

LANDRICH HOLDING LIMITED

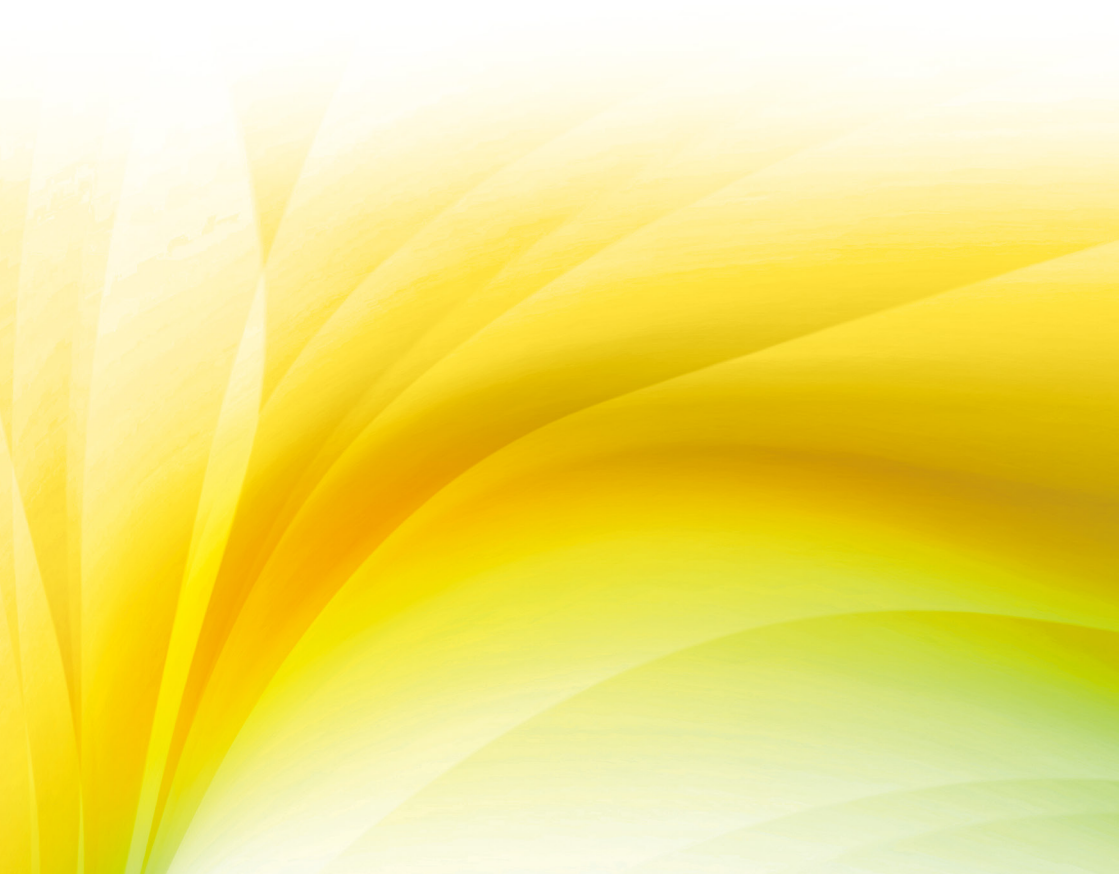
譽樂豐控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2132

INTERIM REPORT

2022



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Tsui Kai Kwong (*Chairman*)

Mr. Tsui Tsz Yeung Ian

(*Chief Executive Officer*)

Ms. Tsui Wai Yeung Janis

Independent Non-executive Directors

Mr. Lee Yan Kit

Mr. Lee Kin Kee

Mr. Kwong Ping Man

BOARD COMMITTEES

Audit Committee

Mr. Lee Kin Kee (*Chairman*)

Mr. Lee Yan Kit

Mr. Kwong Ping Man

Remuneration Committee

Mr. Lee Yan Kit (*Chairman*)

Mr. Lee Kin Kee

Mr. Kwong Ping Man

Mr. Tsui Kai Kwong

Nomination Committee

Mr. Kwong Ping Man (*Chairman*)

Mr. Lee Yan Kit

Mr. Lee Kin Kee

Mr. Tsui Kai Kwong

COMPANY SECRETARY

Ms. Ng Hoi Ying

AUTHORISED REPRESENTATIVES

Mr. Tsui Kai Kwong

Ms. Ng Hoi Ying

AUDITORS

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

31st Floor

Gloucester Tower

The Landmark

11 Pedder Street

Central

Hong Kong

COMPLIANCE ADVISER

Frontpage Capital Limited

26th Floor

Siu On Centre

188 Lockhart Road

Wan Chai

Hong Kong

CORPORATE INFORMATION

LEGAL ADVISER AS TO HONG KONG LAWS

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

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

PRINCIPAL BANKS

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

COMPANY'S WEBSITE

www.landrich.com.hk

STOCK CODE

2132

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Landrich Holding Limited (the “**Company**” together with its subsidiaries collectively referred to as the “**Group**”) has more than 28 years of solid track record in the construction industry in Hong Kong. The Group is able to undertake civil engineering works as either a main contractor or a subcontractor. The Group principally provides civil engineering works which can be broadly categorised as (i) roads and drainage works; and (ii) site formation works. The Group also performs building works.

As at 30 September 2022, the Group had 33 construction projects on hand with a total outstanding contract value of approximately HK\$1,947.0 million. With the projects on hand, it is expected that the performance of the construction works will remain steady for the coming years.

OUTLOOK

During 2022, as the continuous outbreak of the coronavirus disease 2019 (the “**COVID-19**”) had slowed down the construction industry, the operation of the Group was affected by the reduction in face-to-face business activities and meetings and works progress of the projects. However, the Group had not encountered or experienced any material difficulty and/or delay in completing our projects or any material supply chain disruptions as a result of the outbreak of the COVID-19. The Group has implemented a series of prevention and control measures to safeguard the health and safety of its employees and ensure uninterrupted business operations of the Group. Meanwhile, the business environment in which the Group operates remains challenging due to the increase in construction cost and hence a reduction in the Group’s profit margin. While the situation is dynamically evolving, the Group will continue to (i) proactively monitor the development of the 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; (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; and (iv) implement effective cost control measures.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately HK\$39.4 million, or approximately 8.2%, from approximately HK\$479.1 million for the six months ended 30 September 2021 to approximately HK\$439.7 million for the six months ended 30 September 2022. The decrease in the Group's revenue was primarily driven by the reduction of engineering works towards the end of several scalable projects during the six months ended 30 September 2022.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately HK\$15.5 million, or approximately 32.2%, from approximately HK\$48.1 million for the six months ended 30 September 2021 to approximately HK\$32.6 million for the six months ended 30 September 2022. The Group's gross profit margin decreased from approximately 10.0% for the six months ended 30 September 2021 to approximately 7.4% for the six months ended 30 September 2022. The decrease in gross profit margin was mainly attributable to the increasing works from several projects, which are expected to have lower gross profit margins, for the six months ended 30 September 2022. The decrease in gross profit was mainly due to the decrease in revenue and gross profit margin as mentioned hereinabove.

Other income, other gains and losses

Other income, other gains and losses increased by approximately HK\$7.0 million from approximately HK\$0.9 million for the six months ended 30 September 2021 to approximately HK\$7.9 million for the six months ended 30 September 2022. Such increase was mainly due to the one-off wage subsidies received from the Employment Support Scheme launched by the Hong Kong Special Administrative Region Government under the Anti-epidemic Fund in response to the COVID-19 during the six months ended 30 September 2022 which was absent for the six months ended 30 September 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative and other operating expenses

Administrative and other operating expenses increased by approximately HK\$1.7 million from approximately HK\$13.9 million for the six months ended 30 September 2021 to approximately HK\$15.6 million for the six months ended 30 September 2022. Such increase was primarily due to the increase in staff costs.

Income tax expense

Income tax expense decreased by approximately HK\$3.6 million, from approximately HK\$6.3 million for the six months ended 30 September 2021 to approximately HK\$2.7 million for the six months ended 30 September 2022.

Profit and total comprehensive income for the period

As a result of the foregoing, the Group recorded a profit and total comprehensive income of approximately HK\$21.4 million for the six months ended 30 September 2022, representing a decrease of approximately 25.2% as compared with a profit and total comprehensive income of approximately HK\$28.6 million for the six months ended 30 September 2021.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Company's shares were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 20 October 2020 (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.

As at 30 September 2022, the Group had net current assets of approximately HK\$248.5 million (31 March 2022: approximately HK\$231.3 million), and bank balances and cash of approximately HK\$169.5 million (31 March 2022: approximately HK\$122.8 million), which were denominated in Hong Kong dollars.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 September 2022, the Group's total equity attributable to owners of the Company amounted to approximately HK\$277.0 million (31 March 2022: approximately HK\$260.2 million). The Group's total debt comprising interest-bearing bank borrowings and bank overdraft amounted to approximately HK\$30.9 million (31 March 2022: approximately HK\$27.9 million), which were denominated in Hong Kong dollars. The directors of the Company (the "**Directors**") have confirmed that the Group will have sufficient financial resources to meet its obligations as they fall due in the foreseeable future.

CONTINGENT LIABILITIES

As at 30 September 2022, the Group did not have any significant contingent liabilities (31 March 2022: Nil).

CHARGES ON GROUP ASSETS

As at 30 September 2022, the Group had pledged bank deposits of approximately HK\$19.4 million (31 March 2022: approximately HK\$21.4 million) to secure the Group's bank facilities. Included in the bank balances of approximately HK\$0.1 million (31 March 2022: approximately HK\$0.1 million) was charged to the bank for the banking facility granted to the Group.

As at 30 September 2022, lease liabilities of approximately HK\$5.0 million (31 March 2022: approximately HK\$4.4 million) were secured by the Group's motor vehicles with carrying amount of approximately HK\$6.9 million (31 March 2022: approximately HK\$5.6 million).

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

During the six months ended 30 September 2022, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures. Save as disclosed herein, the Group did not have other plans for material investments or acquisition of capital assets as at 30 September 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENTS

The Group had approximately HK\$2.7 million of capital commitments contracted but not provided for in respect of acquisition of property, plant and equipment as at 30 September 2022 (31 March 2022: approximately HK\$8.3 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 30 September 2022, the gearing ratio of the Group, which is calculated as the total debt (total interest-bearing bank borrowings and bank overdraft) divided by total equity, was approximately 11.2% (31 March 2022: approximately 10.7%).

SEGMENT INFORMATION

No operating segment information is presented as the Group's revenue and results and the Group's total assets were derived from or attributable to one single operating segment and the Group had no geographical segment information presented as at 30 September 2022 and 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

EVENT AFTER THE REPORTING PERIOD

The board of Directors (the “**Board**”) is not aware of any other significant events requiring disclosure that have taken place subsequent to 30 September 2022 and up to the date of this interim report.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2022 (six months ended 30 September 2021: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2022, the Group had 359 employees (30 September 2021: 362 employees). Total staff costs for the six months ended 30 September 2022 amounted to approximately HK\$102.7 million (six months ended 30 September 2021: approximately HK\$82.4 million). Employees are remunerated based on their qualifications, position and performance. The remuneration offered to employees generally includes salaries, allowances and discretionary bonus. Various types of training were provided to the employees.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group’s business strategies as set out in the prospectus of the Company dated 30 September 2020 (the “**Prospectus**”) with actual business progress up to 30 September 2022.

Business strategies as stated in the Prospectus	Business objectives up to 30 September 2022	Actual business progress up to 30 September 2022
Finance the Group’s existing projects	– Finance the working capital requirement for the Group’s three existing projects	The funding costs for the Group’s three civil engineering projects at Kwu Tung North, Tsui Ping River and Kwun Tong and the funding had been fully utilised.

MANAGEMENT DISCUSSION AND ANALYSIS

Business strategies as stated in the Prospectus	Business objectives up to 30 September 2022	Actual business progress up to 30 September 2022
Acquire machinery and equipment	<ul style="list-style-type: none">– Acquire two truck mounted concrete pump, two mobile cranes, two excavators and two crane lorries	The Group has acquired certain machinery and equipment and the funding costs had been fully utilised.
Strengthen the Group's manpower	<ul style="list-style-type: none">– Recruit one senior project manager, two site agents, two site engineers, one safety and environmental officer, two safety supervisors, one project director, two administration managers, two purchase and plant controllers, one accounting manager and one estimator	The Group has recruited certain project management team members accordingly. The funding costs for the Group's manpower had been fully utilised.

MANAGEMENT DISCUSSION AND ANALYSIS

Business strategies as stated in the Prospectus	Business objectives up to 30 September 2022	Actual business progress up to 30 September 2022
Upgrade the Group's enterprise information system	– Upgrade existing accounting and administration management systems	The Group has acquired certain new hardware and software for system upgrades.
	– Upgrade management information system	The Group is in the course of identifying suitable service providers for the system upgrades and the funding is expected to be fully utilised by 31 March 2023.
	– 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 funding cost for building information modelling technology had been fully utilised.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS FROM LISTING

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

The below table sets out the proposed and actual applications of the Net Proceeds from the Listing Date up to 30 September 2022:

	Planned use of Net Proceeds as stated in the Prospectus HK\$'million	Actual use of Net Proceeds from the Listing Date up to 30 September 2022 HK\$'million	Unutilised balance of Net Proceeds from the Listing Date up to 30 September 2022 HK\$'million	Expected timeline for utilising the unutilised Net Proceeds
Finance the Group's existing projects	23.2	23.2	–	N/A
Acquire machinery and equipment	17.9	17.9	–	N/A
Strengthen the Group's manpower	11.4	11.4	–	N/A
Upgrade the Group's enterprise information system	2.4	0.9	1.5	31 March 2023
Enhance the Group's innovation and productivity	0.9	0.9	–	N/A
General working capital	2.0	2.0	–	N/A
Total	57.8	56.3	1.5	

The remaining unutilised Net Proceeds as at 30 September 2022 of approximately HK\$1.5 million were deposited in licensed banks in Hong Kong. The Directors will constantly evaluate the Group's business objectives and specific needs from time to time. As at the date of this interim report, the Directors do not anticipate any change as to the use of Net Proceeds.

OTHER INFORMATION

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

As at 30 September 2022, 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 the Securities and Future Ordinance (the “SFO”)) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), to be notified to the Company and the Stock Exchange, are as follows:

Long positions in ordinary shares of the Company

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

Note: New Brilliance Enterprises Limited (“New Brilliance”) is 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 30 September 2022, none of the Directors or chief executive of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which 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 provision of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, to be recorded in the register referred to therein or as otherwise pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as is known to the Directors, as at 30 September 2022, the following person/entity (other than the Directors and chief executive of the Company) had or were deemed to have, interest or short position in the shares and the underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

Long positions in ordinary 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 30 September 2022, none of the Directors and chief executive of the Company had or were deemed to have any interests or short positions in the shares and underlying shares 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.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 September 2022, the Group purchased 24,000,000 shares of the Company pursuant to the share award scheme of the Company (the “**Share Award Scheme**”) through the trustee of the Share Award Scheme on the Stock Exchange at a total consideration of approximately HK\$6.0 million.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 September 2022.

COMPETING BUSINESS

During the six months ended 30 September 2022, none of the Directors or the Company’s controlling shareholders (the “**Controlling Shareholders**”) and their respective associates had any interests in a business, apart from the business of the Group, which competes or may compete with the business of the Group or has any other conflict of interest with the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules.

Non-Competition Undertaking

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

OTHER INFORMATION

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the code of conduct regulating securities transactions by Directors. Having made specific enquiry, all Directors have fully complied with the required standards set out in the Model Code during the six months ended 30 September 2022 and up to the date of this interim 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.

OTHER INFORMATION

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

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

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

OTHER INFORMATION

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

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

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

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.

During the six months ended 30 September 2022, no share option was granted, exercised, cancelled, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

OTHER INFORMATION

SHARE AWARD SCHEME

The Share Award Scheme was conditionally adopted on 22 November 2021. The purpose and the objective of the Share Award Scheme are (i) to recognise the contributions by certain employees of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

The Share Award Scheme shall commence on 22 November 2021 and terminate on the earlier of (i) the tenth (10th) anniversary date of the adoption date; and (ii) such date of early termination as determined by the Board by a resolution of the Board, provided that such termination shall not affect any subsisting rights of any selected employee of the Group (the “**Trust Period**”).

Upon termination of the Share Award Scheme, (i) no further grant of awarded shares may be made under the Share Award Scheme; (ii) all the awarded shares granted under the Share Award Scheme shall continue to be held by the trustee and become vested in the selected employees of the Group according to the conditions of the share awards; and (iii) upon expiration of the Trust Period, all Company’s shares (except for any awarded shares subject to vesting on the selected employees) remaining in the trust fund shall be sold by the trustee and all net proceeds and such other funds and properties remaining in the trust fund managed by the trustee (after deducting the relevant expenses) shall be remitted to the Company.

The Board shall not make any further award which will result in the nominal value of the Company’s shares awarded by the Board pursuant to the Share Award Scheme exceeding 10% of the issued Company’s shares from time to time. The maximum number of Company’s shares which may be awarded to a selected employee of the Group under the Share Award Scheme shall not exceed 1% of the issued shares of the Company from time to time and shall be subject to any other requirement of the Listing Rules. The shares of the Company held by the trustee will be regarded as public float unless the trustee becomes a core connected persons of the Company or would otherwise cease to be regarded as member of the public under the Listing Rules.

OTHER INFORMATION

Subject to the terms and conditions of the Share Award Scheme and the fulfilment of all vesting conditions to the vesting of the awarded shares on such selected employee, the respective awarded shares held by the trustee on behalf of the selected employee shall vest in such selected employee pursuant to the rules of the Share Award Scheme. The Board shall be at liberty to waive the fulfilment of any vesting conditions.

The trustee shall not exercise the voting rights in respect of any shares of the Company held by it under the trust (if any) (including but not limited to the awarded shares, the vesting shares, any bonus shares and scrip shares of the Company derived therefrom).

For further details of the Share Award Scheme, please refer to the announcement of the Company dated 22 November 2021.

On 24 June 2022, the Board resolved to grant a total of 8,560,000 awarded shares of the Company to 72 grantees under the Share Award Scheme, subject to acceptance by the grantees and the vesting period and conditions. For details, please refer to the announcement of the Company dated 24 June 2022.

During the six months ended 30 September 2022, the trustee has purchased a total of 24,000,000 shares of the Company on the open market for the purpose of the Share Award Scheme, and a total of 3,020,000 awarded shares of the Company were vested to the grantees.

OTHER INFORMATION

DISCLOSURES PURSUANT TO RULES 13.18 AND 13.21 OF THE LISTING RULES

In late June and early August 2021, the Group's wholly-owned subsidiaries, Richwell Civil Engineering Limited ("**Richwell CE**"), Richwell Engineering Limited ("**Richwell Engineering**") and Time Concept Construction Limited ("**Time Concept**") (as borrower(s)) entered into three separate facility arrangements with the Bank of Communications (Hong Kong) Limited (as lender) (the "**Bank**") for the provision of overdraft facilities in an aggregate amount of HK\$30,000,000 (the "**Overdraft Facilities**"). Each of the Overdraft Facilities between the Bank and the Group contains a specific performance covenant imposed on the relevant borrower requiring it to ensure that Mr. KK Tsui, an executive Director and the Controlling Shareholder, possesses the single largest shareholding interest in the Company. A breach of the aforesaid covenants would constitute an event of default under the Overdraft Facilities and all amounts outstanding will immediately become due and payable. As at 30 September 2022, Mr. KK Tsui, through New Brilliance, owned 75% of the total issued share capital of the Company.

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

During the six months ended 30 September 2022, the Company did not have other disclosure obligations under Rules 13.18 and 13.21 of the Listing Rules.

CORPORATE GOVERNANCE PRACTICE

The Company is committed to achieving and maintaining high standards of corporate governance, as the Board believes that good and effective corporate governance practices are key to obtain and maintain the trust of the shareholders of the Company and other stakeholders, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to create long-term value for the shareholders of the Company. The Company has adopted the principles and code provisions set out in the Corporate Governance Code (the "**CG Code**") in Appendix 14 of the Listing Rules. The Company has fully complied with the CG Code during the six months ended 30 September 2022 and up to the date of this interim report.

OTHER INFORMATION

Ms. Ng Hoi Ying, the company secretary of the Company, is an external service provider. Pursuant to Code C.6.1 of the CG Code, an issuer can engage an external service provider to provide company secretarial services, provided that the issuer should disclose the identity of a person with sufficient seniority at the issuer whom the external provider can contact. In this respect, the Company has nominated Mr. KK Tsui as its contact point for Ms. Ng Hoi Ying.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established on 21 September 2020. The chairman of the Audit Committee is Mr. Lee Kin Kee, the independent non-executive Director, and other members include Mr. Lee Yan Kit and Mr. Kwong Ping Man, the independent non-executive Directors. The written terms of reference of the Audit Committee 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 make arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Group’s condensed consolidated financial statements for the six months ended 30 September 2022 are unaudited and have not been audited nor reviewed by the Company’s independent auditors, but have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the condensed consolidated financial statements of the Group for the six months ended 30 September 2022 comply with applicable accounting standards and the Listing Rules, and that adequate disclosures have been made.

OTHER INFORMATION

ENGLISH VERSION PREVAILS

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

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

Hong Kong, 28 November 2022

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2022

		Six months ended 30 September	
	Notes	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	4	439,746	479,108
Direct costs		(407,102)	(431,023)
<hr/>			
Gross profit		32,644	48,085
Other income, other gains and losses	5	7,864	941
Administrative and other operating expenses		(15,623)	(13,865)
Finance costs	6	(756)	(298)
<hr/>			
Profit before income tax	8	24,129	34,863
Income tax expense	7	(2,687)	(6,250)
<hr/>			
Profit and total comprehensive income for the period		21,442	28,613
<hr/>			
Earnings per share			
Basic and diluted (HK cents)	9	1.37	1.79
<hr/>			

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2022

	Notes	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	11	23,189	26,078
Deposits for acquisition of property, plant and equipment		295	20
Right-of-use assets	11	10,114	7,546
Financial assets at fair value through profit or loss		243	232
		33,841	33,876
Current assets			
Trade receivables	12	28,404	76,293
Other receivables, deposits and prepayments	13	50,246	34,620
Contract assets	14	288,456	263,259
Tax recoverable		1,353	1,014
Pledged bank deposits	15	19,410	21,406
Bank balances and cash		169,452	122,762
		557,321	519,354
Total assets		591,162	553,230
Current liabilities			
Trade and other payables	16	136,245	143,000
Contract liabilities	14	127,423	106,060
Borrowings	17	30,904	27,878
Lease liabilities		4,795	3,552
Current tax liabilities		9,461	7,565
		308,828	288,055

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2022

	Notes	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
Net current assets		248,493	231,299
Total assets less current liabilities		282,334	265,175
Non-current liabilities			
Lease liabilities		2,628	2,258
Deferred tax liabilities		2,677	2,677
		5,305	4,935
Net assets		277,029	260,240
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	18	16,000	16,000
Reserves		261,029	244,240
Total equity		277,029	260,240

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022

	Share capital HK\$'000	Share premium HK\$'000	Shares held for share award scheme HK\$'000	Share award reserve HK\$'000	Other reserve HK\$'000 (Note)	Retained profits HK\$'000	Total equity HK\$'000
As at 1 April 2021 (audited)	16,000	69,814	-	-	24,912	116,922	227,648
Profit and total comprehensive income for the period	-	-	-	-	-	28,613	28,613
Dividends recognised as distribution during the period (Note 10)	-	-	-	-	-	(5,000)	(5,000)
As at 30 September 2021 (unaudited)	16,000	69,814	-	-	24,912	140,535	251,261
As at 1 April 2022 (audited)	16,000	69,814	(3,638)	-	24,912	153,152	260,240
Profit and total comprehensive income for the period	-	-	-	-	-	21,442	21,442
Purchase of shares for share award scheme	-	-	(6,013)	-	-	-	(6,013)
Recognition of equity-settled share award scheme expenses	-	-	-	1,360	-	-	1,360
Shares vested under share award scheme	-	-	749	(743)	-	(6)	-
As at 30 September 2022 (unaudited)	16,000	69,814	(8,902)	617	24,912	174,588	277,029

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, Richwell CE and Time Concept which were acquired under the corporate reorganisation pursuant to which the Company became the holding company of the Group on 21 September 2020.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022

	Notes	Six months ended 30 September	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Net cash generated from/(used in) operating activities		53,729	(15,048)
Cash flows from investing activities			
Decrease/(increase) in pledged bank deposits		1,996	(11,012)
Interest received		41	5
Payment for deposit and prepayment		–	(471)
Payment for deposits of right-of-use assets		(203)	–
Payment for deposits for acquisition of property, plant and equipment		(295)	(597)
Proceeds from disposals of property, plant and equipment		410	808
Purchase of property, plant and equipment		(3,184)	(1,174)
Net cash used in investing activities		(1,235)	(12,441)
Cash flows from financing activities			
Interest paid		(208)	(187)
New bank loan raised		–	6,000
Repayments of lease liabilities		(2,457)	(1,466)
Interest paid on lease liabilities		(152)	(111)
Repayments of bank loans		(8,076)	–
Purchase of shares for share award scheme		(6,013)	–
Net cash (used in)/generated from financing activities		(16,906)	4,236
Net increase/(decrease) in cash and cash equivalents		35,588	(23,253)
Cash and cash equivalents at the beginning of period		107,364	110,231
Cash and cash equivalents at the end of period		142,952	86,978
Represented by			
Bank balances and cash		169,452	98,317
Bank overdrafts	17	(26,500)	(11,339)
		142,952	86,978

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

2. PRINCIPAL ACCOUNTING POLICIES

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

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

Application of amendments to HKFRSs

In the current period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2022 for the preparation of the Group’s condensed consolidated 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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

3. ESTIMATES

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

In preparing the condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual financial statements for the year ended 31 March 2022.

4. REVENUE AND SEGMENT INFORMATION

Revenue from external customers

	Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Recognised over time:		
Contract income from provision of construction engineering works	439,746	479,108

Geographical information

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

5. OTHER INCOME, OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Fair value gain on financial assets at fair value through profit or loss	11	–
Government subsidies (Note)	7,232	–
Gain on disposals of property, plant and equipment	306	271
Interest income	41	5
Others	274	665
	7,864	941

Note: Government subsidies mainly comprises of Employment Support Scheme, an one-off wage subsidies under the Anti-epidemic Fund of the Hong Kong Special Administrative Region Government due to the COVID-19 pandemic.

6. FINANCE COSTS

	Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Interest expenses on		
– Bank overdrafts	396	172
– Bank loans	208	15
– Lease liabilities	152	111
	756	298

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

7. INCOME TAX EXPENSE

	Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Hong Kong Profits Tax:		
Current tax	2,687	6,250

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

The two-tiered profits tax rates regime was applicable to the Group for the six months ended 30 September 2022 and 2021.

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated weighted average annual tax rate used is 16.5% for the six months ended 30 September 2022 (six months ended 30 September 2021: 16.5%).

8. PROFIT BEFORE INCOME TAX

	Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Profit before income tax has been arrived at after charging:		
Depreciation of property, plant and equipment	5,989	5,192
Depreciation of right-of-use assets	1,705	1,206

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

9. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Earnings		
Profit for the period attributable to owners of the Company for the purpose of basic earnings per shares	21,442	28,613
Number of Shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousand)	1,563,101	1,600,000
Effect of dilutive potential ordinary shares: Share award shares (in thousand)	1,387	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share (in thousand)	1,564,488	1,600,000

The weighted average number of ordinary shares for the purpose of the basic earnings per share for the six months ended 30 September 2022 was derived after deducting the shares held by the trustee for the Share Award Scheme.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

10. DIVIDENDS

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

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Dividend recognised as distribution:		
Final dividend payable		
(HK\$0.3125 cents per ordinary share)	–	5,000

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2022 (six months ended 30 September 2021: Nil).

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

During the six months ended 30 September 2022, the Group used approximately HK\$7,477,000 (six months ended 30 September 2021: approximately HK\$6,941,000) on acquisition of property, plant and equipment and right-of-use assets.

During the six months ended 30 September 2022, certain items of property, plant and equipment at the aggregated carrying amount of approximately HK\$1,136,000 were disposed of (six months ended 30 September 2021: approximately HK\$537,000) and gain on disposals of property, plant and equipment of approximately HK\$306,000 was recognised during the six months ended 30 September 2022 (six months ended 30 September 2021: approximately HK\$271,000) in the condensed consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

12. TRADE RECEIVABLES

	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
Trade receivables	34,193	82,082
Less: Loss allowance	(5,789)	(5,789)
	28,404	76,293

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

	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
0-30 days	20,849	62,702
31-60 days	1,962	12,847
61-90 days	4,574	404
Over 90 days	1,019	340
	28,404	76,293

As at 30 September 2022, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK\$1,894,000 (31 March 2022: approximately HK\$11,773,000) which are past due as at the reporting date. Out of the past due balances, none (31 March 2022: none) has been past due 90 days or more and is considered as in default based on good payment history and the Group is still engaging with the debtors in active projects. The Group does not charge interest nor hold any collateral over these balances.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
Other receivables	19,312	12,899
Other deposits	14,598	10,556
Prepayments	14,325	9,276
Utility deposits	2,011	1,889
	50,246	34,620

Included in other receivables of the Group as at 30 September 2022 was amount due from a partner of joint operations of approximately HK\$14,767,000 (31 March 2022: approximately HK\$4,727,000).

14. CONTRACT ASSETS AND CONTRACT LIABILITIES

	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
Contract assets	290,356	265,159
Less: Loss allowance	(1,900)	(1,900)
	288,456	263,259
Contract liabilities	127,423	106,060

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

14. CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

Contract assets

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

The Group's contract assets are analysed as follows:

	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
Retention receivables	65,226	54,086
Others (Note)	223,230	209,173
	288,456	263,259

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

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

Contract liabilities

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

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

Revenue from provision of construction engineering works recognised during the six months ended 30 September 2022 that was included in the contract liabilities at the beginning of each of the period/year was approximately HK\$60,327,000 (31 March 2022: approximately HK\$5,038,000).

15. PLEDGED BANK DEPOSITS

Pledged bank deposits represent deposit pledged to banks to secure the Group's banking facilities. As at 30 September 2022 and 31 March 2022, pledged bank deposits amounted to approximately HK\$19,410,000 and approximately HK\$21,406,000, respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

16. TRADE AND OTHER PAYABLES

	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
Trade payables	58,272	69,621
Retention payables (Note)	37,293	34,195
Accruals and other payables	40,680	39,184
	136,245	143,000

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

Included in accruals and other payables of the Group as at 30 September 2022 was amounts due to partners of joint operations of approximately HK\$15,300,000 (31 March 2022: approximately HK\$8,174,000).

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

	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
0-30 days	40,328	44,876
31-60 days	4,508	12,562
61-90 days	2,638	5,844
Over 90 days	10,798	6,339
	58,272	69,621

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

17. BORROWINGS

	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
Bank overdrafts	26,500	15,398
Bank loans – secured	4,404	12,480
	30,904	27,878
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	4,259	10,188
– Within a period of more than one year but not exceeding two years	145	2,292
	4,404	12,480

Notes:

- (i) Bank overdrafts carry interests ranging from 3.38% to 6.62% (31 March 2022: 2.56% to 4.31%) per annum and were repayable on demand.
- (ii) The Group's bank loans of approximately HK\$4,404,000 (31 March 2022: approximately HK\$12,480,000) as at 30 September 2022 contained a repayment on demand clause. The effective interest rate on the bank loans were ranging from 3.3% to 4.8% (31 March 2022: ranging from 3.1% to 3.4%) per annum as at 30 September 2022.
- (iii) As at 30 September 2022, the banking facilities of the Group were secured by (1) pledged bank deposits of approximately HK\$19,410,000; and (2) corporate guarantee executed by the Company.

As at 31 March 2022, the banking facilities of the Group were secured by (1) pledged bank deposits of approximately HK\$21,406,000; and (2) corporate guarantee executed by the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

18. SHARE CAPITAL

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

	Number of ordinary shares	Share capital HK\$
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2021, 31 March 2022 and 30 September 2022	10,000,000,000	100,000,000
Issued and fully paid:		
At 1 April 2021, 31 March 2022 and 30 September 2022	1,600,000,000	16,000,000

19. SHARE AWARD SCHEME

The following awarded shares were outstanding under the Share Award Scheme at the end of the reporting period:

	Number of awarded shares
At 1 April 2022	–
Granted during the period	8,560,000
Vested during the period	(3,020,000)
At 30 September 2022	5,540,000

During the six months ended 30 September 2022, the total share award scheme expenses of approximately HK\$1,360,000 were charged to profit or loss (six months ended 30 September 2021: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

20. CAPITAL COMMITMENT

	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	2,655	8,253

21. JOINT OPERATIONS

As at 30 September 2022 and 31 March 2022, 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		Principal activities
			30 September 2022	31 March 2022	
Leader Civil-Richwell Engineering Joint Venture	Unincorporated	Hong Kong	96%	96%	Civil engineering
Leader Civil-Richwell Engineering Joint Venture	Unincorporated	Hong Kong	49%	49%	Civil engineering
Build King-Richwell Engineering Joint Venture	Unincorporated	Hong Kong	49%	49%	Civil engineering
Build King-Richwell Engineering Joint Venture	Unincorporated	Hong Kong	40%	40%	Civil engineering
Build King-Richwell Engineering Joint Venture	Unincorporated	Hong Kong	30%	30%	Civil engineering
Build King-Richwell Civil Joint Venture	Unincorporated	Hong Kong	30%	30%	Civil engineering
Build King-Richwell Civil Joint Venture	Unincorporated	Hong Kong	38%	38%	Civil engineering
Build King-Richwell Engineering Joint Venture	Unincorporated	Hong Kong	40%	40%	Civil engineering
Build King-Richwell Engineering Joint Venture	Unincorporated	Hong Kong	20%	-	Civil engineering

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

21. JOINT OPERATIONS (Continued)

The Directors are of the view that entering into the above joint operations act as an important marketing and expanding strategy in developing its construction business. For the six months ended 30 September 2022 and 2021, the Group's revenue included amounts derived through the entering into these joint operations of approximately HK\$135,623,000 and approximately HK\$106,075,000, respectively.

22. SIGNIFICANT RELATED PARTY TRANSACTIONS

Apart from disclosed elsewhere in the condensed consolidated financial statements, the Group entered into the following significant transactions with related parties during the six months ended 30 September 2022 and 2021:

		Six months ended 30 September	
	Notes	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Rental expenses paid to:			
Fame Most Limited	(i)&(ii)	674	672

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

22. SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

Compensation of key management personnel

Key management includes executive Directors and senior management of the Group. The remuneration of key management during the six months ended 30 September 2022 and 2021 are as follows:

	Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Short-term employee benefits	8,807	4,494
Equity-settled share award scheme expenses	351	–
Post-employment benefits	54	54
	9,212	4,548