

Golden Ponder Holdings Limited 金倫控股有限公司

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

Interim Report
2022/23



CONTENTS

Corporate Information	2
Financial Highlights	4
Chairman's Statement	5
Auditor's independent Review Report	7
Condensed Consolidated Statement of Comprehensive Income	9
Condensed Consolidated Statement of Financial Position	11
Condensed Consolidated Statement of Changes in Equity	13
Condensed Consolidated Statement of Cash Flows	14
Notes to the Condensed Consolidated Interim Financial Statements	15
Management Discussion and Analysis	36
Corporate Governance and Other Information	41

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chan Kam Tong (*Chairman*)
Mr. Kwok Chun Sing (*Vice-Chairman*)
(appointed on 12 August 2022)
Mr. Chan Kam Ming (*Chief Executive Officer*)
Mr. Tang Chi Kin

Independent Non-executive

Directors

Mr. Hau Wing Shing Vincent
Mr. Wan Simon
Mr. Zhang Jue

AUDIT COMMITTEE

Mr. Zhang Jue (*Chairman*)
Mr. Hau Wing Shing Vincent
Mr. Wan Simon

REMUNERATION COMMITTEE

Mr. Wan Simon (*Chairman*)
Mr. Chan Kam Ming
Mr. Zhang Jue

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Mr. Chu Pui Ki Dickson (*CPA*)

AUTHORISED REPRESENTATIVES

Mr. Chan Kam Tong
Mr. Chan Kam Ming

LEGAL ADVISER

As to Hong Kong Law
Patrick Mak & Tse Solicitors
Rooms 901-905
9th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

AUDITOR

Baker Tilly Hong Kong Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
2nd Floor, Foyer
625 King's Road
North Point
Hong Kong

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

Room 2901 & 09-10
29/F., China Resources Building
26 Harbour Road, Wanchai
Hong Kong

REGISTERED OFFICE

71 Fort Street
P.O. Box 500
George Town
Grand Cayman KY1-1106
Cayman Islands

CORPORATE INFORMATION

PRINCIPAL BANKERS

The Bank of East Asia, Limited

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

The Hongkong and Shanghai Banking Corporation Limited

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

Bank of Communications Co., Ltd.

Hong Kong Branch
20 Pedder Street
Central
Hong Kong

Industrial and Commercial Bank of China (Asia) Limited

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Appleby Global Services (Cayman) Limited
71 Fort Street
P.O. Box 500
George Town
Grand Cayman KY1-1106
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

COMPANY'S WEBSITE

www.headfame.com.hk
(the content of which do not form part of this report)

STOCK CODE

1783

FINANCIAL HIGHLIGHTS

The Group recorded a revenue amounted to approximately HK\$265.9 million for the six months ended 30 September 2022, representing an increase of approximately HK\$42.5 million or 19.0% as compared to approximately HK\$223.4 million for the six months ended 30 September 2021.

Gross profit for the six months ended 30 September 2022 was approximately HK\$15.6 million, representing an increase of approximately HK\$4.0 million, or 34.4% compared to approximately HK\$11.6 million for the six months ended 30 September 2021. The gross profit margin for the six months ended 30 September 2022 was approximately 5.9%.

Loss attributable to owners of the Company for the six months ended 30 September 2022 was approximately HK\$5.2 million as compared to approximately HK\$0.3 million for the six months ended 30 September 2021.

The basic and diluted loss per share for the six months ended 30 September 2022 were approximately HK0.55 cents whereas the basic and diluted loss per share were approximately HK0.04 cents for the corresponding period in 2021.

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2022 (six months ended 30 September 2021: nil).

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Director(s)") of Golden Ponder Holdings Limited (the "Company") and its subsidiaries (collectively the "Group"), I am delighted to present to you the unaudited condensed consolidated financial results of the Company for the six months ended 30 September 2022 together with the unaudited comparative figures for the corresponding period in 2021.

OVERVIEW

The Group principally provides superstructure building and repair, maintenance, alteration and addition ("RMAA") works service as a main contractor in Hong Kong. It also engaged the business of reverse supply chain management and environmental-related service.

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

The Group's revenue for the six months ended 30 September 2022 amounted to approximately HK\$265.9 million, representing an increase of approximately HK\$42.5 million, or 19.0% compared to approximately HK\$223.4 million for the six months ended 30 September 2021. The increase in total revenue was mainly attributable to the revenue increased in superstructure building and RMAA works of approximately HK\$34.6 million.

OUTLOOK

Despite the economy in Hong Kong is recovering from the effects brought by COVID-19 and the underlying macro-environment is improving, the Board in the view that competitive among the industry would still be keen and thus profit margin will continue to be under pressure in placing tender. The management is cautiously optimistic about the recovery the industry and will continue to tender more potential project. Moving forward, the Group will focus on accelerating its transition into green building space as environmental friendly materials and designs with the aim to help our clients to reduce carbon emission.

With the increasing awareness of environmental protection globally and greater emphasis in environmental, social and governance ("ESG") by stakeholders, the Group has been actively exploring potential business to integrate environmental technologies in order to develop its unique competitiveness. Leveraging on the experience of the construction business, as well as the required regulatory licenses and technical know-how of the acquired entities, the Group has consolidated its internal resources and ventures into the Electric Vehicle (EV) after sales market, namely, EV Charger construction and installation and EV batteries second-life usage and treatment business, with the focus on exploring the development opportunities that come along with the infrastructure establishment in the northern district of Hong Kong. The Group expects that the increasing trend of EV adoption will continue, the Group will meticulously identify suitable investments in new operating and logistics facilities with the objectives of capitalising the upcoming growth opportunities.

CHAIRMAN'S STATEMENT

OUTLOOK (Cont'd)

The Group believes that the opportunities of the new EV after sales market business and the potential development of other environmental-related technology business would be tremendous. With a view to enhance our competitive advantages and diversify our existing building business, the Group will focus on investing research and development and ESG business. The Group will continue to spare no efforts to procure more rewarding returns to our shareholders.

APPRECIATION

On behalf of the Board, I would like to express our gratitude to all the stakeholders, including but not limited to the shareholders of the Company, customers, suppliers, banks and business partners of the Group for their continuous support. We would also like to thank our team of dedicated staff for their invaluable services and contributions throughout the period.

Chan Kam Tong

Chairman

Hong Kong, 21 November 2022

AUDITOR'S INDEPENDENT REVIEW REPORT

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS



TO THE BOARD OF DIRECTORS OF GOLDEN PONDER HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated interim financial statements of Golden Ponder Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 9 to 35 which comprise the condensed consolidated statement of financial position as of 30 September 2022 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes (the "condensed consolidated interim financial statements"). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with HKAS 34.

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

SCOPE OF REVIEW

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

AUDITOR'S INDEPENDENT REVIEW REPORT

CONCLUSION

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

OTHER MATTER

The comparative condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period ended 30 September 2021 and relevant explanatory notes included in these condensed consolidated interim financial statements were extracted from the condensed consolidated interim financial statements of the Group for the six-month period ended 30 September 2021 reviewed by another auditor who expressed an unmodified conclusion on those condensed consolidated interim financial statements on 24 November 2021. The comparative condensed consolidated statement of financial position as at 31 March 2022 and relevant explanatory notes included in these condensed consolidated interim financial statements were extracted from the consolidated financial statements of the Group for the year ended 31 March 2022 audited by the same auditor who expressed an unmodified opinion on those consolidated financial statements on 24 June 2022.

Baker Tilly Hong Kong Limited

Certified Public Accountants

Del Rosario, Faith Corazon

Practising Certificate Number P06143

Hong Kong, 21 November 2022

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2022

	Notes	Six months ended 30 September 2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	5	265,875	223,408
Cost of services		<u>(250,258)</u>	<u>(211,792)</u>
Gross profit		15,617	11,616
Other income, gains and losses	6	1,557	349
Provision of loss allowance of trade receivables and contract assets, net		(671)	(367)
Fair value gain on derivative financial liability	18	4,050	–
Share of losses of associates		(1,286)	–
Administrative and other expenses		(23,886)	(11,913)
Finance costs	7	<u>(576)</u>	<u>(16)</u>
Loss before income tax expense	8	(5,195)	(331)
Income tax expense	9	<u>–</u>	<u>–</u>
Loss for the period		<u>(5,195)</u>	<u>(331)</u>
Attributable to:			
Owners of the Company		(5,165)	(331)
Non-controlling interests		<u>(30)</u>	<u>–</u>
Loss for the period		<u>(5,195)</u>	<u>(331)</u>
		HK cents	HK cents
Loss per share, attributable to owners of the Company			
– Basic and diluted	11	<u>(0.55)</u>	<u>(0.04)</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2022

	Notes	Six months ended 30 September	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Loss for the period		(5,195)	(331)
Other comprehensive expense for the period			
Item that will not be reclassified to profit or loss:			
Change in fair value of equity instruments at fair value through other comprehensive income (non-recycling) (with nil tax effect)		<u>(2,909)</u>	<u>–</u>
Total comprehensive expense for the period		<u>(8,104)</u>	<u>(331)</u>
Attributable to:			
Owners of the Company		<u>(8,074)</u>	<u>(331)</u>
Non-controlling interests		<u>(30)</u>	<u>–</u>
Total comprehensive expense for the period		<u>(8,104)</u>	<u>(331)</u>

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

		30 September 2022	31 March 2022
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	12	27,908	8,340
Right-of-use assets	12	17,027	636
Goodwill		74,691	–
Intangible assets		4,670	1,125
Interests in associates	13	3,794	–
Equity instruments at fair value through other comprehensive income	14	17,130	–
Deposits	16	2,312	–
Deferred tax assets		1,175	1,175
		<u>148,707</u>	<u>11,276</u>
Current assets			
Inventories		66	–
Trade receivables	15	33,306	49,170
Deposits, prepayments and other receivables	16	78,328	70,816
Contract assets	5	112,187	142,108
Cash and cash equivalents		65,532	87,200
		<u>289,419</u>	<u>349,294</u>
Current liabilities			
Trade and retention money payables	17	113,212	169,853
Accruals and other payables		49,461	15,053
Derivative financial liability	18	–	19,080
Promissory note payables		41,903	–
Bank borrowings		3,826	–
Lease liabilities		6,571	654
		<u>214,973</u>	<u>204,640</u>
Net current assets		<u>74,446</u>	<u>144,654</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	Notes	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Total assets less current liabilities		223,153	155,930
Non-current liabilities			
Provision for reinstatement costs		4,000	–
Lease liabilities		8,049	34
Deferred tax liabilities		693	–
		<u>12,742</u>	<u>34</u>
NET ASSETS		<u>210,411</u>	<u>155,896</u>
Capital and reserves			
Share capital	19	9,595	8,275
Reserves	19	<u>200,927</u>	<u>147,621</u>
Equity attributable to owners of the Company		210,522	155,896
Non-controlling interests		<u>(111)</u>	–
TOTAL EQUITY		<u>210,411</u>	<u>155,896</u>

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022

	Attributable to owners of the Company						Non-controlling interests	Total
	Share capital	Share premium	Fair value reserve (non-recycling)	Capital reserve	Retained earnings	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
	(Note 19)	(Note 19)	(Note 19)	(Note 19)	(Note 19)	(Note 19)		
At 1 April 2022 (audited)	8,275	95,090	-	15,500	37,031	155,896	-	155,896
Loss for the period	-	-	-	-	(5,165)	(5,165)	(30)	(5,195)
Other comprehensive expense for the period								
- Change in fair value through other comprehensive income (non-recycling) (with nil tax effect)	-	-	(2,909)	-	-	(2,909)	-	(2,909)
Total comprehensive expense for the period	-	-	(2,909)	-	(5,165)	(8,074)	(30)	(8,104)
Share issued for settlement of consideration in relation to acquisition of an associate (Note 18)	900	41,850	-	-	-	42,750	-	42,750
Share issued for settlement of consideration in relation to acquisition of a subsidiary (Note 23(b))	420	19,530	-	-	-	19,950	-	19,950
Acquisition of a subsidiary (Note 23(b))	-	-	-	-	-	-	(81)	(81)
At 30 September 2022 (unaudited)	9,595	156,470	(2,909)	15,500	31,866	210,522	(111)	210,411
At 1 April 2021 (audited)	8,000	88,035	-	15,500	56,422	167,957	-	167,957
Loss and total comprehensive expense for the period	-	-	-	-	(331)	(331)	-	(331)
At 30 September 2021 (unaudited)	8,000	88,035	-	15,500	56,091	167,626	-	167,626

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(7,657)	(38,961)
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,597)	(91)
Acquisition of intangible asset	–	(150)
Acquisition of equity instruments at fair value through other comprehensive income	(20,039)	–
Net cash inflow arising from acquisition of subsidiaries	16,204	–
Interest received	151	30
Net cash used in investing activities	(12,281)	(211)
Cash flows from financing activities		
Interest paid	(133)	(16)
Repayments of bank borrowings	(191)	–
Repayments of lease liabilities	(1,406)	(543)
Net cash used in financing activities	(1,730)	(559)
Net decrease in cash and cash equivalents	(21,668)	(39,731)
Cash and cash equivalents at beginning of the period	87,200	88,960
Cash and cash equivalents at end of the period	65,532	49,229

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

1. GENERAL INFORMATION

Golden Ponder Holdings Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands. Its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is located at 71 Fort Street, P.O. Box 500, George Town, Grand Cayman KY1-1106, Cayman Islands and its principal place of business in Hong Kong is located at Room 2901 & 09-10, 29/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company and the principal activities of its subsidiaries are provision of superstructure building and RMAA works service as a main contractor in Hong Kong and provision of reverse supply chain management and environmental-related service.

The immediate and ultimate holding company is Shiny Golden Limited, a company incorporated in the British Virgin Islands.

These condensed consolidated interim financial statements are presented in Hong Kong Dollars (“HK\$”) which is also the functional currency of the Company.

2. BASIS OF PREPARATION

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

3. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in these condensed consolidated interim financial statements for the six months ended 30 September 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2022.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

3. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2022 for the preparation of the Group's condensed consolidated interim financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

Except as described below, the application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated interim financial statements.

3.1 New principal accounting policies

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

3. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

Application of amendments to HKFRSs (Cont'd)

3.1 New principal accounting policies (Cont'd)

Interests in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these condensed consolidated interim financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

3. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

Application of amendments to HKFRSs (Cont'd)

3.1 New principal accounting policies (Cont'd)

Interests in associates (Cont'd)

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the condensed consolidated interim financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

4. SEGMENT INFORMATION

During the six month period ended 30 September 2022, information reported to the executive directors of the Company, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance focused on the business lines of the Group. The Group's operating segments are classified as (i) Superstructure building and RMAA works service and (ii) Reverse supply chain management and environmental-related service.

These operating segments also represent the Group's reportable segments. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

4. SEGMENT INFORMATION (Cont'd)

During the six month period ended 30 September 2021, the Group was principally engaged in superstructure building and RMAA works service, as a main contractor, in Hong Kong. Information reported to the Group's chief operating decision maker, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole, as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Disaggregate of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the six months ended 30 September 2022 is set out below.

	For the six months ended 30 September 2022 (Unaudited)		
	Superstructure building and RMAA works service HK\$'000	Reverse supply chain management and environmental- related service HK\$'000	Total HK\$'000
Segment revenue (from external customers)	<u>258,039</u>	<u>7,836</u>	<u>265,875</u>
Segment results	<u>1,044</u>	<u>(2,370)</u>	<u>(1,326)</u>
Fair value gain on derivative financial liability			4,050
Share of losses on associates			(1,286)
Provision of loss allowance of trade receivables and contract assets, net			(671)
Amortisation of intangible assets			(655)
Finance costs			(576)
Unallocated expenses			<u>(4,731)</u>
Loss before income tax expense			<u>(5,195)</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit earned by each segment without allocation of unallocated expenses (including administrative and other expenses), fair value gain on derivative financial liability, provision of loss allowance of trade receivables and contract assets, net, share of losses of associates, amortisation of intangible assets and finance costs. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM of the Group.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

5. REVENUE

The principal activities of the Group are provision of (i) superstructure building and RMAA works service and (ii) reverse supply chain management and environmental-related service.

Disaggregation of revenue

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

	Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Superstructure building and RMAA works service	258,039	223,408
Reverse supply chain management and environmental-related service	7,836	–
	<u>265,875</u>	<u>223,408</u>
Timing of revenue recognition		
Point in time	2,444	–
Over time	263,431	223,408
	<u>265,875</u>	<u>223,408</u>

The Group's revenue from operations are mainly derived from Hong Kong, based on the location of the customers, and all of its non-current assets were located in Hong Kong, based on the location of assets.

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

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Trade receivables (Note 15)	<u>33,306</u>	<u>49,170</u>
Contract assets arising from construction services	112,471	142,392
Less: loss allowance	<u>(284)</u>	<u>(284)</u>
Contract assets (Note)	<u>112,187</u>	<u>142,108</u>

Note: The Group's construction contracts include payment schedules which require stage payments over the construction period once milestones are reached. Additionally, the Group typically agrees one to three years retention period for 5% of the contract sum, which is recognised as contract assets until the end of the retention period as the Group's entitlement to it is conditional on the Group's work satisfactorily passing inspection.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

6. OTHER INCOME, GAINS AND LOSSES

An analysis of the Group's other income, gains and losses recognised during the reporting period is as follows:

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	151	30
Compensation income from insurance	–	319
Government subsidies (Note)	1,424	–
Exchange loss, net	(18)	–
	<u>1,557</u>	<u>349</u>

Note: Government subsidies obtained are mainly relating to the Employment Support Scheme amounted approximately HK\$1,388,000 and Distance Business Programme amounted approximately HK\$36,000. The Group has elected to present the government subsidies separately, rather than reducing the related expense. The Group had to commit to spending the assistance on payroll expense, and not reduce employee head count below prescribed levels for a specified period of time.

7. FINANCE COSTS

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expenses on promissory note	443	–
Interest expenses on bank borrowings	19	–
Interest expenses on lease liabilities	114	16
	<u>576</u>	<u>16</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

8. LOSS BEFORE INCOME TAX EXPENSE

Loss before income tax expense is arrived at after charging:

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories (included in cost of services)	6,131	28,831
Depreciation of property, plant and equipment		
– Owned	1,624	260
– Right-of-use assets	2,090	605
	<u>3,714</u>	<u>865</u>
Amortisation of intangible assets	655	–
Employee benefit expenses (including directors' remuneration)		
– Wages and salaries	24,817	17,356
– Contributions to defined contribution retirement plans	332	493
– Others	157	138
	<u>25,306</u>	<u>17,987</u>
Short term machinery lease expenses	6,083	8,309
Other short-term lease expenses	105	468

9. INCOME TAX EXPENSE

The Group is subject to income tax on profits arising in or derived from Hong Kong, being its principal place of business.

No provision for Hong Kong Profits Tax has been made for the six months ended 30 September 2022 and 2021 as the Group did not generate any assessable profits in Hong Kong during those periods.

10. DIVIDEND

During each of the six months ended 30 September 2022 and 2021, the Board of Directors does not recommend payment of an interim dividend to the shareholders of the Company.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

11. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company are based on the following data:

	Six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
Loss per share		
Loss attributable to owners of the Company for the purposes of basic loss per share (HK\$'000)	<u>(5,165)</u>	<u>(331)</u>
Number of shares		
Weighted average number of ordinary shares for the purposes of basic loss per share	<u>937,487,500</u>	<u>800,000,000</u>

For the six months ended 30 September 2022, the calculation of the basic loss per share is based on the loss attributable to owners of the Company of approximately HK\$5,165,000 (2021: approximately HK\$331,000) and the weighted average number of ordinary shares of 937,487,500 (2021: 800,000,000).

Diluted loss per share is same as the basic loss per share as there is no dilutive potential ordinary shares in existence during the six months ended 30 September 2022 and 2021.

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

During the six months ended 30 September 2022, the Group acquired property, plant and equipment with a total cost of approximately HK\$8,597,000 (six months ended 30 September 2021: approximately HK\$91,000).

During the six months ended 30 September 2022, the Group entered into a lease agreement for use of office premises, which resulted in additions of right-of-use assets of approximately HK\$11,803,000 (six months ended 30 September 2021: HK\$1,388,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

13. INTERESTS IN ASSOCIATES

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
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Carrying amount	3,794	–
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The following table contains the particulars of associates, which are unlisted corporate entities whose quoted market price is not available:

Name of associate	Place of incorporation/ registration and operation	Particulars of issued and paid-up capital/ registered share capital	Proportion of ownership interest Group's effective interest		Principal activities
			30 September 2022	31 March 2022	
晉揚(深圳) 新能源生態有限公司	The PRC	Registered capital RMB2,080,000	40%	–	Provision of data destruction services
China Resources Chun Yang Technology Company Limited	Hong Kong	2,000,000 ordinary shares	49%	–	Provision of data destruction services

The associates were acquired through acquisition of subsidiary as set out in Note 23(a). Pursuant to the articles of association, the Group only has significant influence on these entities as the other shareholder of each of these entities has the enough voting power to control and operate these entities. Thus, these entities are accounted for as associates by the Group.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

14. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
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Listed shares in Hong Kong, at fair value	<u>17,130</u>	<u>–</u>
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The listed equity securities were designated at FVOCI. Changes in fair value are recognised in other comprehensive income as they arise. The Group held 4.4% shares for the investee company.

The Group's equity instruments at FVOCI is as follows:

Stock Code	Stock name	Principal business	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
8391	Cornerstone Technologies Holdings Limited	Provision of printing, typesetting and translation services, electric vehicles charging business in Hong Kong	17,130	–

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

15. TRADE RECEIVABLES

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Trade receivables	35,075	50,268
Less: loss allowance	(1,769)	(1,098)
	<u>33,306</u>	<u>49,170</u>

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

The Group grants an average credit period of 30 days to its trade customers of contract works. Application for progress payments of contract works is made on a regular basis. The credit period is generally granted an average credit period of 60 days for its customers of its reverse supply chain management and environmental-related service business.

The following is an analysis of trade receivables (net of loss allowance) by age, presented based on the invoice dates:

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Less than one month	23,157	49,170
More than one month but less than three months	1,634	–
More than three months but less than one year	7,843	–
More than one year but less than five years	672	–
	<u>33,306</u>	<u>49,170</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

16. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Non-current		
Deposits	<u>2,312</u>	<u>–</u>
Current		
Deposits	58,975	60,877
Prepayments	4,279	9,003
Other receivables	<u>15,074</u>	<u>936</u>
	<u>78,328</u>	<u>70,816</u>

The balances of other receivables are unsecured, interest-free and recoverable on demand. The Group's other receivables were neither past due nor impaired as at 30 September 2022 and 31 March 2022.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

17. TRADE AND RETENTION MONEY PAYABLES

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Trade payables	77,221	138,820
Retention money payables (Note)	35,991	31,033
	<u>113,212</u>	<u>169,853</u>

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

An aging analysis of trade payables as at the end of the reporting period, based on the invoice dates, is as follows:

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Less than one month	28,136	86,291
More than one month but less than three months	34,192	51,047
More than three months but less than one year	14,893	158
More than one year but less than five years	–	1,324
	<u>77,221</u>	<u>138,820</u>

18. DERIVATIVE FINANCIAL LIABILITY

On 25 February 2022, the Company entered into a sale and purchase agreement (the "Agreement") with an independent third party pursuant to which the Group shall acquire 40% equity interest in Chun Yang International (HK) Company Limited ("Chun Yang"), a company incorporated in Hong Kong with limited liability, at a nominal consideration of approximately HK\$25,290,000 to be settled by an allotment and issuance of 90,000,000 shares of the Company.

Pursuant to the Agreement, the Company is obliged to complete the acquisition at a future date. Hence, a derivative forward contract within the scope of HKFRS 9 was entered into by the Company to acquire 40% equity interest in Chun Yang before the completion of the acquisition. As at 31 March 2022, fair value of the derivative forward contract of approximately HK\$19,080,000 was recognised as a derivative financial liability in the consolidated statement of financial position.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

18. DERIVATIVE FINANCIAL LIABILITY (Cont'd)

The fair value change of the derivative financial liability from the contract inception date to 31 March 2022 of approximately HK\$19,080,000 was recognised in the consolidated profit or loss during the year ended 31 March 2022.

On 29 April 2022, the Company completed the acquisition of 40% equity interest in Chun Yang with a consideration amounted to approximately HK\$42,750,000 based on the Company's closing share price on 29 April 2022. Since then, Chun Yang became an associate of the Group. The interest in associates is initially recognised at a cost of HK\$27,720,000, taking into consideration settlement of the derivative financial liability with a fair value of HK\$15,030,000. The fair value change of the derivative financial liability of HK\$4,050,000 was recognised in the consolidated profit or loss during the period ended 30 September 2022 accordingly.

On 8 August 2022, the Group acquired an additional 60% equity interest of Chun Yang. After the additional acquisition, Chun Yang becomes a wholly owned subsidiary of the Group and therefore, there is a deemed disposal of the previously held equity interest in Chun Yang at the date of acquisition. The Group accordingly remeasured the fair value of such previously held interest at the date of acquisition and there is no gain or loss arisen from this remeasurement.

19. SHARE CAPITAL AND RESERVES

Share capital

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
As at 1 April 2021, 31 March 2022, 1 April 2022 and 30 September 2022	1,500,000,000	15,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
As at 1 April 2021	800,000,000	8,000
Issuance of new shares (Note (a))	27,487,500	275
As at 31 March 2022	827,487,500	8,275
As at 1 April 2022	827,487,500	8,275
Issuance of new shares (Note (b) and (c))	132,000,000	1,320
At 30 September 2022	959,487,500	9,595

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

19. SHARE CAPITAL AND RESERVES (Cont'd)

Share capital (Cont'd)

Note:

- (a) On 25 February 2022, the Company issued a total of 27,487,500 ordinary shares to an independent third party as the settlement of the consideration for purchase of machineries amounting to approximately HK\$7,330,000.
- (b) On 29 April 2022, the Company issued a total of 90,000,000 ordinary shares to independent third parties for the execution of the acquisition of 40% equity interest in Chun Yang.
- (c) On 29 April 2022, the Company issued a total of 42,000,000 ordinary shares to independent third parties as the consideration for the acquisition of 95% equity interest in Cornerstone Energy Limited.

Reserves

Details of movements of the Group's reserves are set out in the condensed consolidated statement of changes in equity on page 13.

(i) Share premium

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

(ii) Capital reserve

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

(iii) Retained earnings

Retained earnings represent the cumulative profit or loss recognised.

(iv) Fair value reserve (non-recycling)

The fair value reserve comprises the cumulative net change in the fair value of equity instruments measured at FVOCI (non-recycling) held at the end of the reporting period.

20. RELATED PARTY TRANSACTIONS

Key management personnel remuneration

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

	Six months ended 30 September 2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Salaries and short-term benefits	3,319	2,076
Post-employment benefits	18	18
	<u>3,337</u>	<u>2,094</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

21. FINANCIAL INSTRUMENTS

The carrying amounts of each of the categories of financial assets and financial liabilities as at the end of the reporting period are as follows:

	30 September 2022 HK\$'000 (Unaudited)	31 March 2022 HK\$'000 (Audited)
Financial assets measured at amortised cost		
Trade receivables	33,306	49,170
Deposits and other receivables	74,049	61,813
Cash and cash equivalents	65,532	87,200
	<u>172,887</u>	<u>198,183</u>
Financial liabilities measured at amortised cost		
Trade and retention money payables	113,212	169,853
Accruals and other payables	49,461	15,053
Promissory note payables	41,903	–
Bank borrowings	3,826	–
Lease liabilities	14,620	688
	<u>223,022</u>	<u>185,594</u>

22. LITIGATION

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

23. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of Chun Yang

As set out in Note 18, the Group held 40% equity interest in Chun Yang since 29 April 2022 (the "Existing Shareholding").

Reference is made to the announcement of the Company dated 15 July 2022, the Company entered into a sale and purchase agreement with an independent third party, pursuant to which the vendors agreed to sell and the Company agreed to purchase a further 60% equity interests of Chun Yang.

On 8 August 2022, the Group completed the acquisition of 60% of equity interest of Chun Yang for a consideration of HK\$41,460,000 which was settled by the way of the issue of the promissory notes in the aggregate principal amount of HK\$41,460,000, bearing an interest of 5% per annum and due within one year by the Company to the vendor.

The relative fair value of the identifiable assets acquired and liabilities assumed at the acquisition date is analysed as follows:

	HK\$'000 (Unaudited)
Consideration	
Promissory note payables as at issue date	41,460
Fair value of the Existing Shareholding	<u>26,619</u>
Total consideration	<u>68,079</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

23. ACQUISITION OF SUBSIDIARIES (Cont'd)

(a) Acquisition of Chun Yang (Cont'd)

	Chun Yang carrying amount before combination HK\$'000 (Unaudited)	Fair value adjustment HK\$'000 (Unaudited)	Fair value HK\$'000 (Unaudited)
Plant and equipment	12,593		12,593
Right-of-use assets	6,677		6,677
Intangible assets	–	4,200	4,200
Deposits	1,561		1,561
Interests in associates	3,979		3,979
Other receivable, deposits and prepayments	74,217		74,217
Trade receivables	3,155		3,155
Inventories	177		177
Cash and cash equivalents	15,605		15,605
Accrued expenses and other payables	(39,854)		(39,854)
Trade payables	(57,061)		(57,061)
Lease liabilities	(7,535)		(7,535)
Bank and other borrowings	(2,139)		(2,139)
Deferred tax liabilities	–	(693)	(693)
Total identified net assets at fair value	11,375	3,507	14,882
Goodwill arising on acquisition of a subsidiary			53,197
Total consideration			68,079
Net cash inflow of cash and cash equivalents include in cash flows from investing activities			15,605
Cash and cash equivalents balances acquired			15,605

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

23. ACQUISITION OF SUBSIDIARIES (Cont'd)

(b) Acquisition of Cornerstone Energy Limited ("Cornerstone")

Reference is made to the announcement of the Company dated 25 February 2022, the Company entered into a sale and purchase agreement with an independent vendor, pursuant to which the vendors agreed to sell and the Company agreed to purchase 95% equity interests of Cornerstone.

On 29 April 2022, the Group completed the acquisition of 95% of equity interest of Cornerstone for a consideration settled by the allotment and issue of 42,000,000 new shares of the Company to the vendor, which amounted to approximately HK\$19,950,000 based on the Company's closing share price on 29 April 2022.

Acquisition-related costs of approximately HK\$50,000 are expensed and are included in administrative and other expenses during the period ended 30 September 2022.

The relative fair value of assets acquired and liabilities assumed at the acquisition date is analysed as follows:

	HK\$'000 (Unaudited)
Consideration	
Fair value of 42,000,000 shares at HK\$0.475 each issued at the acquisition date	19,950
	Fair value HK\$'000 (Unaudited)
Cash and cash equivalents	599
Accrued expenses and other payables	(2,224)
Total identified net liabilities at fair value	(1,625)
Non-controlling interest	81
Goodwill arising on acquisition of subsidiaries	21,494
Total consideration	19,950
Net cash inflow of cash and cash equivalents include in cash flows from investing activities	
Cash and cash equivalents balances acquired	599
	599

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2022

23. ACQUISITION OF SUBSIDIARIES (Cont'd)

(c) Acquisition of Builders Company Limited

Reference is made to the announcement of the Company dated 3 September 2021, Acquire Success Limited ("ASL"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with two independent vendors, pursuant to which the vendors agreed to sell and ASL agreed to purchase all the issued shares of Builders Company Limited (the "Target Company").

On 30 September 2021, the Group completed the acquisition (the "Acquisition") of 100% of equity interest of the Target Company for cash consideration of HK\$1,500,000. The Target Company is currently registered as a registered general building contractor with the Buildings Department, with a qualified individual acting as an authorised signatory.

Under HKFRS 3 (Revised) "Business Combination", business consists of inputs and processes applied to those inputs that have the ability to create outputs. As the Target Company did not operate any business prior to the date of Acquisition, the Acquisition is accounted for as an acquisition of assets. Accordingly, the Company identified and recognised the individual identifiable assets acquired and liabilities assumed. The investment cost shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of acquisition. Such a transaction does not give rise to goodwill.

The relative fair value of assets acquired and liabilities assumed at the acquisition date is analysed as follows:

	HK\$'000 (Unaudited)
Total consideration of the Acquisition	<u>1,500</u>
Asset	
Intangible asset	<u>1,500</u>
Total identifiable net asset acquired	<u>1,500</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group principally provides superstructure building and RMAA works service as a main contractor in Hong Kong. It also engaged the business of reverse supply chain management and environmental-related service.

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

The Group's revenue for the six months ended 30 September 2022 amounted to approximately HK\$265.9 million, representing an increase of approximately HK\$42.5 million, or 19.0% compared to approximately HK\$223.4 million for the six months ended 30 September 2021. The increase in total revenue was mainly attributable to the revenue increased in superstructure building and RMAA works of approximately HK\$34.6 million.

Superstructure building works

During the six months ended 30 September 2022, there were 4 (2021: 4) superstructure building works projects contributing revenue of approximately HK\$251.7 million (2021: approximately HK\$223.0 million) to this business segment.

RMAA works

During the six months ended 30 September 2022, there were 5 (2021: 4) RMAA works projects contributing revenue of approximately HK\$6.3 million (2021: approximately HK\$0.4 million) to this business segment.

Reverse supply chain management and environmental-related service

As a new business started during the six months ended 30 September 2022, revenue of approximately HK\$7.8 million (2021: nil) was generated from this business segment.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue for the six months ended 30 September 2022 amounted to approximately HK\$265.9 million, representing an increase of approximately HK\$42.5 million or 19.0% as compared to approximately HK\$223.4 million for the six months ended 30 September 2021. The increase in revenue recognised by the Group for the six months ended 30 September 2022 was substantially due to (a) revenue recognised from four sizeable projects for superstructure building works awarded since 2020 of which the construction works were in full swing during the six months ended 30 September 2022; and (b) increase in reverse supply chain management and environmental-related service from the acquired subsidiaries.

Gross Profit and Gross Profit Margin

The gross profit of the Group for the six months ended 30 September 2022 amounted to approximately HK\$15.6 million, representing an increase of approximately HK\$4.0 million, or 34.4% compared to approximately HK\$11.6 million for the six months ended 30 September 2021. The overall gross profit margin for the six months ended 30 September 2022 increased to approximately 5.9% as compared to approximately 5.2% for the six months ended 30 September 2021. The increase in gross profit and gross profit margin was attributable to the increase in the revenue as mentioned above.

Other Income, Gains and Losses

The other income, gains and losses of the Group for the six months ended 30 September 2022 amounted to approximately HK\$1.6 million, representing an increase of approximately HK\$1.3 million or 346.1% compared to approximately HK\$0.3 million for the six months ended 30 September 2021. The increase was mainly attributable to the government subsidies on payroll expense of the Group, while the Group had to commit not reduce employee head count below prescribed levels for a specific period of time.

Administrative and Other Expenses

The administrative and other expenses of the Group for the six months ended 30 September 2022 amounted to approximately HK\$23.9 million, representing an increase of approximately HK\$12.0 million or 100.5% compared to approximately HK\$11.9 million for the six months ended 30 September 2021. The increase was mainly attributed to the acquired subsidiaries, with (i) increase in salary, mandatory provident fund contribution and directors' remuneration of approximately HK\$5.5 million; (ii) increase in depreciation of property, plant and equipment and right-of-use assets of approximately HK\$2.8 million; and (iii) increase in information technology related expenses of approximately HK\$1.2 million.

Loss Attributable to Owners of the Company

The Group reported loss attributable to owners of the Company of approximately HK\$5.2 million for the six months ended 30 September 2022, an increase of approximately HK\$4.9 million, as compared to a loss of approximately HK\$0.3 million for the six months ended 30 September 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity, Financial Resources and Capital Structure

As at 30 September 2022, the Group had cash and cash equivalents of approximately HK\$65.5 million (31 March 2022: approximately HK\$87.2 million).

Current ratio (total current assets: total current liabilities) decreased from approximately 1.7 as at 31 March 2022 to approximately 1.3 as at 30 September 2022, mainly due to decrease in cash and bank balances, contract assets and trade and retention money payables. Gearing ratio was 21.7% as at 30 September 2022 (31 March 2022: nil).

The capital structure of the Group consisted of equity of approximately HK\$210.4 million (31 March 2022: approximately HK\$155.9 million) and debts of approximately HK\$45.7 million (31 March 2022: nil).

Treasury Policy

The Group adopts a prudent approach in cash management. Apart from certain debts including leases liabilities, the Group did not have any material outstanding debts as at 30 September 2022. Surplus cash is generally placed in short term deposits with licensed bank in Hong Kong.

Foreign Exchange Exposure

The Group only operates in Hong Kong and mainly earns revenue and incurs costs in Hong Kong dollars and US dollars. Foreign exchange exposure of the Group is minimal so long as the Hong Kong SAR Government's policy to link the Hong Kong dollars to the US dollars remains in effect. The Board is of the view that the Group's foreign exchange rate risks are insignificant during the six months ended 30 September 2022.

Capital Expenditures

Total capital expenditure for the six months ended 30 September 2022 was approximately HK\$8.6 million (six months ended 30 September 2021: approximately HK\$91,000) on acquisition of property, plant and equipment.

Capital Commitments and Contingent Liabilities

As at 30 September 2022, the Group had no significant capital commitments.

Save as disclosed in Note 22 to the condensed consolidated interim financial statements in this interim report, the Group had no other contingent liabilities as at 30 September 2022.

Significant Investment Held, Acquisition and Disposal

Except for investment in its subsidiaries, the Group did not hold any significant investments during the six months ended 30 September 2022.

Save as disclosed in Note 23 to the condensed consolidated interim financial statements in this interim report, there were no material acquisitions or disposals of subsidiaries, associates and joint ventures by the Group during the six months ended 30 September 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Charges on Assets

As at 30 September 2022, the Group had bank facilities which were guaranteed by the Company. The Group had certain surety bonds being secured by certain deposits payment from a subsidiary of the Group, all of which were guaranteed by the Company.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2022, the Group employed a total of 84 employees (including executive Directors), as compared to a total of 72 employees as at 31 March 2022. The total salaries and related costs (including Directors' remuneration) for the six months ended 30 September 2022 were approximately HK\$25.3 million (six months ended 30 September 2021: approximately HK\$18.0 million). The remuneration package of the Group offered to the employees includes salary, bonuses and other cash subsidies. In general, the Group would determine each employee's salaries based on their qualifications, position and seniorities. The Group has devised an annual review system to assess the performance of the employees, which forms the basis of the decisions with respect to salary raises, distribution of bonuses and promotions.

The emoluments of the Directors are decided by the Board and recommended by the remuneration committee of the Company, having considered the factors such as the Group's financial performance, the individual performance of the Directors and comparable market statistics, etc.

The Company has adopted a share option scheme as an incentives and rewards to Directors and eligible employees for their contribution to the Group.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2022 (six months ended 30 September 2021: nil).

SUBSCRIPTION FOR NEW SHARES IN CORNERSTONE TECHNOLOGIES HOLDINGS LIMITED

On 27 June 2022, the Company, as subscriber, entered into the subscription agreement with Cornerstone Technologies Holdings Limited ("Cornerstone"), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM of the Stock Exchange (stock code: 8391), as issuer, in respect of the subscription of an aggregate 32,320,000 subscription shares by the Company at the subscription price of HK\$0.62 per subscription share of Cornerstone.

Completion of the subscription took place on 13 July 2022. The Directors believe environmental protection and EV businesses will likely become a trend in Hong Kong in the upcoming future, the cooperation with Cornerstone and the subscription will provide more opportunities for the Group to participate in the environmental protection and EV industry and enable the Group to explore potential business cooperation opportunities.

MANAGEMENT DISCUSSION AND ANALYSIS

POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER

On 23 November 2022, Chun Yip International Investment Limited (the "Offeror"), Shiny Golden Limited (the "Vendor") and Mr. Chan Kam Tong and Mr. Chan Kam Ming (collectively, the "Guarantors") entered into the agreement (the "Acquisition"), pursuant to which the Offeror has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, in aggregate, 361,000,000 Shares (the "Sale Share(s)") at the aggregate consideration of HK\$101,080,000 (being HK\$0.28 per Sale Share). The completion of the Acquisition took place on 7 December 2022. Pursuant to Rule 26.1 of the Codes on Takeovers and Mergers and Share Buy-backs, the Offeror is required to make the mandatory unconditional cash offer for all issued Shares (other than those already owned or agreed to be acquired by the Offeror and Mr. Kwok Chun Sing).

For more details, please refer to the announcements of the Company dated 30 November 2022 and 7 December 2022.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this interim report, there is no other material subsequent event undertaken by the Company or the Group after 30 September 2022 and up to the date of this interim report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' INTERESTS IN CONTRACTS AND CONTRACT OF SIGNIFICANCE

No contracts of significance in relation to the Group's business to which the Company or any of its holding companies, subsidiaries and fellow subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at any time during the six months ended 30 September 2022.

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

Neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2022.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") on 25 July 2018. The principal terms of the Share Option Scheme is summarised in Appendix IV to the Prospectus. The main purpose of the Share Option Scheme is to provide incentives or rewards to participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest (the "Invested Entity"). Participants include any employee (full-time and part-time), director, supplier, customer, service provider, shareholder, adviser, consultant, business partner or joint venture business partner of any member of the Group or any Invested Entity. The maximum number of shares in respect of which share options may be granted under the Share Option Scheme and any other schemes shall not, in aggregate, exceed 80,000,000 Shares, representing 10% of the shares in issue as at the date of the Listing, unless otherwise approved by the Shareholders.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 25 July 2018, and there is no outstanding share option as at 30 September 2022.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 September 2022, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO"), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules, were as follows:

Name of Directors	Nature of interest	Interest in ordinary shares	Approximate percentage of interests in the Company
Mr. Chan Kam Tong ("Mr. KT Chan")	Interest in a controlled corporation	408,000,000 (Note)	42.5%
Mr. Chan Kam Ming ("Mr. KM Chan")	Interest in a controlled corporation	408,000,000 (Note)	42.5%
Mr. Kwok Chun Sing	Beneficial owner	90,000,000	9.4%

Note:

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

So far as the Directors are aware, as at 30 September 2022, the following persons/entities (other than the Directors or chief executives of the Company) have interests or short positions in the Shares or the underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which recorded in the register required to be kept under Section 336 of the SFO.

Long Positions in the Shares of the Company

Name of shareholders	Nature of interest	Total number of ordinary Shares and underlying Shares (Note 1)	Approximate percentage of interests in the Company
Shiny Golden	Beneficial owner (Note 2)	408,000,000	42.5%
Ms. Shu Ah Ping	Interest of spouse (Note 3)	408,000,000	42.5%
Ms. Ng Wing Mui	Interest of spouse (Note 4)	408,000,000	42.5%
Mr. Li Man Keung Edwin	Beneficial owner	52,097,500	5.4%

Notes:

1. All interests stated are long positions.
2. Shiny Golden is the direct Shareholder, which is beneficially owned as to 50% by Mr. KT Chan and 50% by Mr. KM Chan. On 26 May 2017, Mr. KT Chan and Mr. KM Chan entered into the Acting in Concert Confirmation to acknowledge and confirm, among other things, that they are the parties acting in concert that to continue to act in the same manner in the Group upon the Listing. By virtue of the SFO, Mr. KT Chan and Mr. KM Chan are deemed to be interested in all the Shares held by Shiny Golden.
3. Ms. Shu Ah Ping is the spouse of Mr. KT Chan. Accordingly, Ms. Shu Ah Ping is deemed or taken to be interested in the Shares held by Mr. KT Chan under the SFO.
4. Ms. Ng Wing Mui is the spouse of Mr. KM Chan. Accordingly, Ms. Ng Wing Mui is deemed or taken to be interested in the Shares held by Mr. KM Chan under the SFO.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 September 2022.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules during the six months ended 30 September 2022 and up to the date of this interim report.

COMPETING INTERESTS

The Directors confirm that neither the controlling shareholders of the Company nor their respective close associates is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules during the six months ended 30 September 2022 and up to the date of this interim report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted and complied with applicable code provisions (the “Code Provisions”) in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules during the six months ended 30 September 2022 and up to the date of this interim report. The Directors will periodically review on the Company’s corporate governance policies and will propose any amendment, if necessary, to ensure compliance with the Code Provisions from time to time.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code contained in Appendix 10 to the Listing Rules as its own code of conduct of dealings in securities of the Company by Directors. All Directors have complied with the required standard of dealings set out therein for the six months ended 30 September 2022.

AUDIT COMMITTEE

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

REVIEW OF FINANCIAL STATEMENTS

The condensed consolidated interim financial statements of the Group for the six months ended 30 September 2022 are unaudited but have been reviewed and approved by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

The Company’s independent auditor, Baker Tilly Hong Kong Limited, had conducted a review of the condensed consolidated interim financial statements for the six months ended 30 September 2022, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

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

Hong Kong, 21 November 2022

As at the date of this report, the Board comprises four executive Directors, namely Mr. Chan Kam Tong, Mr. Kwok Chun Sing, Mr. Chan Kam Ming and Mr. Tang Chi Kin, and three independent non-executive Directors, namely Mr. Hau Wing Shing Vincent, Mr. Wan Simon and Mr. Zhang Jue.