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LANDRICH HOLDING LIMITED

譽樂豐控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2132)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022

RESULTS

The board (the “**Board**”) of directors (the “**Director(s)**”) of Landrich Holding Limited (the “**Company**”) announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2022 together with the comparative figures for the last corresponding year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	4	994,240	634,448
Direct costs		(907,483)	(567,065)
Gross profit		86,757	67,383
Other income, other gains and losses	5	861	17,328
Administrative and other operating expenses		(38,158)	(27,092)
Finance costs	6	(854)	(583)
Profit before income tax	8	48,606	57,036
Income tax expense	7	(7,376)	(9,163)
Profit and total comprehensive income for the year		41,230	47,873
Earnings per share			
– Basic and diluted (HK cents)	9	2.58	3.36

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Non-current assets			
Property, plant and equipment		26,078	29,965
Deposits for acquisition of property, plant and equipment		20	2,802
Right-of-use assets		7,546	3,609
Financial assets at fair value through profit or loss		232	–
		<u>33,876</u>	<u>36,376</u>
Current assets			
Trade receivables	11	76,293	56,515
Other receivables, deposits and prepayments		34,620	13,634
Contract assets	12	263,259	132,222
Tax recoverable		1,014	2,410
Pledged bank deposits		21,406	8,000
Bank balances and cash		122,762	121,782
		<u>519,354</u>	<u>334,563</u>
Total assets		<u>553,230</u>	<u>370,939</u>
Current liabilities			
Trade and other payables	13	143,000	108,499
Contract liabilities	12	106,060	12,130
Borrowings		27,878	11,551
Lease liabilities		3,552	1,851
Current tax liabilities		7,565	4,434
		<u>288,055</u>	<u>138,465</u>
Net current assets		<u>231,299</u>	<u>196,098</u>
Total assets less current liabilities		<u>265,175</u>	<u>232,474</u>

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		2,258	1,766
Deferred tax liabilities		2,677	3,060
		<u>4,935</u>	<u>4,826</u>
Net assets		<u>260,240</u>	<u>227,648</u>
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	<i>14</i>	16,000	16,000
Reserves		244,240	211,648
		<u>260,240</u>	<u>227,648</u>
Total equity		<u>260,240</u>	<u>227,648</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability on 31 July 2018. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 20 October 2020 (the “**Listing**”). Its immediate and ultimate holding company is New Brilliance Enterprises Limited (“**New Brilliance**”), a private limited company incorporated in the British Virgin Islands and wholly-owned by Mr. Tsui Kai Kwong (“**Mr. KK Tsui**”), the controlling shareholder, an executive Director and the chairman of the Company.

The address of the registered office of the Company is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and the address of the principal place of business in Hong Kong is Unit 2808, 28th Floor, The Octagon, 6 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong.

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

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

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

The consolidated financial statements have been prepared based on the accounting policies in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

Prior to the corporate reorganisation undertaken in preparation for the listing of the Company’s shares on the Stock Exchange (the “**Reorganisation**”), the group entities were under the control of Mr. KK Tsui. Through the Reorganisation, the Company became the holding company of the companies now comprising the Group on 21 September 2020. Accordingly, for the purpose of the preparation of the consolidated financial statements of the Group, the Company has been considered as the holding company of the companies now comprising the Group throughout the year ended 31 March 2021. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The Group was under the control of Mr. KK Tsui prior to and after the Reorganisation.

The consolidated financial statements have been prepared as if the Company had been the holding company of the Group throughout the year ended 31 March 2021 in accordance with Accounting Guideline 5 “*Merger Accounting for Common Control Combinations*” issued by the HKICPA. The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 March 2021, which include the results, changes in equity and cash flows of the companies now comprising the Group, have been prepared as if the current group structure had been in existence throughout the year ended 31 March 2021.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the 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 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ¹

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

² Effective for annual periods beginning on or after 1 January 2023

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

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 and HKFRS Practice Statement 2 *Disclosure of Accounting Policies*

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group’s significant accounting policies. The impacts of application, if any, will be disclosed in the Group’s future consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Type of service		
Provision of construction engineering works	<u>994,240</u>	<u>634,448</u>
Type of sector		
Public sector	992,868	571,230
Private sector	<u>1,372</u>	<u>63,218</u>
	<u>994,240</u>	<u>634,448</u>

(ii) Segment information

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

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

(iii) Geographical information

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

(iv) **Information about major customers**

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A	263,378	232,877
Customer B	221,511	86,720
Customer C	156,354	114,657
Customer D	129,337	86,463
Customer E	103,965	63,479

5. OTHER INCOME, OTHER GAINS AND LOSSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Fair value loss on financial assets at fair value through profit or loss	(766)	–
Net foreign exchange gains	112	–
Gain on disposals of property, plant and equipment	446	1,512
Gain on termination of lease contract	4	–
Interest income	23	118
Government subsidies (<i>Note</i>)	–	14,568
Others	1,042	1,130
	<u>861</u>	<u>17,328</u>

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

6. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest expenses on		
– Bank overdrafts	369	351
– Bank loans	226	183
– Lease liabilities	259	49
	<u>854</u>	<u>583</u>

7. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Income tax expense comprises:		
Hong Kong Profits Tax:		
– Current year	8,484	6,459
– Over-provision in prior years	(725)	(356)
	<u>7,759</u>	<u>6,103</u>
Deferred tax:	(383)	3,060
	<u>7,376</u>	<u>9,163</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The two-tiered profits tax rates regime was applicable to the Group for the years ended 31 March 2022 and 2021.

8. PROFIT BEFORE INCOME TAX

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit before income tax has been arrived at after charging:		
Auditors' remuneration	750	800
Depreciation of property, plant and equipment	11,018	7,653
Depreciation of right-of-use assets	2,787	967
Listing expenses	–	6,428
Expenses related to short-term leases	39,472	20,813
Impairment loss allowance on trade receivables and contract assets, net of reversal	6,784	84
Cost of construction materials	239,727	130,627
Subcontracting charges	404,425	248,138
Employee benefits expense:		
– Salaries, allowances and other benefits in kind	181,561	140,728
– Contributions to retirement benefit scheme	5,119	4,152
Total employee benefits expense, including Directors' emoluments	<u>186,680</u>	<u>144,880</u>

9. EARNINGS PER SHARE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	<u>41,230</u>	<u>47,873</u>
	2022	2021
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousand)	<u>1,599,137</u>	<u>1,422,904</u>

The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 March 2022 was derived after deducting the shares held by the trustee for the share award scheme of the Company.

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

No diluted earnings per share is presented as there were no potential dilutive shares in issue for the years ended 31 March 2022 and 2021.

10. DIVIDENDS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Dividends recognised as distribution	<u>5,000</u>	<u>18,000</u>

No final dividend was proposed by the directors of the Company for the year ended 31 March 2022.

On 20 October 2021, a final dividend of HK0.3125 cents per ordinary share, in aggregate amount of approximately HK\$5,000,000, were paid to shareholders as the final dividend in respect of the year ended 31 March 2021.

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

11. TRADE RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	82,082	57,420
Less: Loss allowance	<u>(5,789)</u>	<u>(905)</u>
	<u>76,293</u>	<u>56,515</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 30 days	62,702	41,837
31 – 60 days	12,847	5,874
61 – 90 days	404	365
Over 90 days	<u>340</u>	<u>8,439</u>
	<u>76,293</u>	<u>56,515</u>

12. CONTRACT ASSETS AND CONTRACT LIABILITIES

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Contract assets	265,159	132,222
Less: Loss allowance	<u>(1,900)</u>	<u>–</u>
	<u>263,259</u>	<u>132,222</u>
Contract liabilities	<u>106,060</u>	<u>12,130</u>

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

13. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	69,621	48,740
Retention payables	34,195	24,832
Accruals and other payables	<u>39,184</u>	<u>34,927</u>
	<u>143,000</u>	<u>108,499</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 30 days	44,876	44,393
31 – 60 days	12,562	1,948
61 – 90 days	5,844	270
Over 90 days	<u>6,339</u>	<u>2,129</u>
	<u>69,621</u>	<u>48,740</u>

14. SHARE CAPITAL

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

	<i>Notes</i>	Number of ordinary shares	Share capital HK\$
Ordinary shares of HK\$0.01 each			
Authorised:			
At 1 April 2020		38,000,000	380,000
Increase in authorised share capital	<i>(b)</i>	9,962,000,000	99,620,000
At 31 March 2021 and 31 March 2022		10,000,000,000	100,000,000
Issued and fully paid:			
At 1 April 2020		1	_*
New shares issued for the Reorganisation on 21 September 2020	<i>(a)</i>	9,999	100
Capitalisation Issue	<i>(b)</i>	1,279,990,000	12,799,900
Issue of shares by Share Offer	<i>(c)</i>	320,000,000	3,200,000
At 31 March 2021 and 31 March 2022		1,600,000,000	16,000,000

* The amount is less than HK\$1.

Notes:

- (a) Pursuant to the Reorganisation and as consideration for the acquisition by the Company of all the issued shares of Lion Brave Group Limited, Sheen Cedar Investments Limited and Lofty Wisdom Holdings Limited from New Brilliance on 21 September 2020, 9,999 ordinary shares were allotted and issued to New Brilliance and credited as fully paid.
- (b) On 21 September 2020, pursuant to the resolution of the Company's then sole shareholder, the Company's authorised share capital was increased from HK\$380,000 to HK\$100,000,000 by the creation of an additional 9,962,000,000 ordinary shares of par value HK\$0.01 each. Further, the Company allotted and issued a total of 1,279,990,000 new ordinary shares credited as fully paid by way of capitalisation of a sum of HK\$12,799,900 to share premium of the Company (the "**Capitalisation Issue**") to shareholders whose names appeared on the Company's register of members on 21 September 2020.
- (c) On 20 October 2020, the shares of the Company were listed on the Stock Exchange. 320,000,000 ordinary shares (the "**Share Offer**") at an offer price of HK\$0.325 per share were issued upon listing.

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group has more than 27 years of solid track record in the construction industry in Hong Kong. The Group is able to undertake civil engineering works as either a main contractor or a subcontractor. The Group principally provides civil engineering works which can be broadly categorised as (i) roads and drainage works; and (ii) site formation works. The Group also performs building works.

As at 31 March 2022, the Group had 30 construction projects on hand with a total outstanding contract value of approximately HK\$2,004.5 million. As at 31 March 2021, the Group had 27 construction projects on hand with a total outstanding contract value of approximately HK\$2,130.3 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 the year ended 31 March 2022, as the continuous outbreak of 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, under the atmosphere of continuous increase of construction cost, profit margin is reducing and the operating environment is becoming more difficult. 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.

PROSPECTS

Looking forward, the Directors consider that the future opportunities or challenges encountered by the Group will continue to depend on the demand of construction engineering works, the expansion of the infrastructure in Hong Kong and changes in material costs and labour costs. In the meantime, the Hong Kong Special Administrative Region (“SAR”) Government has launched a number of development plans and increased its infrastructure investment including the Northern Metropolis development and Lantau Tomorrow to actively promote economic growth. The Directors therefore expect that these development will provide tremendous market opportunities for the construction industry in Hong Kong over the next few years and benefit our Group. In addition, the Directors are of the view that the projects of the Group are mainly in cooperation with leading construction contractors and the Government departments in Hong Kong, the settlement of progress payments are generally considered as highly stable and efficient.

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

FINANCIAL REVIEW

Revenue

The Group’s revenue increased by approximately HK\$359.8 million, or 56.7%, from approximately HK\$634.4 million for the year ended 31 March 2021 to approximately HK\$994.2 million for the year ended 31 March 2022. The increase in the Group’s revenue was primarily driven by the substantial amount of works undertaken in three large scale projects.

Direct costs

Direct costs increased by approximately HK\$340.4 million, or 60.0%, from approximately HK\$567.1 million for the year ended 31 March 2021 to approximately HK\$907.5 million for the year ended 31 March 2022. Such increase was mainly driven by the corresponding increase in revenue.

Gross profit and gross profit margin

Gross profit increased by approximately HK\$19.4 million, or 28.8%, from approximately HK\$67.4 million for the year ended 31 March 2021 to approximately HK\$86.8 million for the year ended 31 March 2022. The gross profit margin decreased by approximately 1.9 percentage points to approximately 8.7% for the year ended 31 March 2022 as compared to approximately 10.6% for the corresponding period in 2021. The decrease of the gross profit margin was mainly due to the one relatively lower gross profit margin project with high contract sum was commenced and one relatively lower gross profit margin project with high contract sum was in progress during the year ended 31 March 2022.

Other income, other gains and losses

Other income, other gains and losses decreased by approximately HK\$16.4 million from approximately HK\$17.3 million for the year ended 31 March 2021 to approximately HK\$0.9 million for the year ended 31 March 2022, mainly due to the one-off subsidies received from the ESS granted by the Hong Kong SAR Government in response to the outbreak of the COVID-19 during the year ended 31 March 2021 which was absent for the year ended 31 March 2022.

Administrative and other operating expenses

Administrative and other operating expenses increased by approximately HK\$11.1 million, or 41.0% from approximately HK\$27.1 million for the year ended 31 March 2021 to approximately HK\$38.2 million for the year ended 31 March 2022. Setting aside the listing expenses, the adjusted administrative and other operating expenses increased from approximately HK\$20.7 million for the year ended 31 March 2021 to approximately HK\$38.2 million for the year ended 31 March 2022. Such increase was primarily due to the increase in (i) staff costs; (ii) impairment loss allowance on trade receivables and contract assets, net of reversal; and (iii) legal and professional fee after the Listing.

Income tax expense

Income tax expense decreased from approximately HK\$9.2 million for the year ended 31 March 2021 to approximately HK\$7.4 million for the year ended 31 March 2022.

Profit and total comprehensive income for the year

As a result of the foregoing, the profit for the year decreased by approximately HK\$6.7 million, or 14.0%, from approximately HK\$47.9 million for the year ended 31 March 2021 to approximately HK\$41.2 million for the year ended 31 March 2022. Setting aside the listing expenses, the Group's adjusted net profit for the year ended 31 March 2022 would be approximately HK\$41.2 million as compared with approximately HK\$54.3 million for the year ended 31 March 2021. The adjusted net profit margin (excluding the listing expenses) for the years ended 31 March 2022 and 2021 were approximately 4.1% and 8.6%, respectively.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The shares of the Company were successfully listed on the Main Board of 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 31 March 2022, the Group had net current assets of approximately HK\$231.3 million (31 March 2021: approximately HK\$196.1 million) and bank balances and cash of approximately HK\$122.8 million (31 March 2021: approximately HK\$121.8 million), which were denominated in Hong Kong dollars.

As at 31 March 2022, the Group's total equity attributable to owners of the Company amounted to approximately HK\$260.2 million (31 March 2021: approximately HK\$227.6 million). The Group's total debt comprising interest-bearing bank loans and bank overdrafts amounted to approximately HK\$27.9 million (31 March 2021: approximately HK\$11.6 million), which were denominated in Hong Kong dollars. The Directors have confirmed that the Group will have sufficient financial resources to meet its obligations as they fall due in the foreseeable future.

CAPITAL EXPENDITURE

During the year ended 31 March 2022, the Group invested approximately HK\$7.7 million (31 March 2021: approximately HK\$24.0 million) on the acquisition of property, plant and equipment and additions of approximately HK\$6.9 million (31 March 2021: approximately HK\$2.6 million) motor vehicles under right-of-use assets. Capital expenditure was principally funded by internal resources and proceeds received from the Listing.

CONTINGENT LIABILITIES

As at 31 March 2022, the Group did not have any significant contingent liabilities (31 March 2021: Nil).

CHARGES ON GROUP ASSETS

As at 31 March 2022, the Group has pledged bank deposits of approximately HK\$21.4 million (31 March 2021: approximately HK\$8.0 million) to the banks to secure certain bank facilities of the Group. Included in the bank balances of approximately HK\$0.1 million (2021: Nil) was charged to the bank for the banking facility granted to the Group.

As at 31 March 2022, lease liabilities of approximately HK\$4.4 million (2021: approximately HK\$2.5 million) are secured by the Group's motor vehicles with carrying amount of approximately HK\$5.6 million (2021: approximately HK\$2.5 million).

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

During the year ended 31 March 2022, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures. Save as disclosed in this announcement, the Group did not have other plans for material investments or acquisition of capital assets as at 31 March 2022.

CAPITAL COMMITMENTS

The Group had approximately HK\$8.3 million of capital commitments contracted but not provided for in respect of acquisition of property, plant and equipment as at 31 March 2022 (31 March 2021: approximately HK\$4.6 million).

TREASURY POLICIES

The Directors will continue to follow a prudent policy in managing the Group's cash and maintaining a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

FOREIGN CURRENCY RISK

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As most of the Group's monetary assets and liabilities are denominated in Hong Kong dollars, the Directors are of the view that the Group does not have significant exposure to foreign exchange risk. The Group currently does not have a foreign currency hedging policy.

GEARING RATIO

As at 31 March 2022, the gearing ratio of the Group, which is calculated as the total debt (total interest-bearing bank loans and bank overdrafts) divided by total equity, was approximately 10.7% (31 March 2021: approximately 5.1%).

EVENT AFTER THE REPORTING PERIOD

On 24 June 2022, the Company resolved to grant 8,560,000 shares to certain selected employees pursuant to the share award scheme adopted by the Company on 22 November 2021 (the “**Share Award Scheme**”). For details, please refer to the announcement of the Company dated 24 June 2022.

Save as otherwise disclosed in this announcement, the Board is not aware of any other significant events requiring disclosure that have taken place subsequent to 31 March 2022 and up to the date of this announcement.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend in respect of the year ended 31 March 2022.

On 20 October 2021, a final dividend of HK0.3125 cents per ordinary share were paid to shareholders as the final dividend in respect of the year ended 31 March 2021.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2022, the Group had 360 employees (31 March 2021: 343 employees). Total staff costs for the year ended 31 March 2022 amounted to approximately HK\$186.7 million (31 March 2021: approximately HK\$144.9 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 31 March 2022.

Business strategies as stated in the Prospectus	Business objectives up to 31 March 2022	Actual business progress up to 31 March 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.
Acquire machinery and equipment	– Acquire a truck mounted concrete pump (vertical reach 42m)	The Group has acquired a 49m truck mounted concrete pump.
	– Acquire two mobile cranes (one 50 tonnes and one 90 tonnes)	The Group has acquired two mobile cranes (one 50 tonnes and one 90 tonnes).
	– Acquire two excavators (one 13 tonnes and one 20 tonnes)	The Group has acquired two excavators (one 22 tonnes and one 35 tonnes).
	– Acquire two crane lorries (one 9 tonnes and one 30 tonnes)	The Group has acquired a 30 tonnes crane lorry and has identified suitable machinery and is expected to acquire during the year ending 31 March 2023.
	– Acquire a truck mounted concrete pump (vertical reach 38m)	The Group has acquired a 21m truck mounted concrete pump.
Strengthen the Group's manpower	– Recruit one senior project manager, two site agents, two site engineers, one safety and environmental officer, two safety supervisors, one project director, two administration managers, two purchase and plant controllers, one accounting manager and one estimator	The Group has recruited certain project management team members accordingly. However, there was a delay in the recruitment schedule due to availability of suitable candidates and the funding is expected to be fully utilised by 31 March 2023.
Upgrade the Group's enterprise information system	– Upgrade existing accounting and administration management system	The Group has acquired certain new hardware and software for system 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.

USE OF PROCEEDS FROM LISTING

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

The below table sets out the proposed and actual applications of the Net Proceeds from the Listing Date to 31 March 2022:

	Planned use of Net Proceeds as stated in the Prospectus <i>HK\$' million</i>	Actual use of Net Proceeds from the Listing Date to 31 March 2022 <i>HK\$' million</i>	Unutilised balance of Net Proceeds from the Listing Date to 31 March 2022 <i>HK\$' million</i>	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	14.9	3.0	31 March 2023
Strengthen the Group's manpower	11.4	8.1	3.3	31 March 2023
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	<u>57.8</u>	<u>50.0</u>	<u>7.8</u>	

The remaining unutilised Net Proceeds as at 31 March 2022 of approximately HK\$7.8 million were deposited in licensed banks in Hong Kong. The Directors will constantly evaluate the Group's business objectives and specific needs from time to time. As at the date of this announcement, the Directors do not anticipate any change as to the use of Net Proceeds.

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

During the year ended 31 March 2022, the Group purchased 14,920,000 ordinary shares pursuant to the Share Award Scheme through the trustee of the Share Award Scheme on the Stock Exchange at a total consideration of approximately HK\$3.6 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 year ended 31 March 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issues (the “**Model Code**”) set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as the code of conduct regarding securities transactions by Directors. Having made specific enquiry, all Directors have fully complied with the required standards set out in the Model Code for the year ended 31 March 2022 and up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICE

The Company is committed to achieving and maintaining high standards of corporate governance, as the Board believes that good and effective corporate governance practices are key to obtain and maintain the trust of the shareholders of the Company and other stakeholders, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to create long-term value for the shareholders of the Company. The Company has adopted the principles and code provisions in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 of the Listing Rules. The Company has fully complied with the CG Code for the year ended 31 March 2022 and up to the date of this announcement.

Ms. Ng Hoi Ying, the company secretary of the Company, is an external service provider. Pursuant to Code 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 are posted on the Stock Exchange’s website and on the Company’s website.

The primary duties of the Audit Committee are mainly to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

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

During the year ended 31 March 2022, the Audit Committee held two meetings to review and comment on the Company’s 2021 interim result and 2021 annual results as well as the Company’s internal control procedures and risk management systems.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements for the year ended 31 March 2022. The final results announcement of the Group for the year ended 31 March 2022 has been reviewed by the Audit Committee.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED

The figures in respect of the Group's consolidated statement of financial position as at 31 March 2022, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2022 as set out in the preliminary announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 March 2022. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

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

Hong Kong, 24 June 2022

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