and circulars are issued in printed form and are available on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.landrich.com.hk;

(ii) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;

(iii) corporate information is made available on the Company's website;

(iv) annual and extraordinary general meetings provide a forum for the shareholders to make comments and exchange views with the Directors and senior management; and

(v) the Hong Kong branch share registrar of the Company serves the shareholders in respect of share registration, dividend payment and related matters.

The Company continues to promote investor relations and enhance communication with the existing shareholders and potential investors. The Company welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

During the year ended 31 March 2021, there was no change to the Company's memorandum and articles of association.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

About The Report

This report is the "Environmental, Social and Governance Report" (collectively the "**ESG Report**") published by the Group, which discloses the Group's measures and performance on sustainable development topics in a transparent and open manner, in order to increase stakeholders' confidence and understanding on the Group.

Reporting Standards

The ESG Report is prepared in accordance with the "Environmental, Social and Governance Reporting Guide" ("**ESG Guide**") of the Stock Exchange set out in Appendix 27 of the Main Board Listing Rules. The ESG Report provides a simplified overview on the environmental, social and governance ("**ESG**") performance of the Group. The information in the ESG Report is derived from the Group's official documents and statistics, as well as the integration and summary of monitoring, management and operational information provided by subsidiaries of the Group.

Reporting Year

All the information in the ESG Report reflects the performance of the Group in environmental management and social responsibility from 1 April 2020 to 31 March 2021 (the "**Reporting Period**"). This ESG Report is released annually by the Group for public review so as to improve the transparency and responsibility of information disclosure.

Reporting Scope

The Group is a construction contractor in Hong Kong principally providing construction engineering works in Hong Kong. Based on the principle of materiality disclosure and reporting, the ESG Report covers mainly the ESG performance within the operational boundaries of the Group including data and activities of the headquarters in Hong Kong and several construction projects engaged in Hong Kong.

Operations that had no significant environmental and social impacts contributed were excluded from the reporting scope.

After the comprehensive completion of data collection system and the Group's deepening in its ESG work, the Group has identified certain ESG issues relevant to the Group, which have been assessed by considering their materiality and importance to the Group's principle activities, stakeholders as well as the Group. Those identified ESG issues and key performance indicators ("**KPIs**") have been disclosed in the ESG Report.

ESG Governance

The Group has developed its internal strategies and policies with aims to create sustainable values to its stakeholders, thereby to large extent minimising the Group's undue impact on the environment. In order to carry out the Group's sustainability strategy from top to bottom, the Board has ultimate responsibilities for ensuring the effectiveness of the Group's ESG policies.

The Group has established dedicated teams to manage ESG issues within each business division of the Group and kept monitoring and overseeing the progress against corporate goals and targets for addressing climate change. Dedicated teams with designated staff for management of ESG issues has been assigned to enforce and supervise the implementation of the relevant ESG policies cascading through the Group.

With the forward-looking guidance and well-designed plans of action to address underlying ESG matters, the management and responsible teams keep reviewing and adjusting the Group's sustainability policies to satisfy the ever-changing needs of its stakeholders on a regular basis. For instance, through the assignment of the responsibility of progress tracking to different management-level positions, the Group is committed to achieving an excellent performance in ESG management while also remaining competitive compared with its peers. Details of the Group's management approaches in both the environmental and social aspects are elaborated in different sections of this ESG report.

Stakeholder Engagement

The Stock Exchange has set forth four principles for reporting in the ESG Guide: Materiality, Quantitative, Balance and Consistency, which should form the basis for preparing the ESG Report. As the Stock Exchange emphasises, stakeholder engagement is the method by which materiality is assessed. Through stakeholder engagement, companies can understand wide-ranging views and identify material environmental and social issues.

The Group believes that effective feedback from stakeholders not only contributes to comprehensive and impartial evaluation of its ESG performance, but also enables the Group to improve its performance based on the feedback. Therefore, the Group has engaged in open and regular communication with its stakeholder groups including shareholders and investors, clients, sub-contractors, employees, suppliers and government. Over the years, the Group has continued to fine-tune its sustainability focus, addressing pressing issues. The table below shows how the Group communicates with key stakeholder groups and their respective concerns.

Stakeholders Engagement

Stakeholders	Interests and concerns	Engagement channels
Shareholders and investors	• Return on investment • Corporate strategy and governance • Risk mitigation and management	• Annual General Meeting • Interim and annual reports, corporate websites • Announcements, notices of meetings, circulars
Clients	• Robust project management • Full compliance with regulations • Sustainability performance of operations	• Interim and annual reports, corporate websites • Regular meetings and communication
Sub-contractors	• Effective project management • Occupational health and safety • Ethical business practices • Sub-contractors assessment criteria	• Annual Health, Safety and Environment seminars • Training sessions • Regular progress meetings • Audits and assessments
Employees	• Remuneration, compensation and benefits • Occupational health and safety • Career development opportunities • Corporate culture and well-being	• Provide leisure activities and increase cohesion • In-house training programmes • Performance reviews and appraisals • Promote career development and enhance competence at all levels
Suppliers	• Long-term partnership • Ethical business practices • Supplier assessment criteria	• Procurement processes • Audits and assessments
Government	• Laws and regulation compliance	• Review latest laws regularly • Inspection

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The business of the Group affects different stakeholders, and stakeholders have different expectations on the Group. The Group will maintain communication with stakeholders continuously, collect opinions from stakeholders through different forms and more extensively, and make substantive analysis more comprehensively. At the same time, the Group will enhance the reporting principles of materiality, quantification, balance and consistency, in order to define the content of the ESG Report and presentation of the information that is more in line with the expectations of stakeholders.

Climate Change

Climate change is one of the most complicated challenges faced by mankind's in the new century. Global warming gives rise to more frequent extreme weather conditions including changes in precipitation mode, droughts, floods and bushfires. Rise in sea level will make tens of thousands of people in densely populated coastal areas and island countries homeless. Faced with all sorts of problems, individuals, corporations and governments must take immediate actions to tackle climate change.

Over-emission of greenhouse gases is the main factor in causing global climate change. To achieving a low carbon economy, the Group is committed to reducing its greenhouse gas emissions through the approaches of mitigation and adaptation. For example, the Group has strived to mitigate the risks brought by climate change through the adoption of various environmental policies and measures; and promoting energy saving measures and habits in office. The Group has also considered potential physical risks of climate change to its daily operation such as storms, fires or heatwaves and through implementation of the relevant protection measures to minimize the risks.

The Group are focused on reducing emissions in its operations, engaging suppliers to reduce emissions in supply chains, strengthening the resilience of its business and using its voice to advocate for collective action.

Environmental Protection

Emissions

Emissions from the course of operation

Major emissions from construction sites are air pollutants, noise, waste and effluents. The Group manages these emissions and is committed to seeking practical means to reduce their impact on the environment.

To reduce the noise nuisance in the surrounding environment, the Group keeps on implementing equipment which can be effectively silenced, such as noise screens and portable noise barriers. Where necessary, the Group applies construction noise permit for every site that passed different testing from Environmental Protection Department (i.e. acceptable noise levels and summation of noise levels). The Group recognises that noise challenges are unique to each project and there is always room to further reduce noise in communities surrounding the construction sites. In this regard, the Group is considering in kicking off a yearly review to evaluate the internal noise abatement procedures, especially for projects at noise-sensitive areas.

Emissions from vehicle usage

During the Group's operation in Hong Kong, the usage of private cars and light goods vehicle generate the emissions of nitrogen oxides ("**NO_x**"), sulphur oxides ("**SO_x**") and Particulate Matter ("**PM**"). The approximate amount of NO_x, SO_x and PM produced from the Group's operation in Hong Kong are shown in the following table:

Air emissions from vehicle usage

Types of air emissions	**2021**
NO_X emissions (tonnes)	0.99
SO_X emissions (tonnes)	0.0016
PM emissions (tonnes)	0.0816

In respect of reducing NO_x, SO_x and PM emissions, the Group has formulated and educated employees about the following measures so as to achieve the environmental friendly approach; including (i) avoid peak hour traffic and (ii) encourage the use of public transport instead of private car.

Greenhouse Gas("GHG") Emissions

During the course of operations in Hong Kong, there are GHG emissions principally resulting from vehicle usage, electricity consumed and the use of electricity for processing fresh water and sewage water at head office and construction projects.

Scope 1 – Direct emissions

During the operations of the Group in Hong Kong, due to the intense usage of vehicles to travel between construction sites, a certain amount of greenhouse gases is produced.

The Group strictly controls the emissions of GHG through the establishment of a comprehensive data collection system. This system helps the Group to monitor the monthly usage of vehicles to maintain the efficiency at a prominent level.

Scope 2 – Energy indirect emissions

Apart from the direct emissions of GHG, the Group has also incurred indirect GHG emissions (Scope 2), principally resulting from electricity consumed at the Hong Kong's head office and the construction sites.

Scope 3 – Other indirect emissions

In the Hong Kong's office, there are other indirect GHG emissions due to electricity used for processing fresh water and sewage by government departments.

The summary of GHGs emissions from the operations are shown in the following table:

Summary of GHG emissions

Types of GHG	**2021 CO_2 equivalent emission**
Scope 1 – Direct emissions (tonnes)	276.23
Scope 2 – Energy indirect emissions (tonnes)	182.30
Scope 3 – Other indirect emissions (tonnes)	
– Electricity for processing fresh water and sewage (tonnes)	50.04
Total	508.57
Intensity of GHG per number of employee (tonnes)	**1.48**

Hazardous waste emissions

Due to the business nature, the Group's operation does not directly generate any hazardous waste.

Non-hazardous waste emissions

For the provision of construction engineering works, the Group has produced some non-hazardous solid waste during the operation. The inert Construction and Demolition ("**C&D**") material is disposed through logistic service provider trucks that is authorized by Environmental Protection Department ("**EPD**"). The waste is disposed at public filing areas whereas the non-inert and mixed C&D waste are disposed at three strategic landfills. With the logistic service provider that is authorised by EPD to handle inert C&D material, illegal dumping can be prohibited. The figures of non-hazardous waste produced are shown as followings:

Non-hazardous solid waste produced	**2021**
Inert construction waste disposal at Government Waste Disposal Facilities (tonnes)	786
Mixed construction waste disposal at Government Waste Disposal Facilities (tonnes)	7,618
Total	8,404
Intensity of non-hazardous solid waste emissions per number of employees (tonnes)	**24.50**

The Group is dedicated to proper management of the non-hazardous solid waste. Specific area at the site is assigned for the temporary storage of non-hazardous waste. The waste is then gathered by logistic service provider which is authorised by the EPD and delivered to the public landfills.

Use of Resources

The Group adheres to the concept of energy conservation and emission reduction for green business. The major resources used by the Group are principally electricity and water consumed in the Group's headquarter and various project sites in Hong Kong. The Group aims to improve its energy utilisation efficiency to achieve low-carbon practices and emission reduction throughout the operation, and strive to save the resources.

The Group records and analyses the water consumption regularly. After identifying the causes of high rates of water consumption, the Group will take remedial action to minimise water use. Throughout the years, the Group put forth a strong emphasis on minimizing the usage of electricity and water during the Group's daily operations. The following table sets forth the monthly water consumption in cubic meters of the Group:

The total water consumption and intensity are shown in the following table:

Water Consumption	**2021**
Total water consumption (cubic metres)	80,187
Intensity of total water consumption per number of employees (cubic meters)	**234**

Energy Consumption

The Group main energy consumptions are non-renewable fuel ("**NRF**") (direct) including diesel and petrol and purchase of energy in the form of electricity.

The Group determines to maximise energy conservation in its office by promoting efficient use of power and adopting green technologies. For instance, the Group continues to upgrade equipment such as purchasing electrical appliances with highly efficient energy label, lighting and air-conditioning systems in order to increase energy efficiency. Air-conditioning systems can be adjusted to a specific temperature, which allows the users to set at a comfortable temperature and avoid power waste.

To identify energy saving opportunities, the Group measures and records the energy consumption level from time to time. The total energy consumption in kWh and intensity are shown in the following table:

Energy Consumption	**2021**
Purchase of energy (kWh)	364,599
NRF consumed (direct) (kWh)	1,074,595
Total	1,439,194
Intensity of total NRF consumption per number of employees (kWh)	**4,196**

During the Reporting Period, the Group strictly implements the energy conservation guideline. The Group expects more progress would be made in the future. The Group expects this can be reflected in the key performance result next year.

The Environment and Natural Resources

To develop a green approach at the project sites and office, the Group has set up various environmental system management practices as part of its effort to develop an environmental management system that supports sustainable development.

Office equipment

- Switch off computers, printers, machines and other electronic devices after office hours or when leaving the workplace to reduce power consumption
- Used toner cartridges return to respective suppliers for recycling
- All windows and doors must be closed when the air-conditioners turn on
- Affix save energy posters near the main switches in order to remind our employees of energy saving
- The last-man-out is dedicated to check and turn off all machines and equipment

Lighting

- Switch off non-essential lighting if there are only few people working in the office
- The last-man-out is dedicated to check and turn off all lighting of the office

Other practice

- Encourage duplex printing, reuse of single-side used paper
- Refill instead of new pen when used up

Packaging materials

Due to the business nature, the Group does not produce any finished products during the Reporting Period. Therefore, we do not consume significant amounts of package materials for product packaging.

People

Employment

The Group reckons that employees are the most valuable assets of an enterprise and also the cornerstone for sustaining corporate development. It is always the Group's initiative to provide a fair and competitive compensation package to attract and retain quality talents, in the form of basic salary, incentives bonus, mandatory provident fund, and other fringe benefits. Remuneration packages are reviewed periodically. The Group also has a set of comprehensive human resources management policy to support human resources function. The policies include compensation and benefits, working hours and holidays, recruitment, performance management, promotion, employment termination, training and development.

As the Group is principally engaged in construction related works in Hong Kong, manual work is generally required in most position. Hence, the ratio of the number of male to female employees is approximately 4.8 to 1. However, the Group aims to refrain from any form of harassment and discrimination with respect to age, gender, race, nationality, religion, marital status or disability in the workplace via implementation of human resources management policy. The above measures have helped ensuring that every employee is treated equally and fairly.

The Group has always strictly observed the relevant legislations in Hong Kong regarding equal employment opportunities, child labour and forced labour. The Group abides by the employment regulations, relevant policies and guidance of the relevant jurisdictions where it operates, including the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong), Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong), the Factories and Industrial Undertakings (Safety Officers and Safety Supervisors) Regulations (Chapter 59Z of the Laws of Hong Kong) and etc. in Hong Kong.

The Group has its internal procedures to record employees' information in order to review employment practices regularly so as to avoid any non-compliance. Furthermore, the Group strictly complies with the internal recruitment process during recruitment to ensure there is no employment of child labour or forced labour in any form.

The Group also strives to establish harmonious labour relationships and create a happy working environment, promote a positive and healthy lifestyle, and lift the spirit of local workforce, encourage and strengthen internal communication through organising diversified employee activities, including but not limited to Annual Dinner.

During the reporting period, all staff are full-time employee.

Employment Key Performance Indicators (Employee)

Total workforce structure as at 31 March 2021

Gender	Age below 30	Age 30-50	Age over 50	Number of employees by gender	Total number of employees	2021 Ratio of number of male to female employees
Male	49	109	126	284	343	4.8: 1
Female	15	21	23	59		
Total	**64**	**130**	**149**	**343**		

Employee recruited in the Reporting Period

Gender	Age below 30	Age 30-50	Age over 50	Number of new recruits by gender	Total number of new recruits	2021 Percentage of new recruits to total number of employees
Male	24	46	42	112	137	40%
Female	7	11	7	25		
Total	31	57	49	137		

Employee turnover in the Reporting Period

Gender	Age below 30	Age 30-50	Age over 50	Staff turnover by gender	Total staff turnover	2021 Percentage of employee turnover to total number of employees
Male	42	61	71	174	205	60%
Female	3	22	6	31		
Total	45	83	77	205		

Health and Safety

The Company is an investment holding company incorporated in Cayman Islands whilst its headquarters is located in Hong Kong. The nature of its daily operation is mainly office-based where the safety risk is limited. The Hong Kong headquarters has been equipped with fire-fighting facilities including fire extinguishers and participates in the fire drill organized by the building regularly.

The Group is committed to providing and maintaining a safe and healthy working environment for the employees and ensuring the safety of others affected by the Group's operation.

The Group requires employees to strictly comply with the company safety policy and guidelines which clearly specify workflows, all kinds of safety measures and guidance as well as employees' responsibilities for their health and safety at our workplace.

The Group has established a risk assessment program that consists of a number of sequential steps such as risk identification, analysis, evaluation, treatment, monitoring and reviewing based on the existing controls and recommendations to reduce those risks which are not deemed to be under acceptable limits.

For employees whose work station is mainly project site, the Group provides "site specific induction training" to the employees before they commence their work at the project site in accordance with the Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong) and the Construction Sites (Safety) Regulations (Chapter 59I of the Laws of Hong Kong). Thereafter, they are given refresher talks regularly depending on the amount of changes to the site condition. The Group also provides tool-box talks, aiming to heighten employees' awareness of workplace hazards and the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong).

In order to deal with the outbreak of COVID-19, the Group has implemented several measures including but not limited to requiring daily health declaration to prevent the spread of virus and all people are required to take body temperature before entering the office area. Besides, the Group has also provided surgical masks to all staff for their daily use.

Every case of injury (if any) is required to be reported to the Group and be assessed individually under the internal guideline procedures set. Subsequently, the Group follows the procedures in accordance with the "Employees' Compensation Ordinance" (Chapter 282 of the Laws of Hong Kong). The Group is pleased to report that the rate of accidents and injuries during the Reporting Period was extremely low with zero fatal accident, similar to last financial year.

Health and safety key performance indicators (Employee)	**2021**
Number of work injuries	–
Rate of work injury in Hong Kong (per hundred employees)	–
Number of loss days due to work injuries	671[1]

Note 1: The number of loss days due to work injuries in 2021 is because of the work injury happened in 2020.

Development and Trainings

The Group recognises the importance of skilled and professionally trained employees to its business growth and future success. Therefore, the Group encourages them to participate in personal development and job-related training courses. In order to maintain the highest standard of professionalism by its employees, this program includes quality assurance training in operation process and inspection assurance of materials received from supplier.

In daily operation, the Group provides induction training for new employees, experienced employees act as mentors to guide newcomers. The Group believes such arrangement can be the best practice to facilitate communication and team spirit, as well as to improve technical skills and managerial capability and the management encourage learning and further development of employees at all levels.

The Group will continue to intensify its efforts to promote staff training programs which the Group believes that by means of offering comprehensive training opportunities, it could help providing the necessary protection to talent reserves for corporate development. The Group evaluates the training needs of its employees annually to ensure that employees are offered suitable and appropriate training according to their job nature and position.

Development and Training Key Performance Indicators in Hong Kong (Employee)

Trained staff	Managerial level or above[2]	Supervisory staff[2]	General staff[2]	Percentage of employees receiving training by gender[2]	2021 Overall percentage of employees receiving training[3]
Male	15.38%	–	0.89%	2.11%	2.33%
Female	–	–	4.08%	3.39%	
	14.29%	–	1.47%		

Note 2: Percentage of employees trained in relevant categories = Employees in the category who took park in training/Number of employees in category x 100

Note 3: Percentage of employees trained = Employees who took part in training/Number of employees x 100

Average training hours	Managerial level or above[4]	Supervisory staff[4]	General staff[4]	Average training hours by gender[4]	2021 Overall average training hour[5]
Male	0.62 hour	–	0.27 hour	0.27 hour	0.40 hour
Female	–	–	1.22 hour	1.02 hour	
	0.57 hour	–	0.44 hour		

Note 4: Overall average training hour= Total number of training hours of the category/Number of employees in category

Note 5: Average training hours per employee= Total number of training hours/Total number of employees

Labour Standards

The Group always respects and strictly complies with all applicable national laws and local regulations as well as relevant labour laws and regulations in the place where it operates, including the Policy of Employment of Children under the Employment Ordinance in Hong Kong. The Group has also developed rigorous and systematic measures for recruitment and selection, to prevent itself from illegally hiring child labour and ensure that the employment is in compliance with relevant laws and regulations.

The Group arranges for the employees' working hours based on the working hour standards and entitles them to paid leaves and sick leaves in accordance with the relevant labour laws in Hong Kong.

Supply Chain Management

The Group implements supplier management in accordance with internal guidance which governs the engagement of suppliers/sub-contractors in Hong Kong. Suppliers/sub-contractors are chosen subjecting to screening and evaluation procedures among the suppliers/sub-contractors, based on the quality and price. Also, to ensure suppliers'/sub-contractors' capability in quality assurance, safety and environmental responsibility, field visit and investigation is conducted. The investigation reviews the production capacity, technology level, quality assurance capabilities, supply capacity, safety and environment management qualifications if needed. Only the highly qualified suppliers/sub-contractors complied with regulatory requirements are eligible for the supplier/sub-contractor selection by the Group. The Group also carries out regular assessment on suppliers'/sub-contractors' overall capabilities, assets position, nature of business, reputation in the industry, quality of products, goods delivery and compliance with law and regulations.

As customers are becoming more concerned about environmental issues, and stress the importance of using environmentally friendly materials, the Group will continue to act as a corporate citizen in communicating and stressing those environmental issues to our suppliers. Supplier's service or product with minimal adverse environmental impacts would be one of the significant considerations for the Group to select new supplier.

Each subcontractor and supplier are reviewed after completion of their contracts. In case of major non-performance of approved subcontractor or supplier, the Group will review their suitability to remain on the approved list.

Number of critical suppliers cooperated with the Group during the Reporting Period

Region	**2021**
Hong Kong	476
PRC	1
	477

Product and Service Responsibility

The Group is committed to providing high-quality services and guarantees that the quality of the Group's projects in Hong Kong is in line with quality standards and sustainability requirements. The Group also pursues to meet higher criteria all the time.

The Group has always been focusing on quality control in construction projects since its incorporation in Hong Kong. In respect of human resources, the Group has a team of project managers with rich experience in undertaking various construction projects. In respect of systems, the Group owns a quality management system, which establishes the procedure to manage the non-conformity detected during construction process. When non-conforming work is identified, the Group will review the situation and stop these below standard works from continuing or re-occurring. If the defect is likely to recur, the Group will require remedial action by the subcontractor and shall more closely supervise these works whenever practicable. The Group also carries out trainings and has established a management system covering various aspects including management of quality of construction staff, quality control on raw material, site management and quality management system, so as to ensure the timely and efficient completion of projects.

During the reporting period, due to the business nature of the Group, there were no recalls concerning the provision and use of products for safety and health reasons within the Group. Besides, there were no substantiated complaints received relating to the provision and use of products and services that have a significant impact on the Group's operations.

Protection of intellectual property right and consumer privacy

The Group recognise the importance of the protection over intellectual property right and consumer privacy. Proper licences for software and information are obtained by the Group to use in its business operation.

Meanwhile, the Group handles all information provided by clients, employees and business partner in accordance with Personal Data (Privacy) Ordinance and related laws and regulations to ensure those information is under proper protection.

Anti-corruption

The Group is committed to maintain the integrity of its corporate culture. Staff members are not allowed to solicit or accept any advantages. The Group sets out the relevant policies in the employee handbook and guides the employees to abide by the code of conduct. The code of conduct provides a clear definition of the provision and acceptance of interests, such as gifts and souvenirs, and ways to deal with conflicts of interest.

Directors and employees are required to make a declaration to the management through the reporting channels when actual or potential conflict of interest arises. Employees cannot receive any gifts from any external parties (i.e. customers, suppliers, contractors, etc.) unless approval is obtained from the management.

The Group has whistle-blowing procedures in effect, encouraging the employees to report directly to the chairman of the Audit Committee for any misconduct and dishonest behaviour, such as bribery, fraud and other offences. Furthermore, the Group has specified in the employee handbook that the Group is entitled to terminate the employment contract with any employee who is bribed with money, gifts or commission, etc., and reserves the right to take further actions against such person.

The Group plans to host regular trainings delivered by representatives from regulators and professionals to all Directors and employees in regards to anti-corruption policies and procedures so to maintain employees' awareness on anti-corruption best practices.

During the Reporting Period, the Group complied with the relevant laws and regulations regarding anti-corruption and money laundering and had no concluded legal case regarding corrupt practices brought against the issuer or its employees.

Community Investment

The Group understands well of the importance for making positive contribution to the community where it operates and considers community benefits as one of its social responsibility. The Group considers that enterprises and communities are inseparable as a whole. Enterprise development has played a leading role in the economic and social development of the community, such as providing employment opportunities and increasing taxes. At the same time, enterprise development is also inseparable from community's support and help. In order to better fulfil its social responsibilities, the Group is very concerned about environmental and health issues and sponsors relevant activities or organisations when necessary.

The Group will continue to explore other means to contribute more to the community and strive to facilitate the building of a healthy and sustainable society.

Environmental performance indicators are summarized in the following tables:

Environmental Performance Indicators

Aspect A1: Emissions

Performance indicator		2021 Data	The Stock Exchange ESG Reporting Guide KPI
Emission	Total nitrogen oxides (NO_x) emissions (tonnes)	0.99	KPI A1.1
	Total sulphur oxides (SO_x) emissions (tonnes)	0.0016	KPI A1.1
	Total Particulate Matter (PM) emissions (tonnes)	0.0816	KPI A1.1
	Total GHGs emissions – scope 1 (tonnes)	276.23	KPI A1.2
	Total GHGs emissions – scope 2 (tonnes)	182.30	KPI A1.2
	Total GHGs emissions –scope 3 (tonnes)	50.04	KPI A1.2
	Intensity of GHG per no. of employees (tonne)	1.48	KPI A1.2
Non-hazardous solid waste	Total inert construction waste disposal at Government Waste Disposal Facilities (tonnes)	786	KPI A1.4
	Total mixed construction waste disposal at Government Waste Disposal Facilities (tonnes)	7,618	KPI A1.4
	Intensity of non-hazardous solid waste emissions per number of employees (tonne)	24.50	KPI A1.4

Aspect A2: Use of resources

Performance indicator		2021 Data	The Stock Exchange ESG Reporting Guide KPI
Energy	Total energy consumption (kWh)	1,439,194	KPI A2.1
	Intensity of total electricity consumption per number of employees (kWh)	4,196	KPI A2.1
Water	Total water consumption (cubic meters)	80,187	KPI A2.2
	Intensity of total water consumption per number of employees (cubic meters)	234	KPI A2.2

Social Performance Indicators

Aspect B1: Employees

Performance indicator		2021 Data	The Stock Exchange ESG Reporting Guide KPI
Total workforce structure as at 31 March 2021	By age		KPI B1.1
	– Age below 30	64	
	– Age 30 – 50	130	
	– Age over 50	149	
	By gender		KPI B1.1
	– Male	284	
	– Female	59	
Employee recruited	By gender		KPI B1.1
	– Male	112	
	– Female	25	
Employee turnover	By gender		KPI B1.2
	– Male	174	
	– Female	31	

Aspect B2: Health and safety

Performance indicator	2021 Data	The Stock Exchange ESG Reporting Guide KPI
Number of work injuries	–	KPI B2.1
Rate of work injury in Hong Kong (per hundred employees)	–	KPI B2.1
Number of loss days due to work injuries	671	KPI B2.2

Aspect B3: Development and training

Performance indicator		2021 Data	The Stock Exchange ESG Reporting Guide KPI
Percentage of employees trained	Percentage of employees receiving training by gender		KPI B3.1
	– Male (%)	2.11	
	– Female (%)	3.39	
Average training hours completed per employee	Average training hours by gender		KPI B3.2
	– Male (hour)	0.27	
	– Female (hour)	1.02	

Aspect B5: Supply Chain Management

Performance indicator		2021 Data	The Stock Exchange ESG Reporting Guide KPI
Number of Supplier by geographical region	By region		KPI B5.1
	– Hong Kong	476	
	– PRC	1	
		477	

國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF LANDRICH HOLDING LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Landrich Holding Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 70 to 133, which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Revenue recognition from provision of construction engineering works	
We identified the revenue recognition from provision of construction engineering works as a key audit matter due to its significance to the consolidated financial statements and management's estimate is involved in determining the revenue when contract progresses. The accounting policy, accounting estimate and disclosure for revenue in Note 4, Note 5 and Note 6 to the consolidated financial statements.	Our audit procedures in relation to revenue recognition from provision of construction engineering works mainly included: • Obtaining an understanding on how the management recognises the revenue from the provision of construction engineering works and how the total budget costs are determined; • Agreeing the project contract sum to signed contracts and variation orders, if any; • Assessing the accuracy of the actual total costs incurred for the year by checking against the payment certificates or invoices issued by the subcontractors and suppliers, on a sample basis; • Checking the total budget costs by inspecting the underlying contracts and correspondence with subcontractors and suppliers, on a sample basis, of individual projects and understanding the causes for significant variances, if any, made to these budgets during the year; • Evaluating the reliability of the management's estimation by comparing their budget costs to actual costs on completed projects, on a sample basis; and • Assessing the accuracy of revenue recognised for the year by recalculating the revenue based on the percentage of completion of the contract based on the input method.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of trade receivables and contract assets	
We identified the impairment assessment of trade receivables and contract assets as a key audit matter due to its significance to the consolidated financial statements and management's estimate is involved in determining the impairment of trade receivables and contract assets. The accounting policy, accounting estimate and disclosures for the trade receivables and contract assets are disclosed in Note 4, Note 5, Note 17 and Note 19 to the consolidated financial statements.	Our audit procedures in relation to impairment assessment of trade receivables and contract assets mainly included: • Obtaining an understanding on how the management assess the expected credit losses for trade receivables and contract assets; • Testing the integrity of information used by management for the assessment, including ageing analysis of trade receivables, on a sample basis, by comparing individual items in the analysis with the relevant underlying documents; • Testing, on a sample basis, the collection of receivables after the year end from the customers; • Assessing the reasonableness of the basis and judgement of the management in determining loss allowance on trade receivables and contract assets; and • Testing the key data sources applied in the expected credit losses computation, on a sample basis, by checking to the supporting information and external data sources, as applicable.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditors' report is Chan Ching Pang.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Chan Ching Pang
Practising Certificate Number: P05746

Hong Kong, 23 June 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	**2021**	2020
		HK$'000	*HK$'000*
Revenue	6	**634,448**	609,195
Direct costs		**(567,065)**	(534,274)
Gross profit		**67,383**	74,921
Other income	7	**17,328**	1,947
Administrative and other operating expenses		**(27,092)**	(26,829)
Finance costs	8	**(583)**	(658)
Profit before income tax	10	**57,036**	49,381
Income tax expense	9	**(9,163)**	(8,932)
Profit and total comprehensive income for the year		**47,873**	40,449
Earnings per share			
– Basic and diluted (HK cents)	13	**3.36**	3.16

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	Notes	2021 *HK$'000*	2020 *HK$'000*
Non-current assets			
Property, plant and equipment	15	**29,965**	14,132
Deposits for acquisition of property, plant and equipment		**2,802**	–
Right-of-use assets	16	**3,609**	210
		36,376	14,342
Current assets			
Trade receivables	17	**56,515**	72,405
Other receivables, deposits and prepayments	18	**13,634**	17,865
Contract assets	19	**132,222**	72,198
Tax recoverable		**2,410**	–
Pledged bank deposits	20	**8,000**	10,454
Bank balances and cash	20	**121,782**	60,374
		334,563	233,296
Total assets		**370,939**	247,638
Current liabilities			
Trade and other payables	21	**108,499**	84,490
Contract liabilities	19	**12,130**	21,808
Amount due to a director	22	**–**	2,198
Borrowings	23	**11,551**	23,037
Lease liabilities	24	**1,851**	214
Current tax liabilities		**4,434**	3,930
		138,465	135,677
Net current assets		**196,098**	97,619
Total assets less current liabilities		**232,474**	111,961

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	Notes	2021 *HK$'000*	2020 *HK$'000*
Non-current liabilities			
Lease liabilities	24	**1,766**	–
Deferred tax liabilities	25	**3,060**	–
		4,826	–
Net assets		**227,648**	111,961
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	26	**16,000**	2
Reserves		**211,648**	111,959
Total equity		**227,648**	111,961

The consolidated financial statements on pages 70 to 133 were approved and authorised for issue by the board of directors on 23 June 2021 and signed on its behalf by:

Mr. Tsui Kai Kwong *Director*	**Mr. Tsui Tsz Yeung Ian** *Director*

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Share capital *HK$'000* (Note 26)	Share premium *HK$'000*	Other reserve *HK$'000* (Note)	Retained profits *HK$'000*	Total equity *HK$'000*
At 1 April 2019	2	–	24,910	46,600	71,512
Profit and total comprehensive income for the year	–	–	–	40,449	40,449
At 31 March 2020	2	–	24,910	87,049	111,961
Profit and total comprehensive income for the year	**–**	**–**	**–**	**47,873**	**47,873**
Dividends recognised as distribution during the year (Note 14)	**–**	**–**	**–**	**(18,000)**	**(18,000)**
Effect of reorganisation (Note 26(b))	**(2)**	**–**	**2**	**–**	**–**
Issue of shares under the Capitalisation Issue* (Note 26(c))	**12,800**	**(12,800)**	**–**	**–**	**–**
Issue of shares under the Share Offer* (Note 26(d))	**3,200**	**100,800**	**–**	**–**	**104,000**
Transaction costs attributable to issue of new shares	**–**	**(18,186)**	**–**	**–**	**(18,186)**
At 31 March 2021	**16,000**	**69,814**	**24,912**	**116,922**	**227,648**

* Both of which are defined in Note 26.

Note: Other reserve represents the difference between the nominal value of the shares issued by Lion Brave Group Limited, Lofty Wisdom Holdings Limited and Sheen Cedar Investments Limited and the aggregate amount of the nominal value of the share capital of Richwell Engineering Limited, Richwell Civil Engineering Limited and Time Concept Construction Limited which were acquired under the Reorganisation as defined in Note 2.

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	2021 *HK$'000*	2020 *HK$'000*
Cash flows from operating activities		
Profit before income tax	**57,036**	49,381
Adjustments for:		
– Depreciation of property, plant and equipment	**7,653**	4,087
– Depreciation of right-of-use assets	**967**	559
– Gain on disposals of property, plant and equipment, net	**(1,322)**	(1,272)
– Impairment/(reversal of) loss allowance on trade receivables, net of reversal/impairment	**84**	(212)
– Interest expenses	**583**	658
– Interest income	**(118)**	(182)
Operating cash flows before movements in working capital	**64,883**	53,019
Decrease in trade receivables	**15,806**	10,779
Decrease/(increase) in other receivables, deposits and prepayments	**2,874**	(9,848)
(Increase)/decrease in contract assets	**(60,024)**	3,757
Increase/(decrease) in trade and other payables	**24,009**	(3,140)
(Decrease)/increase in contract liabilities	**(9,678)**	6,414
Cash generated from operations	**37,870**	60,981
Income tax paid	**(8,009)**	(9,944)
Interest paid	**(351)**	(264)
Net cash generated from operating activities	**29,510**	50,773
Cash flows from investing activities		
Decrease/(increase) in pledged bank deposits	**2,454**	(154)
Interest received	**118**	182
Payment for deposits for acquisition of property, plant and equipment	**(2,802)**	–
Proceeds from disposals of property, plant and equipment	**1,809**	1,272
Purchase of property, plant and equipment	**(22,592)**	(10,479)
Net cash used in investing activities	**(21,013)**	(9,179)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	2021	2020
	HK$'000	*HK$'000*
Cash flows from financing activities		
Repayments to a director	**(2,198)**	(16,438)
Dividends paid	**(18,000)**	–
Interest paid	**(183)**	(362)
New bank loans raised	**–**	5,000
Proceeds from issue of shares	**104,000**	–
Repayments of lease liabilities	**(987)**	(895)
Interest paid on lease liabilities	**(49)**	(32)
Repayments of bank loans	**(11,288)**	(7,146)
Issue costs paid	**(18,186)**	–
Net cash generated from/(used in) financing activities	**53,109**	(19,873)
Net increase in cash and cash equivalents	**61,606**	21,721
Cash and cash equivalents at the beginning of the year	**48,625**	26,904
Cash and cash equivalents at the end of the year	**110,231**	48,625
Represented by:		
Bank balances and cash	**121,782**	60,374
Bank overdrafts	**(11,551)**	(11,749)
	110,231	48,625

The accompanying notes form an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

Landrich Holding Limited (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 ("**BVI**") 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 Company and its subsidiaries (collectively referred to as 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 set out in Note 4 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 of the Company 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. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5 below.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 *Leases* ("**HKFRS 16**"), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Merger accounting for business combination involving businesses under common control

The consolidated financial statements incorporate the financial statements items of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining businesses first came under the control of the controlling party.

The net assets of the combining business are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period.

The comparative amounts in the consolidated financial statements are presented as if the businesses had been combined at the beginning of the previous reporting period or when they first came under common control, whichever is shorter.

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Interests in joint operations *(Continued)*

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue from contracts with customers *(Continued)*

Revenue from provision of construction engineering works

The Group provides construction engineering works under contracts with customers. Such contracts are entered into before the construction engineering works begin. Under the terms of the contracts, the Group's performance creates or enhances an asset that the customers control which referred as the designated areas where the construction works are performed. Revenue from provision of construction engineering works is recognised over time, using input method. The management of the Group has assessed that the stage of completion determined as the proportion of the costs incurred for the works (i.e. subcontracting costs, materials costs and direct staff costs incurred) performed to date relative to the estimated total costs to complete the satisfaction of these works, that best depict the Group's performance in transferring control of goods or services.

For contracts that contain variable consideration (i.e. variation order), the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue from contracts with customers *(Continued)*

Contract assets and contract liabilities

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9 *Financial Instruments* ("**HKFRS 9**"). In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates 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.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The Group as a lessee *(Continued)*

Right-of-use assets (Continued)

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease liabilities (Continued)

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review or expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to the Mandatory Provident Fund ("**MPF**") Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefits in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before income tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment on property, plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment on property, plant and equipment and right-of-use assets *(Continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets (Continued)

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including deposits for acquisition of property, plant and equipment, trade receivables, other receivables and deposits, pledged bank deposits and bank balances and cash) and contract assets which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets and assesses the lifetime ECL collectively based on shared credit risk characteristic. The estimate of the credit loss is determined based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as forecast direction of conditions at the end of each reporting period, including time value of money where appropriate.

For all other financial assets, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

(i) Significant increase in credit risk *(Continued)*

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) it has a low risk of default (i.e. no default history), (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL *(Continued)*

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

Classification as debt or equity instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables, amount due to a director, borrowings and lease liabilities) are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control of the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties *(Continued)*

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Revenue recognition from provision of construction engineering works

The contract revenue and profit recognised on a project is dependent on management's estimation of the progress of the satisfaction of performance obligations of a construction contract over time, measured by actual contract costs incurred to date to estimated total contract costs for the contract. Based on the Group's recent experience and the nature of the activity undertaken by the Group, the Group reviews and revises the estimates of contract revenue, contract costs and variation order, prepared for each construction contract as the contract progresses. Budgeted construction costs are prepared by management on the basis of quotations from time to time provided by the major subcontractors, suppliers and vendors involved and the experience of management. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of the budgeted construction costs and revises the budgeted construction costs as appropriate.

Significant judgement is required in estimating contract revenue, contract costs and variation work which may have an impact on percentage of completion of the construction contracts and the corresponding profit taken. In addition, actual outcome in terms of total revenue or costs may be higher or lower than estimation at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

Impairment of trade receivables and contract assets

The loss allowances for trade receivables and contract assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

6. 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 HK$'000	2020 HK$'000
Type of service		
Provision of construction engineering works	**634,448**	609,195
Type of sector		
Public sector	**571,230**	449,026
Private sector	**63,218**	160,169
	634,448	609,195

(ii) Performance obligations for contracts with customers

The Group derives its revenue from provision of construction engineering works and are recognised over time. All the Group's services are rendered directly with the customers. Details of the Group's performance obligation in contracts with customers are described in Note 4.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) at the end of the reporting period are set out as below:

	2021 HK$'000	2020 HK$'000
Provision of construction engineering works (Note)	**2,130,338**	1,474,620

Note: The amounts include the additional transaction prices of new contracts, which refer to the date of letter of award or actual commencement date of construction activities, whichever is the earliest.

Based on the information available to the Group at the end of each reporting period, the management of the Group expect the transaction price allocated to the above unsatisfied (or partially unsatisfied) contracts in respect of the provision of construction engineering works as at 31 March 2021 will be recognised as revenue varying from 1 to 5 years (2020: 1 to 6 years) according to the contract period.

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

(iv) Segment information

Information is reported to the executive directors of the Company, 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 described in Note 4.

(v) 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.

(vi) Information about major customers

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

	2021	2020
	HK$'000	*HK$'000*
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.

7. OTHER INCOME

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

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

8. FINANCE COSTS

	2021 HK$'000	2020 HK$'000
Interest expenses on		
– Bank overdrafts	**351**	264
– Bank loans	**183**	362
– Lease liabilities	**49**	32
	583	658

9. INCOME TAX EXPENSE

	2021 HK$'000	2020 HK$'000
Income tax expense comprises:		
Hong Kong Profits Tax:		
– Current year	**6,459**	7,966
– (Over)/under-provision in prior years	**(356)**	966
	6,103	8,932
Deferred tax (Note 25):	**3,060**	–
	9,163	8,932

9. INCOME TAX EXPENSE *(Continued)*

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.

The income tax expense for the year can be reconciled to the profit before income tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2021	2020
	HK$'000	*HK$'000*
Profit before income tax	**57,036**	49,381
Tax at Hong Kong Profits Tax rate of 16.5% (2020: 16.5%)	**9,411**	8,148
Tax effect of expenses not deductible for tax purpose	**1,467**	653
Tax effect of income not taxable for tax purpose	**(2,421)**	(232)
Tax effect of temporary difference not recognised	**1,257**	(318)
Utilisation of tax losses previously not recognised	**–**	(60)
(Over)/under-provision in prior years	**(356)**	966
Effect of tax concession	**(30)**	(60)
Income tax at concessionary rate	**(165)**	(165)
Income tax expense for the year	**9,163**	8,932

10. PROFIT BEFORE INCOME TAX

	2021 HK$'000	2020 HK$'000
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 (Note 11)	**144,880**	128,453

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Details of the emoluments paid or payable to the directors of the Company and the chief executive officer of the Company are as follows:

	Fees	Salaries, allowances and other benefits in kind	Discretionary bonuses	Contributions to retirement benefit scheme	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2021					
Executive directors					
Mr. KK Tsui	**–**	**2,029**	**165**	**18**	**2,212**
Mr. Tsui Tsz Yeung Ian	**–**	**1,353**	**390**	**18**	**1,761**
Ms. Tsui Wai Yeung Janis	**–**	**913**	**224**	**18**	**1,155**
Independent non-executive directors					
Mr. Lee Yan Kit	**81**	**–**	**–**	**–**	**81**
Mr. Lee Kin Kee	**81**	**–**	**–**	**–**	**81**
Mr. Kwong Ping Man	**81**	**–**	**–**	**–**	**81**
	243	**4,295**	**779**	**54**	**5,371**

	Fees	Salaries, allowances and other benefits in kind	Discretionary bonuses	Contributions to retirement benefit scheme	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2020					
Executive directors					
Mr. KK Tsui	–	1,845	150	18	2,013
Mr. Tsui Tsz Yeung Ian	–	1,230	380	18	1,628
Ms. Tsui Wai Yeung Janis	–	903	170	18	1,091
	–	3,978	700	54	4,732

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

Mr. Tsui Tsz Yeung Ian is the chief executive officer of the Company.

Mr. Lee Yan Kit, Mr. Lee Kin Kee and Mr. Kwong Ping Man were appointed as independent non-executive directors of the Company on 21 September 2020.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

The discretionary bonuses are determined with reference to the performance of the employee.

During the years ended 31 March 2021 and 2020, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. Neither the chief executive nor any of the directors has waived or agreed to waive any emoluments during the years ended 31 March 2021 and 2020.

12. EMPLOYEES' EMOLUMENTS

The five highest paid individuals of the Group included two (2020: two) directors of the Company, details of whose emoluments are disclosed in Note 11. Details of the remaining three (2020: three) highest paid individuals are as follows:

	2021	2020
	HK$'000	*HK$'000*
Salaries, allowances and other benefits in kind	**3,875**	4,314
Discretionary bonuses	**897**	512
Contributions to retirement benefit scheme	**54**	54
	4,826	4,880

12. EMPLOYEES' EMOLUMENTS *(Continued)*

The number of the highest paid individuals who are not the directors of the Company whose emoluments fell within the following bands:

	Number of individuals	
	2021	2020
HK$1,000,001 – HK$1,500,000	**–**	1
HK$1,500,001 – HK$2,000,000	**3**	2

During the years ended 31 March 2021 and 2020, no emoluments was paid by the Group to the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company or any of the five highest paid individuals waived or agreed to waive any emoluments during the years ended 31 March 2021 and 2020.

13. EARNINGS PER SHARE

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

	2021	2020
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**47,873**	40,449

	2021	2020
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousand)	**1,422,904**	1,280,000

13. EARNINGS PER SHARE *(Continued)*

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 26.

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.

14. DIVIDENDS

	2021	2020
	HK$'000	*HK$'000*
Dividends recognised as distribution	**18,000**	–

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 HK0.3125 cents (2020: Nil) per ordinary share, in an aggregate amount of approximately HK$5,000,000 (2020: Nil), has been proposed by the directors of the Company and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting. This dividend has not been included as a liability in the consolidated financial statements.

15. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
At 1 April 2019	15,838	8,807	911	12,130	37,686
Additions	3,698	584	1,989	4,208	10,479
Disposals	(2,384)	–	–	(736)	(3,120)
Transfer from right-of-use assets	–	–	–	648	648
At 31 March 2020	17,152	9,391	2,900	16,250	45,693
Additions	22,739	356	375	503	23,973
Disposals	(2,509)	(39)	(578)	(2,897)	(6,023)
At 31 March 2021	**37,382**	**9,708**	**2,697**	**13,856**	**63,643**
Accumulated depreciation					
At 1 April 2019	14,226	7,108	364	8,701	30,399
Provided for the year	1,316	660	352	1,759	4,087
Eliminated on disposals	(2,384)	–	–	(736)	(3,120)
Transfer from right-of-use assets	–	–	–	195	195
At 31 March 2020	13,158	7,768	716	9,919	31,561
Provided for the year	4,204	664	611	2,174	7,653
Eliminated on disposals	(2,212)	(39)	(388)	(2,897)	(5,536)
At 31 March 2021	**15,150**	**8,393**	**939**	**9,196**	**33,678**
Carrying amounts					
At 31 March 2021	**22,232**	**1,315**	**1,758**	**4,660**	**29,965**
At 31 March 2020	3,994	1,623	2,184	6,331	14,132

The above items of property, plant and equipment are depreciated on a straight-line basis over the following rates per annum:

Plant and machinery	25%
Furniture and fixtures	20% to 25%
Leasehold improvements	Over the shorter of lease term or 25%
Motor vehicles	25%

16. RIGHT-OF-USE ASSETS

	Leased properties *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
At 31 March 2021			
Carrying amounts	**1,084**	**2,525**	**3,609**
At 31 March 2020			
Carrying amounts	210	–	210
For the year ended 31 March 2021			
Depreciation charge	**892**	**75**	**967**
For the year ended 31 March 2020			
Depreciation charge	478	81	559

	2021 ***HK$'000***	2020 *HK$'000*
Expense relating to short-term leases	**20,813**	26,035
Total cash outflow for leases	**21,849**	26,962
Additions to right-of-use assets	**4,366**	–

The Group leases various offices and motor vehicles for its operations. Lease contracts are entered into for a fixed term of 1 to 3 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

17. TRADE RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Trade receivables	**57,420**	73,226
Less: Loss allowance	**(905)**	(821)
	56,515	72,405

As at 1 April 2019, trade receivables arising from contracts with customers net of loss allowance amounted to approximately HK$82,972,000.

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

As at 31 March 2021, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK$12,496,000 (2020: HK$26,085,000) which are past due as at the reporting date. Out of the past due balances, approximately HK$4,563,000 (2020: Nil) has been past due 90 days or more and is not considered as in default based on good payment history and the Group is still engaging with the debtors in an active projects. The Group does not charge interest nor hold any collateral over these balances.

Details of impairment assessment on trade receivables are set out in Note 33.

18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021	2020
	HK$'000	*HK$'000*
Other receivables	**3,189**	11,171
Other deposits	**4,334**	2,496
Prepayments	**4,500**	2,453
Utility deposits	**1,611**	1,745
	13,634	17,865

Included in other receivables of the Group as at 31 March 2021 was amount due from a partner of joint operations of approximately HK$1,438,000 (2020: HK$6,310,000).

19. CONTRACT ASSETS AND CONTRACT LIABILITIES

	2021	2020
	HK$'000	*HK$'000*
Contract assets	**132,222**	72,198
Contract liabilities	**12,130**	21,808

As at 1 April 2019, contract assets and contract liabilities amounted to approximately HK$75,955,000 and HK$15,394,000, respectively.

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

Contract assets

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

The Group's contract assets are analysed as follows:

	2021	2020
	HK$'000	*HK$'000*
Retention receivables	**33,694**	24,051
Others (Note)	**98,528**	48,147
	132,222	72,198

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

Changes of contract assets were mainly due to increase in: (1) the amount of retention receivables (generally at certain percentage of total contract sum) in accordance with the number of ongoing and completed contracts under the defect liability period; and (2) the size and number of contract works that the relevant services were completed but yet certified by architects, surveyors or other representatives appointed by the customers at the end of reporting period.

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

Contract assets *(Continued)*

Included in the Group's contract assets are the retention receivables to be settled, based on the expiry of the defect liability period of the relevant contracts or in accordance with the terms specified in the relevant contracts, at the end of the reporting period. The balances are classified as current as they are expected to be received in its normal operating cycle.

As at 31 March 2021, retention receivables amounting to approximately HK$4,148,000 (2020: HK$15,548,000) were expected to be received within twelve months after the end of the reporting period.

Details of impairment assessment on contract assets are set out in Note 33.

Contract liabilities

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

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

Revenue from provision of construction engineering works recognised during the year ended 31 March 2021 that was included in the contract liabilities at the beginning of the year was approximately HK$12,808,000 (2020: HK$15,394,000).

20. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits represent deposits pledged to banks 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 banking facilities. As at 31 March 2021, the interest rate on pledged bank deposits were approximately 0.01% (2020: 1.5%) per annum.

Bank balances and cash represent cash held by the Group and bank balances. Bank balances carry interest at approximately 0.01% (2020: 0.01% to 2.1%) per annum as at 31 March 2021.

21. TRADE AND OTHER PAYABLES

	2021 HK$'000	2020 HK$'000
Trade payables	**48,740**	37,816
Retention payables (Note)	**24,832**	22,909
Accruals and other payables	**34,927**	23,765
	108,499	84,490

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

Included in accruals and other payables of the Group as at 31 March 2021 was amounts due to partners of joint operations of approximately HK$3,759,000 (2020: HK$6,902,000).

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 HK$'000	2020 HK$'000
0 – 30 days	**44,393**	30,026
31 – 60 days	**1,948**	3,788
61 – 90 days	**270**	1,686
Over 90 days	**2,129**	2,316
	48,740	37,816

22. AMOUNT DUE TO A DIRECTOR

The amount due was non-trade in nature, unsecured, interest-free and repayable on demand.

23. BORROWINGS

	2021	2020
	HK$'000	*HK$'000*
Bank overdrafts	**11,551**	11,749
Bank loans – secured	**–**	11,288
	11,551	23,037

	2021	2020
	HK$'000	*HK$'000*
The carrying amounts of bank loans that contain a repayment on demand clause (shown under current liabilities) but repayable based on scheduled repayment dates set out in the loan agreements:		
– within one year	**–**	6,920
– within a period of more than one year but not exceeding two years	**–**	657
– within a period of more than two years but not exceeding five years	**–**	2,137
– Over five years	**–**	1,574
	–	11,288

Notes:

(i) Bank overdrafts carry interests at 2.25% per annum over 1 month Hong Kong Interbank Offered Rate ("**HIBOR**") (2020: 2.25% per annum over 1 month HIBOR), also the effective interest rate, and were repayable on demand.

(ii) The Group's bank loans of Nil (2020: approximately HK$11,288,000) as at 31 March 2021 contained a repayment on demand clause.

(iii) As at 31 March 2021, the banking facilities of the Group were secured by pledged bank deposits of approximately HK$8,000,000.

As at 31 March 2020, the banking facilities of the Group were secured by pledged bank deposits of approximately HK$8,000,000 and unlimited personal guarantee granted by Mr. KK Tsui.

24. LEASE LIABILITIES

	2021 HK$'000	2020 HK$'000
Lease liabilities payable:		
Within one year	**1,851**	214
Within a period of more than one year but not exceeding two years	**1,117**	–
Within a period of more than two years but not exceeding five years	**649**	–
	3,617	214
Less: Amount due for settlement with 12 months shown under current liabilities	**(1,851)**	(214)
Amount due for settlement after 12 months shown under non-current liabilities	**1,766**	–

As at 31 March 2021, lease liabilities of approximately HK$2,516,000 (2020: Nil) are secured by the Group's motor vehicles with carrying amount of approximately HK$2,525,000 (2020: Nil) as disclosed in Note 16.

The Group leases various offices and motor vehicles. The Group has a lease contract includes an option to extend for a period of one year in which the Group is not reasonably certain to exercise the extension option.

25. DEFERRED TAX LIABILITIES

The following are the deferred tax liabilities/(assets) recognised and movements thereon:

	Accelerated tax depreciation HK$'000	ECL provision HK$'000	Total HK$'000
At 1 April 2019 and 31 March 2020	–	–	–
Charged to profit or loss (Note 9)	3,209	(149)	3,060
At 31 March 2021	**3,209**	**(149)**	**3,060**

No deferred tax assets and liabilities have been recognised in the consolidated financial statements as the Group did not have material temporary differences arising between the tax bases of assets and liabilities and their carrying amounts as at 31 March 2020.

26. 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, prior to the Reorganisation.

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

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

* 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.

26. SHARE CAPITAL *(Continued)*

Notes: *(Continued)*

(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.

27. SHARE OPTION SCHEME

The Company's share option scheme (the "**Scheme**") was conditionally adopted by the written resolutions of the then sole shareholder of the Company passed on 21 September 2020. Under the Scheme, the board of directors of the Company may, at their absolute discretion, at any time within a period of ten years commencing from the effective date offer to grant to any eligible persons, including employees, directors, consultants or advisers, suppliers, distributors, contractors, agents, business partners or service providers, customers and any substantial shareholders of the Group, options to subscribe for shares. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Scheme to eligible participants in any 12 months period up to the date of grant shall not exceed 1% of the shares in issue as at the date of grant, any further grant of options in excess of this 1% limit shall be subject to the approval of Company's shareholders in a general meeting.

No share option has been granted by the Company since the adoption of the Scheme and there is no outstanding share options as at 31 March 2021.

28. RETIREMENT BENEFIT PLAN

The Group participates in an MPF scheme established under the Mandatory Provident Fund Scheme Ordinance for its qualified employees in Hong Kong. The assets of the MPF scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF scheme, the employer and its employees are each required to make contributions to the MPF scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF scheme is to make the required contributions. The cap of contribution amount is HK$1,500 per employee per month. Contributions to the plan vest immediately.

The total expenses recognised in the consolidated statement of profit or loss and other comprehensive income amounted to approximately HK$4,152,000 (2020: HK$3,958,000) for the year ended 31 March 2021 and represent contributions paid or payable to the MPF scheme by the Group at rates specified in the rules of the scheme.

29. CAPITAL COMMITMENT

	2021	2020
	HK$'000	*HK$'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**4,601**	4,018

30. JOINT OPERATIONS

As at 31 March 2021 and 2020, the Group had interests in the following principal joint operations:

Name of joint operation	Form of business structure	Place of operation	Attributable interest to the Group 2021	Attributable interest to the Group 2020	Principal activities
Leader Civil-Richwell Engineering Joint Venture	Unincorporated	Hong Kong	**96%**	96%	Civil engineering
Leader Civil-Richwell Engineering Joint Venture	Unincorporated	Hong Kong	**49%**	49%	Civil engineering
Build King-Richwell Engineering Joint Venture	Unincorporated	Hong Kong	**49%**	49%	Civil engineering
Build King-Richwell Engineering Joint Venture	Unincorporated	Hong Kong	**40%**	40%	Civil engineering
Build King-Richwell Engineering Joint Venture	Unincorporated	Hong Kong	**30%**	30%	Civil engineering
Build King-Richwell Civil Joint Venture	Unincorporated	Hong Kong	**30%**	–	Civil engineering

The directors of the Company are of the view that entering into above joint operations act as an important marketing and expanding strategy in developing its construction businesses. For the year ended 31 March 2021, the Group's revenue included amounts derived through the entering into of these joint operations of approximately HK$196,008,000 (2020: HK$131,914,000).

31. SIGNIFICANT RELATED PARTY TRANSACTIONS

Apart from disclosed elsewhere in the consolidated financial statements, the Group entered into the following significant transactions with related parties during the years ended 31 March 2021 and 2020:

	Notes	2021 HK$'000	2020 HK$'000
Rental expenses paid to:			
Fame Most Limited	(i) & (ii)	**1,340**	1,152
Sale of motor vehicle to:			
Mr. Tsui Kai Chun	(iii)	**70**	–

Notes:

(i) The rental expenses were charged based on the agreements entered between the parties involved.

(ii) Fame Most Limited is indirectly wholly-owned by Mr. KK Tsui.

(iii) The Group disposed a motor vehicle to Mr. Tsui Kai Chun, brother of Mr. KK Tsui, at a consideration of HK$70,000 which was based on market value.

Compensation of key management personnel

Key management includes executive directors of the Company and senior management of the Group. The remuneration of key management during the years ended 31 March 2021 and 2020 are as follows:

	2021 HK$'000	2020 HK$'000
Short-term employee benefits	**9,441**	8,683
Post-employment benefits	**108**	108
	9,549	8,791

32. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes borrowings as disclosed in Note 23, net of bank balances and cash and equity attributable to owners of the Company, comprising share capital and reserves.

The directors of the Company review the capital structure on a continuous basis. As a part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through payment of dividends, new share issues as well as the issue of new debts.

The net debt-to-equity ratio at the end of the reporting period is as follows:

	2021	2020
	HK$'000	*HK$'000*
Debts	**11,551**	23,037
Less: Bank balances and cash	**(121,782)**	(60,374)
Net debt	**(110,231)**	(37,337)
Total equity	**227,648**	111,961
Net debt-to-equity ratio	**N/A**	N/A

33. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2021	2020
	HK$'000	*HK$'000*
Financial assets		
Financial assets at amortised cost	**198,233**	158,645
Financial liabilities		
Financial liabilities at amortised cost	**123,667**	109,939

33. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies

The Group's financial instruments include deposits for acquisition of property, plant and equipment, trade receivables, other receivables and deposits, pledged bank deposits, bank balances and cash, trade and other payables, amount due to a director, borrowings and lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The majority of the Group's transactions and balances as at and for the years ended 31 March 2021 and 2020 were denominated in Hong Kong dollars. The directors consider that the currency risk is not significant and the Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

(ii) Cash flow interest rate risk

The Group is mainly exposed to cash flow interest rate risk related primarily to variable-rate bank balances and borrowings. The Group currently does not have any interest rate hedging policy. However, the management of the Group monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The sensitivity analysis below has been determined based on the exposure to interest rates for interest-bearing borrowings at the end of the reporting period. The analysis is prepared assuming the financial instrument outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points increase or decrease are used and represents management's assessment of the reasonably possible change in interest rates.

If the interest rate on borrowings had been 50 basis points higher/lower and all other variables were held constant at the end of the reporting period, the Group's profit before income tax for the year ended 31 March 2021 would decrease/increase by approximately HK$58,000 (2020: HK$59,000) as a result of the Group's exposure to interest rates on its variable-rate borrowings.

33. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment

At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets and contract assets as stated in the consolidated statement of financial position. The Group's credit risk is primarily attributable to deposits for acquisition of property, plant and equipment, trade receivables, other receivables and deposits, contract assets, pledged bank deposits and bank balances.

The Group has concentration of credit risks with exposure limited to certain customers. The top three debtors comprised approximately 70% (2020: 70%) of the Group's trade receivables and the top five debtors comprised approximately 85% (2020: 84%) of the Group's trade receivables as stated in Note 17 as at 31 March 2021. The management of the Group closely monitors the subsequent settlement of the customers. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

In order to minimise the credit risk on trade receivables, the management of the Group has delegated a team responsible for monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts on trade receivables and contract assets.

The Group applies simplified approach on trade receivables and contract assets to provide for ECL prescribed by HKFRS 9 which permits the use of the lifetime ECL for trade receivables and contract assets. To measure the ECL of trade receivables, the trade receivables have been grouped based on shared credit risk characteristic. Based on historical experience of the Group, the contract assets are generally recoverable due to the long term/on-going relationship and good repayment record, the ECL of contract assets was insignificant.

The credit risk for bank balances and pledged bank deposits is considered not significant as such amounts are placed in reputable banks with high credit ratings assigned by international credit-rating agencies. There has been no recent history of default in relation to these banks and thus the risk of default is regarded as low.

33. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

For other receivables and deposits, the management of the Group makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records, past experience and also available reasonable and supportive forward-looking information. The management of the Group believes that there is no material credit risk inherent in the Group's outstanding balance of other receivables and deposits.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables and contract assets	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle after due date	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

33. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

The tables below detail the credit risk exposures of the Group's financial assets and contract assets which are subject to ECL assessment:

At 31 March 2021	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Average expected credit loss rate
			HK$'000	
Financial assets at amortised cost				
Deposits for acquisition of property, plant and equipment	Low risk	12-month ECL	2,802	N/A
Trade receivables	Low risk	Lifetime ECL (not credit-impaired)	56,666	0.3%
	Loss	Lifetime ECL (credit-impaired)	754	100%
Other receivables and deposits	Low risk	12-month ECL	9,134	N/A
Pledged bank deposits	Low risk	12-month ECL	8,000	N/A
Bank balances and cash	Low risk	12-month ECL	121,782	N/A
Other item				
Contract assets	Low risk	Lifetime ECL	132,222	N/A

At 31 March 2020	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Average expected credit loss rate
			HK$'000	
Financial assets at amortised cost				
Trade receivables	Low risk	Lifetime ECL (not credit-impaired)	72,472	0.01%
	Loss	Lifetime ECL (credit-impaired)	754	100%
Other receivables and deposits	Low risk	12-month ECL	15,412	N/A
Pledged bank deposits	Low risk	12-month ECL	10,454	N/A
Bank balances and cash	Low risk	12-month ECL	60,374	N/A
Other item				
Contract assets	Low risk	Lifetime ECL	72,198	N/A

33. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Notes:

(1) For trade receivables and contract assets, the Group has applied the simplified approach in accordance with HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the expected credit losses on those balances by individual and/or collectively with appropriate groupings based on same risk characteristic.

As part of the Group's credit risk management, the Group uses debtors' ageing to assess the impairment for its customers in relation to its construction works because these customers consist of a number of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

The following table shows reconciliation of loss allowance that has been recognised for trade receivables under the simplified approach:

	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2019	279	1,075	1,354
Changes due to financial instruments recognised at 1 April 2019:			
– Impairment losses reversed	(279)	–	(279)
– Write-off	–	(321)	(321)
New financial assets originated	67	–	67
At 31 March 2020	67	754	821
Changes due to financial instruments recognised at 1 April 2020:			
– Impairment losses reversed	(67)	–	(67)
New financial assets originated	151	–	151
At 31 March 2021	**151**	**754**	**905**

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

(2) For other receivables and deposits, the Group measures the loss allowance equal to 12-month ECL. The Group applies internal credit risk management to assess whether credit risks has increased significantly since initial recognition, in which case the Group recognises lifetime ECL. The credit risk on other receivables and deposits is limited having considered the credit quality of the counterparties and the probability of default is negligible. Therefore, no loss allowance is made on these balances.

(3) Pledged bank deposits and bank balances are deposited with financial institutions with high credit rating and are considered low credit risk financial assets. The directors of the Company consider these assets are short-term in nature and the probability of default is negligible on the basis of high-credit ratings. Therefore, no loss allowance is made on these balances.

33. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk

In the management of the liquidity risk, the management of the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group believes that the Group will have sufficient working capital for its future operational requirement.

As at 31 March 2021, the Group has available unutilised overdrafts and bank loan facilities of approximately HK$449,000 (2020: HK$15,306,000).

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans and bank overdrafts with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The tables include both interests and principal cash flows:

	Weighted average interest rate *%*	On demand or within one year *HK$'000*	1 to 2 years *HK$'000*	2 to 5 years *HK$'000*	Total undiscounted cash flows *HK$'000*	Total carrying amount *HK$'000*
Non-derivative financial liabilities						
At 31 March 2021						
Trade and other payables	**N/A**	**108,499**	**–**	**–**	**108,499**	**108,499**
Borrowings						
– Bank overdrafts	**2.38**	**11,551**	**–**	**–**	**11,551**	**11,551**
Lease liabilities	**4.30**	**1,961**	**1,166**	**663**	**3,790**	**3,617**
Total		**122,011**	**1,166**	**663**	**123,840**	**123,667**
At 31 March 2020						
Trade and other payables	N/A	84,490	–	–	84,490	84,490
Borrowings						
– Bank overdrafts	4.86	12,320	–	–	12,320	11,749
– Bank loans	3.79	11,716	–	–	11,716	11,288
Amount due to a director	N/A	2,198	–	–	2,198	2,198
Lease liabilities	3.90	216	–	–	216	214
Total		110,940	–	–	110,940	109,939

33. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

Bank loans with a repayable on demand clause are included in "on demand or within one year" time band in the above maturity analysis. As at 31 March 2021, the approximately aggregated amounts of these bank loans amounted to Nil (2020: approximately HK$11,288,000). Taking into account the Group's financial position, the directors do not believe that it is probable that the bank will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in Note 23.

Fair value

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on recurring basis

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing model based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair value.

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Amount due to a director	Dividends payable	Lease liabilities	Bank loans	Accrued issue costs	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2019	18,636	–	1,109	13,434	–	33,179
Financing cash flows	(16,438)	–	(927)	(2,508)	–	(19,873)
Interest expenses recognised	–	–	32	362	–	394
At 31 March 2020	2,198	–	214	11,288	–	13,700
Financing cash flows	(2,198)	(18,000)	(1,036)	(11,471)	(18,186)	(50,891)
New leases entered	–	–	4,390	–	–	4,390
Cash dividends declared	–	18,000	–	–	–	18,000
Issue costs accruals	–	–	–	–	18,186	18,186
Interest expenses recognised	–	–	49	183	–	232
At 31 March 2021	**–**	**–**	**3,617**	**–**	**–**	**3,617**

35. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below:

Name of subsidiary	Place of incorporation/ operations	Issued and fully paid capital	Equity interests attributable to owners of the Company		Principal activities
			2021	2020	
Directly held:					
Lion Brave	BVI	US$100	**100%**	100%	Investment holding
Sheen Cedar	BVI	US$100	**100%**	100%	Investment holding
Lofty Wisdom	BVI	US$100	**100%**	100%	Investment holding
Indirectly held:					
Richwell Engineering Limited	Hong Kong	HK$15,700,000	**100%**	100%	Construction engineering works
Richwell Civil Engineering Limited	Hong Kong	HK$9,200,000	**100%**	100%	Construction engineering works
Time Concept Construction Limited	Hong Kong	HK$10,000	**100%**	100%	Subcontracting services for construction works

36. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2021	2020
	HK$'000	*HK$'000*
Non-current assets		
Investments in subsidiaries	**137,732**	–
Current assets		
Prepayments	**1,097**	–
Amounts due from subsidiaries	**31,880**	–
Bank balances and cash	**23,518**	–
	56,495	–
Total assets	**194,227**	–
Current liabilities		
Accruals	**1,053**	400
Amounts due to subsidiaries	**2**	21,154
	1,055	21,554
Net current assets/(liabilities)	**55,440**	(21,554)
Net assets/(liabilities)	**193,172**	(21,554)
Capital and reserves		
Equity attributable to owners of the Company		
Share capital	**16,000**	–*
Reserves	**177,172**	(21,554)
Total equity	**193,172**	(21,554)

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

The Company's statement of financial position was approved and authorised for issue by the board of directors on 23 June 2021 and signed on its behalf by:

Mr. Tsui Kai Kwong
Director

Mr. Tsui Tsz Yeung Ian
Director

36. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(Continued)

A summary of the Company's reserves are as follows:

	Share premium *HK$'000*	Other reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 April 2019	–	–	(17,941)	(17,941)
Loss and total comprehensive expense for the year	–	–	(3,613)	(3,613)
At 31 March 2020	–	–	(21,554)	(21,554)
Loss and total comprehensive expense for the year	–	–	(8,820)	(8,820)
Effect of reorganisation	–	137,732	–	137,732
Issue of shares under the Capitalisation Issue (Note 26(c))	(12,800)	–	–	(12,800)
Issue of shares under the Share Offer (Note 26(d))	100,800	–	–	100,800
Transaction costs attributable to issue of new shares	(18,186)	–	–	(18,186)
At 31 March 2021	**69,814**	**137,732**	**(30,374)**	**177,172**

FINANCIAL SUMMARY

A summary of the results and assets, liabilities and equity of the Group for the last five financial years, as extracted from the published audited consolidated financial statements and the Prospectus, is set out below. The summary below does not form part of the audited consolidated financial statements.

Results

	For the year ended 31 March				
	2021	2020	2019	2018	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**634,448**	609,195	529,678	482,243	686,163
Gross profit	**67,383**	74,921	68,287	56,034	44,387
Profit before income tax	**57,036**	49,381	30,647	37,063	27,683
Income tax expense	**(9,163)**	(8,932)	(7,120)	(6,006)	(4,281)
Profit and total comprehensive income for the year attributable to owners of the Company	**47,873**	40,449	23,527	31,057	23,402

Assets, liabilities and equity

	At 31 March				
	2021	2020	2019	2018	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**370,939**	247,638	219,090	177,740	169,460
Total liabilities	**(143,291)**	(135,677)	(147,578)	(105,524)	(134,391)
Total equity	**227,648**	111,961	71,512	72,216	35,069