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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

RESULTS

The board (the “**Board**”) of directors (the “**Director(s)**”) of Landrich Holding Limited (the “**Company**”) announces the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2023 together with the comparative figures for the last corresponding period as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

		Six months ended	
		30 September	
	Notes	2023	2022
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	555,510	439,746
Direct costs		(507,262)	(407,102)
Gross profit		48,248	32,644
Other income, other gains and losses	4	(10,020)	7,864
Administrative and other operating expenses		(14,410)	(15,623)
Finance costs	5	(662)	(756)
Profit before income tax	7	23,156	24,129
Income tax expense	6	(5,523)	(2,687)
Profit and total comprehensive income for the period		17,633	21,442
Earnings per share			
Basic (HK cents)	8	1.13	1.37
Diluted (HK cents)	8	1.12	1.37

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

	<i>Notes</i>	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		15,214	18,644
Deposits for acquisition of property, plant and equipment		620	295
Right-of-use assets		8,194	7,769
Financial assets at fair value through profit or loss		549	524
Deferred tax assets		72	72
		<hr/> 24,649 <hr/>	<hr/> 27,304 <hr/>
Current assets			
Trade receivables	<i>10</i>	92,080	66,286
Other receivables, deposits and prepayments	<i>11</i>	47,424	48,844
Contract assets	<i>12</i>	301,085	288,076
Financial assets at fair value through profit or loss		15,469	27,821
Tax recoverable		957	1,737
Pledged bank deposits		–	3,413
Bank balances and cash		170,245	160,133
		<hr/> 627,260 <hr/>	<hr/> 596,310 <hr/>
Total assets		<hr/> 651,909 <hr/>	<hr/> 623,614 <hr/>
Current liabilities			
Trade and other payables	<i>13</i>	149,996	172,580
Contract liabilities	<i>12</i>	166,016	123,951
Borrowings		14,740	28,013
Lease liabilities		4,049	3,866
Current tax liabilities		7,052	3,799
		<hr/> 341,853 <hr/>	<hr/> 332,209 <hr/>

	<i>Notes</i>	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Net current assets		<u>285,407</u>	<u>264,101</u>
Total assets less current liabilities		<u>310,056</u>	<u>291,405</u>
Non-current liabilities			
Lease liabilities		1,688	846
Deferred tax liabilities		<u>1,898</u>	<u>1,898</u>
		<u>3,586</u>	<u>2,744</u>
Net assets		<u><u>306,470</u></u>	<u><u>288,661</u></u>
Capital and reserves			
Equity attributable to the owners of the Company			
Share capital	<i>14</i>	16,000	16,000
Reserves		<u>290,470</u>	<u>272,661</u>
Total equity		<u><u>306,470</u></u>	<u><u>288,661</u></u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

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 Enterprises Limited, a private limited company incorporated in the British Virgin Islands and wholly-owned by Mr. Tsui Kai Kwong (“**Mr. KK Tsui**”), the controlling shareholder of the Company, 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 unaudited 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 Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Ruels**”).

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

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited 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 unaudited condensed consolidated financial statements for the six months ended 30 September 2023 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2023.

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 2023 for the preparation of the Group’s unaudited condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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 unaudited condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue from contracts with customers

	Six months ended 30 September	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
Recognised over time:		
Contract income from provision of construction engineering works	<u>555,510</u>	<u>439,746</u>

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.

4. OTHER INCOME, OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
Fair value (loss)/gain on financial assets at fair value through profit or loss	(12,326)	11
Government subsidies (<i>Note</i>)	–	7,232
Gain on disposals of property, plant and equipment	621	306
Interest income	477	41
Others	<u>1,208</u>	<u>274</u>
	<u>(10,020)</u>	<u>7,864</u>

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. There are no unfulfilled condition or contingencies relating to these subsidies.

5. FINANCE COSTS

	Six months ended 30 September	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
Interest expenses on:		
– Bank overdrafts	410	396
– Bank loans	133	208
– Lease liabilities	<u>119</u>	<u>152</u>
	<u>662</u>	<u>756</u>

6. INCOME TAX EXPENSE

	Six months ended 30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax:		
Current tax	<u>5,523</u>	<u>2,687</u>

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 2023 and 2022.

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 2023 (six months ended 30 September 2022: 16.5%).

7. PROFIT BEFORE INCOME TAX

	Six months ended 30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit before income tax has been arrived at after charging:		
Depreciation of property, plant and equipment	5,604	5,989
Depreciation of right-of-use assets	<u>1,823</u>	<u>1,705</u>

8. 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	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to the owners of the Company for the purpose of basic earnings per shares	<u>17,633</u>	<u>21,442</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (<i>in thousand</i>)	1,566,216	1,563,101
Effect of dilutive potential ordinary shares:		
Share award (<i>in thousand</i>)	<u>2,011</u>	<u>1,387</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share (<i>in thousand</i>)	<u>1,568,227</u>	<u>1,564,488</u>

The weighted average number of ordinary shares for the purpose of the basic earnings per share for the six months ended 30 September 2023 and 2022 was derived after deducting the shares held by the trustee for the share award scheme of the Company (the “**Share Award Scheme**”).

The weighted average number of ordinary shares for the purpose of diluted earnings per share for the six months ended 30 September 2023 and 2022 were derived after deducting the shares held by the trustee for the Share Award Scheme, and the weighted average number of ordinary shares deemed to be issued assuming the dilutive impact on the shares under Share Award Scheme.

9. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

10. TRADE RECEIVABLES

	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
Trade receivables	92,175	66,381
Less: Loss allowance	(95)	(95)
	<u>92,080</u>	<u>66,286</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:

	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
0-30 days	79,116	46,629
31-60 days	3,699	11,851
61-90 days	5,489	5,453
Over 90 days	3,776	2,353
	<u>92,080</u>	<u>66,286</u>

As at 30 September 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK\$15,193,000 (31 March 2023: approximately HK\$16,061,000) which are past due as at the reporting date. Out of the past due balances, approximately HK\$6,243,000 (31 March 2023: approximately HK\$2,353,000) 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.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
Other receivables	16,129	17,228
Other deposits	3,164	5,782
Prepayments	26,036	23,799
Utility deposits	2,095	2,035
	<u>47,424</u>	<u>48,844</u>

Included in other receivables of the Group as at 30 September 2023 was amount due from a partner of joint operations of approximately HK\$12,560,000 (31 March 2023: approximately HK\$15,160,000).

12. CONTRACT ASSETS AND CONTRACT LIABILITIES

	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
Contract assets	309,025	296,016
Less: Loss allowance	(7,940)	(7,940)
	<u>301,085</u>	<u>288,076</u>
Contract liabilities	<u>166,016</u>	<u>123,951</u>

Contract assets

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

The Group's contract assets are analysed as follows:

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Retention receivables	84,728	76,257
Others (<i>Note</i>)	216,357	211,819
	301,085	288,076

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

Changes of contract assets were mainly due to 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.

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 2023 that was included in the contract liabilities at the beginning of each of the period/year was approximately HK\$80,556,000 (31 March 2023: approximately HK\$74,382,000).

13. TRADE AND OTHER PAYABLES

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Trade payables	58,221	84,543
Retention payables (<i>Note</i>)	43,624	40,011
Accruals and other payables	48,151	48,026
	149,996	172,580

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 2023 was amounts due to partners of joint operations of approximately HK\$17,406,000 (31 March 2023: approximately HK\$17,196,000).

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 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
0-30 days	35,469	44,126
31-60 days	8,249	35,687
61-90 days	6,252	948
Over 90 days	8,251	3,782
	58,221	84,543

14. 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 2022, 31 March 2023 and 30 September 2023	10,000,000,000	100,000,000
Issued and fully paid: At 1 April 2022, 31 March 2023 and 30 September 2023	1,600,000,000	16,000,000

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group has more than 29 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 2023, the Group had 31 construction projects on hand with a total outstanding contract value of approximately HK\$1,920.0 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 2023, the business environment in which the Group operates remains challenging due to (i) the increase in construction costs; and (ii) 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 was absent, 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 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.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately HK\$115.8 million, or approximately 26.3%, from approximately HK\$439.7 million for the six months ended 30 September 2022 to approximately HK\$555.5 million for the six months ended 30 September 2023. The increase in the Group's revenue was primarily driven by the increased works from overall projects and the substantial amount of works undertaken in two large-scale projects during the six months ended 30 September 2023.

Gross profit and gross profit margin

The Group's gross profit increased by approximately HK\$15.6 million, or approximately 47.9%, from approximately HK\$32.6 million for the six months ended 30 September 2022 to approximately HK\$48.2 million for the six months ended 30 September 2023. The Group's gross profit margin increased from approximately 7.4% for the six months ended 30 September 2022 to approximately 8.7% for the six months ended 30 September 2023. The increase in gross profit margin was mainly attributable to the increasing works from several projects undertaken, which are expected to have higher gross profit margins, for the six months ended 30 September 2023. The increase in gross profit was mainly due to the increase in revenue and gross profit margin as mentioned hereinabove.

Other income, other gains and losses

Other income, other gains and losses decreased by approximately HK\$17.9 million from gains of approximately HK\$7.9 million for the six months ended 30 September 2022 to losses of approximately HK\$10.0 million for the six months ended 30 September 2023. Such decrease was mainly due to (i) 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 2023; and (ii) the fair value loss on financial assets at fair value through profit or loss.

Administrative and other operating expenses

Administrative and other operating expenses decreased by approximately HK\$1.2 million from approximately HK\$15.6 million for the six months ended 30 September 2022 to approximately HK\$14.4 million for the six months ended 30 September 2023. Such decrease was primarily due to the decrease in staff costs.

Income tax expense

Income tax expense increased by approximately HK\$2.8 million, from approximately HK\$2.7 million for the six months ended 30 September 2022 to approximately HK\$5.5 million for the six months ended 30 September 2023.

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\$17.6 million for the six months ended 30 September 2023, representing a decrease of approximately 17.8% as compared with a profit and total comprehensive income of approximately HK\$21.4 million for the six months ended 30 September 2022.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Company's shares 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 30 September 2023, the Group had net current assets of approximately HK\$285.4 million (31 March 2023: approximately HK\$264.1 million), and bank balances and cash of approximately HK\$170.2 million (31 March 2023: approximately HK\$160.1 million), which were denominated in Hong Kong dollars.

As at 30 September 2023, the Group's total equity attributable to the owners of the Company amounted to approximately HK\$306.5 million (31 March 2023: approximately HK\$288.7 million). The Group's total debt comprising interest-bearing bank borrowings and bank overdraft amounted to approximately HK\$14.7 million (31 March 2023: approximately HK\$28.0 million), which were denominated in Hong Kong dollars. The Directors have confirmed that the Group will have sufficient financial resources to meet its obligations as they fall due in the foreseeable future.

CHARGES ON GROUP ASSETS

As at 30 September 2023, the Group had no pledged bank deposits (31 March 2023: approximately HK\$3.4 million) to secure the Group's bank facilities.

As at 30 September 2023, lease liabilities of approximately HK\$5.4 million (31 March 2023: approximately HK\$3.8 million) were secured by the Group's motor vehicles with carrying amount of approximately HK\$7.8 million (31 March 2023: approximately HK\$5.8 million).

EVENT AFTER THE REPORTING PERIOD

Save as disclosed in this interim announcement, the Board is not aware of any other significant events requiring disclosure that have taken place subsequent to 30 September 2023 and up to the date of this interim announcement.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2023, the Group had 400 employees (30 September 2022: 359 employees). Total staff costs for the six months ended 30 September 2023 amounted to approximately HK\$93.7 million (six months ended 30 September 2022: approximately HK\$102.7 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 2023.

Business strategies as stated in the Prospectus	Business objectives up to 30 September 2023	Actual business progress up to 30 September 2023
Finance the Group's existing main contractor 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 two truck mounted concrete pump, two mobile cranes, two excavators and two crane lorries	The Group has acquired certain machineries and equipment and the funding costs had been fully utilised.
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. The funding costs for the Group's manpower had been fully utilised.
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 2024.
	– 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 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 2023:

	Planned use of Net Proceeds as stated in the Prospectus <i>HK\$' million</i>	Actual use of Net Proceeds from the Listing Date to 30 September 2023 <i>HK\$' million</i>	Unutilised Net Proceeds brought forward as at 1 April 2023 <i>HK\$' million</i>	Net Proceeds utilised during the six months ended 30 September 2023 <i>HK\$' million</i>	Unutilised balance of Net Proceeds from the Listing Date to 30 September 2023 <i>HK\$' million</i>	Expected timeline for utilising the unutilised Net Proceeds
Finance the Group's existing main contractor 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	–	1.5	31 March 2024
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>56.3</u>	<u>1.5</u>	<u>–</u>	<u>1.5</u>	

The remaining unutilised Net Proceeds as at 30 September 2023 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 announcement, the Directors do not anticipate any change as to the use of Net Proceeds.

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 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 had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2023.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to 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 and there was no event of non-compliance during the six months ended 30 September 2023 and up to the date of this interim 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 the 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 to 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 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, an 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 oversee the financial reporting system, internal control systems and risk management system and relationship with external auditors and review arrangements to enable employees of the Company can use, in confidence, to raise 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 2023 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 unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2023 comply with applicable accounting standards and the Listing Rules, and that adequate disclosures have been made.

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

Hong Kong, 24 November 2023

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.