

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
2023

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**”) and its subsidiaries (collectively referred to as the “**Group**”) have 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 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 2023, the Group did not have any significant contingent liabilities (31 March 2023: Nil).

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).

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

During the six months ended 30 September 2023, the Group did not have any significant investments held, material acquisitions and disposals of subsidiaries, associates or joint ventures. Save as disclosed herein, the Group did not have other plans for material investments or capital assets as at 30 September 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENTS

The Group had approximately HK\$2.4 million of capital commitments contracted but not provided for in respect of acquisition of property, plant and equipment as at 30 September 2023 (31 March 2023: approximately HK\$2.8 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 2023, 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 4.8% (31 March 2023: approximately 9.7%).

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 2023 and 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

EVENT AFTER THE REPORTING PERIOD

Save as disclosed in this interim report, 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 report.

INTERIM DIVIDEND

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).

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.

MANAGEMENT DISCUSSION AND ANALYSIS

Business strategies as stated in the Prospectus

Business objectives up to 30 September 2023

Actual business progress up to 30 September 2023

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.

MANAGEMENT DISCUSSION AND ANALYSIS

Business strategies as stated in the Prospectus	Business objectives up to 30 September 2023	Actual business progress up to 30 September 2023
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.

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 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	57.8	56.3	1.5	-	1.5	

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

OTHER INFORMATION

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

As at 30 September 2023, 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 to 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 the shares and underlying 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 2023, none of the Directors or chief executives of the Company had registered 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 such provision of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Section 352 of the SFO 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 AND DEBENTURES

So far as is known to the Directors, as at 30 September 2023, the following person/entity (other than the Directors and chief executives of the Company) had or were deemed to have, interests or short positions in the shares, the underlying shares and the debentures of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

Long positions in ordinary shares and underlying shares of the Company

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

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

Save as disclosed above, as at 30 September 2023, there was no person or corporation, other than the Directors and chief executives of the Company whose interests are set out in the section "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" above, had or were deemed to have, interests or short positions in the shares, the underlying shares and debentures of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group.

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

COMPETING BUSINESS

During the six months ended 30 September 2023, none of the Directors or the Company’s controlling shareholders (as defined in the Listing Rules) (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**”) 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.

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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 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 report.

SHARE OPTION SCHEME

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

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), Director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or services provider of the Group, options to subscribe for

OTHER INFORMATION

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.

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 as at the date of approval of the Share Option Scheme and any other share schemes of the Company (the "**Scheme Mandate Limit**"). The Scheme Mandate Limit may be refreshed at any time by obtaining approval of the Company's shareholders in a 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. No options may be granted under the Share Option Scheme or any other share option schemes of the Company if this will result in the Scheme Mandate Limit being exceeded.

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

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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. As at the date of this interim report, the Share Option Scheme had a remaining life of approximately seven years.

As at 1 April 2023 and 30 September 2023, the total number of share options available for grant under the Share Option Scheme was 160,000,000. For the six months ended 30 September 2023, no share option was granted, exercised, expired, lapsed or cancelled and there is no outstanding share option under the Share Option Scheme. As such, no shares of the Company that may be issued in respect of options granted under the Share Option Scheme during the six months ended 30 September 2023.

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.

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The Share Award Scheme commenced on 22 November 2021 and shall 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**”). As at the date of this interim report, the Share Award Scheme had a remaining life of approximately eight years.

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.

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).

OTHER INFORMATION

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 2023, no ordinary share of the Company for the Share Award Scheme was acquired (six months ended 30 September 2022: 24,000,000 shares) and no awarded shares were granted to any grantees (six months ended 30 September 2022: 8,560,000 shares). As at 30 September 2023, 32,678,000 shares of the Company were held by the trustee.

On 20 November 2023, the Board resolved to amend the terms of the Share Award Scheme to the effect that the trustee is only allowed to purchase existing shares on the Stock Exchange to satisfy awards granted under the Share Award Scheme, such that the Share Award Scheme would become a share scheme that is funded only by existing shares. For details, please refer to the announcement of the Company dated 20 November 2023. As such, no shares is available for issue under the Share Award Scheme as at the date of this interim report.

Details and movements of the awarded shares under the Share Award Scheme during the six months ended 30 September 2023 are as follow:

Selected Participants	Date of Grant	Vesting Period	Number of awarded shares				
			Unvested as at 1 April 2023	Granted	Vested	Lapsed/ cancelled	Unvested as at 30 September 2023
				during the six months ended 30 September 2023	during the six months ended 30 September 2023	during the six months ended 30 September 2023	
Five highest paid employees for the financial year of grant	24 June 2022	1 August 2022 to 31 July 2025	280,000	-	(84,000)	-	196,000
Other employee participants	24 June 2022	1 August 2022 to 31 July 2025	2,180,000	-	(612,000)	(140,000)	1,428,000
		1 August 2023 to 31 July 2025	620,000	-	(186,000)	-	434,000
Total			3,080,000	-	(882,000)	(140,000)	2,058,000

OTHER INFORMATION

- Note 1: The total number of awards available for grant under the scheme mandate of the Share Award Scheme as at 1 April 2023 and 30 September 2023 were 151,440,000 and 151,440,000 respectively.
- Note 2: As no shares were granted under the Share Award Scheme during the six months ended 30 September 2023, no shares may be issued in respect of awards granted under all schemes of the Company during the six months ended 30 September 2023.
- Note 3: All of the awarded shares set out above were granted to grantees at nil consideration.
- Note 4: The closing price of the shares immediately before the date on which the awarded shares were granted was HK\$0.242. The aggregate fair value of the awarded shares at the date of grant amounted to approximately HK\$2,106,000. The fair value of the awarded shares was calculated based on the closing price of the shares at the grant date.
- Note 5: The weighted average closing price of the awarded shares immediately before the dates on which the awarded shares were vested during the six months ended 30 September 2023 was HK\$0.420.
- Note 6: All of the awarded shares set out above were made without any performance targets.

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 report.

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.

OTHER INFORMATION

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.

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, 24 November 2023

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

For the six months ended 30 September 2023

	Notes	Six months ended 30 September	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	4	555,510	439,746
Direct costs		(507,262)	(407,102)
Gross profit		48,248	32,644
Other income, other gains and losses	5	(10,020)	7,864
Administrative and other operating expenses		(14,410)	(15,623)
Finance costs	6	(662)	(756)
Profit before income tax	8	23,156	24,129
Income tax expense	7	(5,523)	(2,687)
Profit and total comprehensive income for the period		17,633	21,442
Earnings per share			
Basic (HK cents)	9	1.13	1.37
Diluted (HK cents)	9	1.12	1.37

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

	Notes	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	11	15,214	18,644
Deposits for acquisition of property, plant and equipment		620	295
Right-of-use assets	11	8,194	7,769
Financial assets at fair value through profit or loss		549	524
Deferred tax assets		72	72
		24,649	27,304
Current assets			
Trade receivables	12	92,080	66,286
Other receivables, deposits and prepayments	13	47,424	48,844
Contract assets	14	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	15	–	3,413
Bank balances and cash		170,245	160,133
		627,260	596,310
Total assets		651,909	623,614
Current liabilities			
Trade and other payables	16	149,996	172,580
Contract liabilities	14	166,016	123,951
Borrowings	17	14,740	28,013
Lease liabilities		4,049	3,866
Current tax liabilities		7,052	3,799
		341,853	332,209

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

	Notes	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Net current assets		285,407	264,101
Total assets less current liabilities		310,056	291,405
Non-current liabilities			
Lease liabilities		1,688	846
Deferred tax liabilities		1,898	1,898
		3,586	2,744
Net assets		306,470	288,661
Capital and reserves			
Equity attributable to the owners of the Company			
Share capital	18	16,000	16,000
Reserves		290,470	272,661
Total equity		306,470	288,661

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

	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 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
Transfer of shares upon vesting of share awards 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
As at 1 April 2023 (audited)	16,000	69,814	(8,421)	423	24,912	185,933	288,661
Profit and total comprehensive income for the period	-	-	-	-	-	17,633	17,633
Recognition of equity-settled share award scheme expenses	-	-	-	176	-	-	176
Transfer of shares upon vesting of share awards under share award scheme	-	-	334	(331)	-	(3)	-
As at 30 September 2023 (unaudited)	16,000	69,814	(8,087)	268	24,912	203,563	306,470

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 Civil Engineering Limited and Time Concept Construction Limited which were acquired under the group reorganisation in the preparation for the Listing.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	Notes	Six months ended 30 September	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Net cash generated from operating activities		22,848	53,729
Cash flows from investing activities			
Decrease in pledged bank deposits		3,413	1,996
Interest received		477	41
Payment for deposits of right-of-use assets		(764)	(203)
Payment for deposits for acquisition of property, plant and equipment		(417)	(295)
Proceeds from disposals of property, plant and equipment		850	410
Purchase of property, plant and equipment		(387)	(3,184)
Net cash generated from/(used in) investing activities		3,172	(1,235)
Cash flows from financing activities			
Interest paid		(133)	(208)
New bank loan raised		8,000	–
Repayments of lease liabilities		(2,383)	(2,457)
Interest paid on lease liabilities		(119)	(152)
Repayments of bank loans		(20,147)	(8,076)
Purchase of shares for share award scheme		–	(6,013)
Net cash used in financing activities		(14,782)	(16,906)
Net increase in cash and cash equivalents		11,238	35,588
Cash and cash equivalents at the beginning of period		144,412	107,364
Cash and cash equivalents at the end of period		155,650	142,952
Represented by			
Bank balances and cash		170,245	169,452
Bank overdrafts	17	(14,595)	(26,500)
		155,650	142,952

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, 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 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 Listing Rules.

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

3. ESTIMATES

The preparation of unaudited 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 unaudited 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 2023.

4. REVENUE AND SEGMENT INFORMATION

Revenue from contracts with customers

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

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 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

5. OTHER INCOME, OTHER GAINS AND LOSSES

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

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.

6. FINANCE COSTS

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

7. INCOME TAX EXPENSE

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

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%).

8. PROFIT BEFORE INCOME TAX

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (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	1,823	1,705

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

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

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.

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

10. 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).

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

During the six months ended 30 September 2023, the Group used approximately HK\$4,651,000 (six months ended 30 September 2022: approximately HK\$7,477,000) on acquisition of property, plant and equipment and right-of-use assets.

During the six months ended 30 September 2023, certain items of property, plant and equipment at the aggregated carrying amount of approximately HK\$2,912,000 were disposed of (six months ended 30 September 2022: approximately HK\$1,136,000) and gain on disposals of property, plant and equipment of approximately HK\$621,000 was recognised during the six months ended 30 September 2023 (six months ended 30 September 2022: approximately HK\$306,000) in the unaudited condensed consolidated statement of profit or loss and other comprehensive income.

12. TRADE RECEIVABLES

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

12. TRADE RECEIVABLES (Continued)

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 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (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
	92,080	66,286

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

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).

14. CONTRACT ASSETS AND CONTRACT LIABILITIES

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

14. CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

Contract assets

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

The Group's contract assets are analysed as follows:

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Retention receivables	84,728	76,257
Others (Note)	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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

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 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).

15. PLEDGED BANK DEPOSITS

Pledged bank deposits represent deposits pledged to banks to secure the Group's banking facilities. As at 30 September 2023 and 31 March 2023, pledged bank deposits amounted to nil and approximately HK\$3,413,000, respectively.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

16. 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 (Note)	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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

17. BORROWINGS

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Bank overdrafts	14,595	15,721
Bank loans – secured	145	12,292
	14,740	28,013
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	145	12,292
	145	12,292

Notes:

- (i) Bank overdrafts carry interests ranging from 3.88% to 5.68% (31 March 2023: 4.00% to 7.14%) per annum and were repayable on demand.
- (ii) The Group's bank loans of approximately HK\$145,000 (31 March 2023: approximately HK\$12,292,000) as at 30 September 2023 contained a repayment on demand clause. The effective interest rate on the bank loans were 3.12% (31 March 2023: ranging from 3.12% to 6.01%) per annum as at 30 September 2023.
- (iii) As at 30 September 2023, the banking facilities of the Group were secured by corporate guarantee executed by the Company.

As at 31 March 2023, the banking facilities of the Group were secured by (1) pledged bank deposits of approximately HK\$3,413,000; and (2) corporate guarantee executed by the Company.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

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 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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

19. SHARE AWARD SCHEME

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

	Unaudited Number of awarded shares Six months ended 30 September	
	2023	2022
At beginning of period	3,080,000	–
Granted during the period	–	8,560,000
Vested during the period	(882,000)	(3,020,000)
Lapsed/cancelled during the period	(140,000)	–
At end of period	2,058,000	5,540,000

During the six months ended 30 September 2023, the total share award scheme expenses of approximately HK\$176,000 were charged to profit or loss (six months ended 30 September 2022: approximately HK\$1,360,000).

20. CAPITAL COMMITMENT

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the unaudited condensed consolidated financial statements	2,383	2,830

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

21. JOINT OPERATIONS

As at 30 September 2023 and 31 March 2023, 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 2023	31 March 2023	
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%	20%	Civil engineering
Build King-Richwell Engineering Joint Venture	Unincorporated	Hong Kong	40%	-	Civil engineering

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 2023 and 2022, the Group's revenue included amounts derived through the entering into these joint operations of approximately HK\$173,444,000 and approximately HK\$135,623,000, respectively.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

22. SIGNIFICANT RELATED PARTY TRANSACTIONS

Apart from disclosed elsewhere in the unaudited condensed consolidated financial statements, the Group entered into the following significant transactions with related parties during the six months ended 30 September 2023 and 2022:

		Six months ended 30 September	
	Notes	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Rental expenses paid to:			
Fame Most Limited	(i)&(ii)	682	674

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 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

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 2023 and 2022 are as follows:

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Short-term employee benefits	10,160	8,807
Equity-settled share award scheme expenses	16	351
Post-employment benefits	54	54
	10,230	9,212