GOLDEN PONDER HOLDINGS LIMITED
金侖控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1783)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2019

FINANCIAL HIGHLIGHTS

- The Group recorded a revenue amounted to approximately HK$425.8 million for the year ended 31 March 2019, representing a decrease of approximately 5.1% compared to that of last year.

- The gross profit for the year ended 31 March 2019 was approximately HK$45.0 million, representing an increase of approximately 2.3% compared to approximately HK$44.0 million for the year ended 31 March 2018. The gross profit margin was approximately 10.6%.

- Profit for the year attributable to owners of the Company for the year ended 31 March 2019 decreased by approximately 27.9% to approximately HK$16.8 million as compared to that of last year. Excluding the non-recurring Listing expenses of approximately HK$9.4 million for the year ended 31 March 2019 (2018: HK$5.3 million), the Group would have an adjusted net profit of approximately HK$26.2 million for the year ended 31 March 2019 (2018: HK$28.6 million), representing a decrease of approximately 8.4%.

- The basic and diluted earnings per share for the year ended 31 March 2019 decreased by approximately 40.1% to approximately HK2.33 cents compared to that of last year.

- The Board of Directors does not recommend the payment of final dividend for the year ended 31 March 2019.

FINANCIAL RESULTS

The board ("Board") of directors (the "Directors") of Golden Ponder Holdings Limited (the "Company") is pleased to present the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2019 together with the comparative figures for the corresponding year of 2018 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	*5*	**425,773**	448,556
Cost of services		**(380,748)**	(404,584)
Gross profit		**45,025**	43,972
Other income	*6*	**4,530**	1,536
Administrative and other expenses		**(27,042)**	(16,154)
Finance costs	*7*	**(130)**	(255)
Profit before income tax expense	*8*	**22,383**	29,099
Income tax expense	*9*	**(5,559)**	(5,775)
Profit and total comprehensive income for the year attributable to owners of the Company		**16,824**	23,324
		HK cent	*HK cent*
Earnings per share, attributable to owners of the Company			
– Basic and diluted	*11*	**2.33**	3.89

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**2,019**	1,047
Deposits	*13*	**362**	–
		2,381	1,047
Current assets			
Trade receivables	*12*	**63,297**	49,494
Retention money receivables	*14*	**–**	25,364
Deposits, prepayments and other receivables	*13*	**37,401**	23,010
Contract assets		**120,078**	–
Amounts due from customers for contract work		**–**	61,071
Amount due from a director		**–**	2,398
Restricted bank deposits		**12,030**	–
Cash and cash equivalents		**63,380**	24,696
		296,186	186,033
Current liabilities			
Trade and retention money payables	*15*	**93,288**	82,545
Accruals and other payables	*16*	**9,455**	4,158
Amount due to a director		**–**	3,852
Contract liabilities		**4,935**	–
Amounts due to customers for contract work		**–**	4,373
Bank borrowings	*17*	**–**	8,526
Obligations under finance leases		**30**	52
Current tax liabilities		**537**	81
		108,245	103,587
Net current assets		**187,941**	82,446

	Notes	**2019** *HK$'000*	2018 *HK$'000*
Total assets less current liabilities		**190,322**	83,493
Non-current liabilities			
Obligations under finance leases		**–**	30
NET ASSETS		**190,322**	83,463
Capital and reserves			
Share capital	*18*	**8,000**	–*
Reserves		**182,322**	83,463
TOTAL EQUITY		**190,322**	83,463

* *The balance represents an amount less than HK$1,000.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 22 August 2018 (the "Listing"). The address of its registered office is located at P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and its principal place of business in Hong Kong is located at Offices F and G, Floor 23, Maxgrand Plaza, No. 3 Tai Yau Street, San Po Kong, Kowloon, Hong Kong.

The Company is an investment holding company and the principal activities of its subsidiaries are provision of superstructure building and repair, maintenance, alteration and addition ("RMAA") works services as a main contractor in Hong Kong.

2. BASIS OF PREPARATION

(a) Reorganisation

Pursuant to the reorganisation as detailed in "History, Development and Reorganisation" section of the prospectus (the "Reorganisation") of the Company dated 7 August 2018 (the "Prospectus"), in preparation for the Listing and for the purpose of rationalising the Group's structure, the Company became the holding company of the subsidiaries now comprising the Group on 28 November 2017 by way of transfer of equity interests in Century Success Limited to the Company in consideration of the Company's allotment and issue of shares to the companies held by the then shareholders of Century Success Limited.

Prior to the Reorganisation, the Group's operations were carried on by a subsidiary of the Company, Head Fame Company Limited ("Head Fame"), which was jointly controlled by Mr. Chan Kam Tong and Mr. Chan Kam Ming (the "Controlling Shareholders"). As part of the Reorganisation, Century Success Limited, the immediate holding company of Head Fame and the Company were incorporated and interspersed between Head Fame and the Controlling Shareholders. Each of the Company and the immediate holding company of Head Fame has not been involved in any businesses prior to the Reorganisation and do not meet the definition of a business. The Reorganisation is merely a reorganisation of the Group and has no substance and does not form a business combination. Accordingly, the comparative information has been prepared and presented using the book values of Head Fame.

The consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the reporting period have been prepared using the financial statements of the entities now comprising the Group, as if the current group structure had been in existence throughout the comparative period, or since the respective dates of incorporation of the relevant entities now comprising the Group where this is a shorter period. All significant intra-group transactions and balances have been eliminated on consolidation.

(b) Statement of compliance

The consolidated financial statements have been prepared in accordance with all HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

(c) Basic of measurement

The consolidated financial statements have been prepared under the historical cost basis.

(d) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong Dollars ("HK$"), which is also the functional currency of the Company, and all values are rounded to the nearest thousands, except when otherwise indicated.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

a) Adoption of new/revised HKFRSs – effective 1 April 2018

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)
Amendments to HKAS 40	Transfers of Investment Property
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration

The impact of the adoption of HKFRS 9 "Financial instruments" (see Note 3(a)(A) below) and HKFRS 15 "Revenue from Contracts with Customers" (see Note 3(a)(B) below) have been summarised below. The other or amended HKFRSs that are effective form 1 April 2018 did not have any material impact on the Group's consolidated financial statements.

A HKFRS 9 – Financial Instruments

i) Classification and measurement of financial instruments

HKFRS 9 replaces HKAS 39 "Financial Instruments: Recognition and Measurement" for annual periods beginning on or after 1 April 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of HKFRS 9 from 1 April 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the consolidated financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised costs"); (ii) financial assets at fair value through other comprehensive income ("FVOCI"); or (iii) FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions are met and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Group's financial assets as follows:

Amortised cost	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

In relation to construction contracts previously accounted for under HKAS 11, the Group continues to apply input method in estimating the performance obligations satisfied up to date of initial application of HKFRS 15. Retention money receivables of HK$25,364,000 and amounts due from customers for contract work of HK$61,071,000 were reclassified to contract assets, whilst amounts due to customers for contract work of HK$4,373,000 were reclassified to contract liabilities.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKRS 9 for each class of the Group's financial assets as at 1 April 2018:

	Original classification under HKAS 39	New classification under HKFRS 9	Carrying amount as at 31 March 2018 under HKAS 39 *HK$'000*	Carrying amount as at 1 April 2018 under HKFRS 9 *HK$'000*
Financial assets				
Trade receivables	Loans and receivables	Amortised cost	49,494	49,494
Retention money receivables	Loans and receivables	N/A	25,364	N/A
Deposits and other receivables	Loans and receivables	Amortised cost	11,821	11,821
Contract assets	N/A	Amortised cost	N/A	86,435
Amounts due from customers for contract work	Loans and receivables	N/A	61,071	N/A
Amount due from a director	Loans and receivables	Amortised cost	2,398	2,398
Cash and cash equivalents	Loans and receivables	Amortised cost	24,696	24,696
Financial liabilities				
Trade and retention money payables	Amortised cost	Amortised cost	82,545	82,545
Accruals and other payables	Amortised cost	Amortised cost	4,158	4,158
Amount due to a director	Amortised cost	Amortised cost	3,852	3,852
Amounts due to customers for contract work	Amortised cost	N/A	4,373	N/A
Contract liabilities	N/A	Amortised cost	N/A	4,373
Bank borrowings	Amortised cost	Amortised cost	8,526	8,526

ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("ECLs") model". HKFRS 9 requires the Group to recognise ECL for trade receivables, contract assets and other financial assets at amortised costs earlier than HKAS 39. Cash and cash equivalents are subject to ECL model but the impairment is immaterial for the current period.

Under HKFRS 9, the loss allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has measured loss allowances for trade receivables and contract assets using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-months ECLs. The 12-months ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impact of the ECL model

a) Impairment of trade receivables and contract assets

As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECLs which adopts a life time ECLs for all trade receivables and contract asset. To measure the ECLs, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets have substantially the same risk as the trade receivables.

Contract assets are related to retention money receivables and unbilled revenue which have substantially the same risk characteristics as the trade receivables for the same type of contract. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The directors considered that the impairment under ECLs model for both trade receivables and contract assets as at 1 April 2018 is immaterial and no adjustment was made to the retained earnings as at 1 April 2018 (see note 3(a)(A)(iii) below for transitional provision).

b) Impairment of other financial assets

For other receivables and amount due from a director, the Group measures the loss allowances equal to 12-months ECLs, unless when there has been a significant increase in credit risk since initial recognition. The Group recognises lifetime ECLs. Management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The Group considered counter parties having a low risk of default and a strong capacity to meet contractual cash flow as performing.

c) Impairment of cash and cash equivalents

Cash and cash equivalents are considered to have low credit risk. The loss allowances recognised were limited to 12-months ECLs and considered immaterial to the Group.

iii) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the statement of financial position as at 31 March 2018, but are recognised in the statement of financial position on 1 April 2018. This mean that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 April 2018. Accordingly, the information presented for the year ended 31 March 2018 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The assessment of determination of the business model within which a financial asset is held has been made on the basis of the facts and circumstances that existed at the date of initial application (the "DIA") of HKFRS 9.

B HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15")

HKFRS 15 supersedes HKAS 11 "Construction Contracts", HKAS 18 "Revenue" and related interpretations. HKFRS 15 has established a five-steps model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings at the date of initial application (that is, 1 April 2018). As a result, the financial information presented for the year ended 31 March 2018 has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed as at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations.

Summary of effects arising from initial application of HKFRS 15

For superstructure building works and repair, maintenance, alteration & addition (the "RMAA") services, the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced and thus the Group satisfies a performance obligation and recognises revenue over time, by reference to completion of the specific transaction assessed on the basis of the costs incurred up to the end of the reporting period as a percentage of total estimated costs of each contract.

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from construction contracts. However, upon the adoption of HKFRS 15, retention money receivables and amounts due from customers for contract work are reclassified to contract assets, whilst amounts due to customers for contract work are reclassified to contract liabilities.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2018	**Reclassification**	**Carrying amounts under HKFRS 15 at 1 April 2018**
	HK$'000	*HK$'000*	*HK$'000*
Current assets			
Retention money receivables	25,364	(25,364)	–
Contract assets	–	86,435	86,435
Amounts due from customers for contract work	61,071	(61,071)	–
Current liabilities			
Amounts due to customers for contract work	4,373	(4,373)	–
Contract liabilities	–	4,373	4,373

b) New/revised HKFRSs that have been issued but are not yet effective

HKFRS 16	Leases[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, Business Combinations[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 11, Joint Arrangements[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 12, Income Taxes[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 23, Borrowing Costs[1]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

[1] Effective for annual periods beginning on or after 1 January 2019

[2] Effective for annual periods beginning on or after 1 January 2020

[3] Effective for annual periods beginning on or after 1 January 2021

[4] The amendments were originally intended to be effective for periods beginning on or after 1 January 2017. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.

The directors are in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have significant impact on the Group's result of operations and financial position.

4. SEGMENT INFORMATION

Operating segments

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

Geographical information

During the reporting period, the Group's revenue was derived from Hong Kong, based on the location of the customers, and all of its non-current assets were located in Hong Kong, based on the location of assets. Therefore, no geographical information is presented.

Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue during the reporting period is as follows:

	2019	2018
	HK$'000	*HK$'000*
Customer A	**130,539**	–
Customer B	**120,768**	104,333
Customer C	**76,752**	n/a*
Customer D	**n/a***	87,985
Customer E	**n/a***	160,068

* Revenue from relevant customer was less than 10% of the Group's total revenue for the reporting period.

5. REVENUE

Revenue during the reporting period represents amounts received and receivable from construction contract work performed.

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

	2019	2018
	HK$'000	*HK$'000*
Hong Kong		
Superstructure building works	**285,523**	420,705
RMAA works	**140,250**	27,851
	425,773	448,556
Timing of revenue recognition		
Over time	**425,773**	448,556

6. OTHER INCOME

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

	2019	2018
	HK$'000	*HK$'000*
Recovery of bad debts	**2,327**	991
Compensation income	**–**	545
Bank interest income	**2,203**	–*
	4,530	1,536

* *The balance represents an amount less than HK$1,000.*

7. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest on bank borrowings	**122**	247
Finance lease interest	**8**	8
	130	255

8. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging:

	2019	2018
	HK$'000	*HK$'000*
Auditor's remuneration	**480**	150
Listing expenses	**9,416**	5,305
Depreciation of property, plant and equipment		
– Owned	**338**	103
– Held under finance leases	**22**	27
	360	130
Write-offs of property, plant and equipment	**708**	–
Employee benefit expenses (including directors' remuneration)		
– Wages and salaries	**23,111**	22,962
– Contributions to defined contribution retirement plans	**757**	727
– Others	**124**	153
	23,992	23,842
Minimum lease payments under operating leases – buildings	**1,080**	541
Machinery rental expense	**6,696**	9,964

9. INCOME TAX EXPENSE

The Group is subject to income tax on profits arising in or derived from Hong Kong, being its principal place of business. The income tax expense in the consolidated statement of comprehensive income during the reporting period represents:

	2019	2018
	HK$'000	*HK$'000*
Current income tax – Hong Kong profits tax	**5,559**	5,775

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

The Directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

10. DIVIDEND

On 30 May 2018, dividend of HK$6,000,000 for the year ended 31 March 2018 was declared by the Company, of which an amount of approximately HK$2,398,000 was settled by offsetting with amount due from a director and the rest was paid in cash. There is no income tax consequences related to the payment of dividend by the Company to its shareholders.

The Board does not recommend the payment of final dividend for the year ended 31 March 2019.

11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Year ended 31 March	
	2019	2018
Earnings		
Earnings for the purposes of basic earnings per share *(HK'000)*	**16,824**	23,324
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**721,643,836**	600,000,000

For the year ended 31 March 2019, the calculation of basic earnings per share is based on the profit attributable to the owners of the Company of HK$16,824,000 and the weighted average number of 721,643,836 ordinary shares.

For the year ended 31 March 2018, the calculation of the basic earnings per share is based on the profit for the period attributable to owners of the Company of HK$23,324,000 and on the basis of 600,000,000 shares of the Company in issue, which represents the number of shares of the Company immediately after the Reorganisation and the capitalisation issue (note 18(d)) as if these shares issued under the Reorganisation had been issued on 1 April 2017 but excluding any shares issued pursuant to the share offer (note 18(e)).

Diluted earnings per share are same as the basic earnings per share as there is no dilutive potential ordinary shares in existence during the years ended 31 March 2019 and 2018.

12. TRADE RECEIVABLES

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

The Group grants an average credit period of 30 days to its trade customers of contract works. Application for progress payments of contract works is made on a regular basis.

The following is an analysis of trade receivables by age, presented based on the invoice dates:

	2019	2018
	HK$'000	*HK$'000*
Less than 1 month	**25,722**	49,417
More than 1 month but less than 3 months	**10,162**	77
More than 3 months but less than one year	**27,413**	–
	63,297	49,494

13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Non-current		
Deposits	**362**	–
Current		
Deposits	**29,529**	7,967
Prepayments	**5,118**	8,475
Deferred Listing expenses	**–**	2,714
Other receivables	**2,754**	3,854
	37,401	23,010

14. RETENTION MONEY RECEIVABLES

Retention monies withheld by customers for contract work are released after the completion of maintenance period of the relevant contracts or in accordance with the terms specified in the relevant contracts. As at 31 March 2018, none of the Company's retention money receivables was past due but not impaired. Retention money receivables were reclassified to contract assets upon initial application of HKFRS 15 on 1 April 2018. Details are set out in note 3(a)(B).

15. TRADE AND RETENTION MONEY PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables *(note i)*	**63,645**	57,309
Retention money payables *(note ii)*	**29,643**	25,236
	93,288	82,545

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

	2019	2018
	HK$'000	*HK$'000*
Current or less than 1 month	**41,764**	39,405
1 to 3 months	**11,552**	15,822
More than 3 months but less than 1 year	**9,774**	548
More than 1 year	**555**	1,534
	63,645	57,309

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

16. ACCRUALS AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Accrual expenses	**8,931**	3,833
Other payables	**524**	325
	9,455	4,158

17. BANK BORROWINGS

	2019	2018
	HK$'000	*HK$'000*
Interest bearing bank borrowings which contain a repayable on demand clause and classified as current liabilities	**–**	8,526

Notes:

(i) The bank borrowings are secured by personal guarantees given by Mr. Chan Kam Tong and Mr. Chan Kam Ming, directors of the Company, and the spouse of Mr. Chan Kam Ming, and properties directly and indirectly held by Mr. Chan Kam Tong and Mr. Chan Kam Ming. Interests are charged at prime rate-2.8% and Hong Kong Interbank Offered Rate+1.8% per annum for the current and prior reporting periods.

(ii) Part of the Group's bank borrowings with scheduled repayments after one year are classified as current liabilities as the related loan agreements contain a clause that provides the lender with an unconditional right to demand repayment at any time at its own discretion. None of the portion of these bank loans due for repayment after one year which contain a repayment on demand clause and that is classified as a current liability is expected to be settled within one year from the end of the reporting period.

As at 31 March 2019 and 2018, the Group's bank borrowings were scheduled to be repaid as follows:

	As at 31 March	
	2019	2018
	HK$'000	*HK$'000*
On demand or within one year	**–**	2,279
More than one year, but not exceeding two years	**–**	888
More than two years, but not exceeding five years	**–**	2,785
After five years	**–**	2,574
	–	8,526

The amounts due are based on the scheduled repayment dates in the loan agreements and ignore the effect of any repayment on demand clause.

All of the banking facilities are subject to the fulfillment of covenants relating to the Group's financial position, certain requirements on the operation and the dividend payment, as are commonly found in lending arrangements with financial institutions. If the Group was to breach the covenants, the outstanding loans would become repayable on demand. In addition, certain of the Group's term loan agreements contain clauses which give the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the Company has complied with the covenants and met the scheduled repayment obligations or not.

The Group regularly monitors its compliance with these covenants and is up to date with the scheduled repayments of the bank borrowings and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the Group continues to meet these requirements. In the opinion of the directors of the Group, the Group has fulfilled all covenants of the banking facilities as at 31 March 2019 and 2018.

18. SHARE CAPITAL

	Number of shares	**Amount** *HK$'000*
Authorised:		
Ordinary shares of HK$0.01 each		
Upon incorporation *(note (a))*	10,000,000	100
Increase in authorised share capital *(note (b))*	1,490,000,000	14,900
As at 31 March 2019	1,500,000,000	15,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
Upon incorporation *(note (a))*	1	–*
Allotment of shares *(note (c))*	29,999	–*
Capitalisation issue of shares *(note (d))*	599,970,000	6,000
Issue of shares under share offer *(note (e))*	200,000,000	2,000
As at 31 March 2019	800,000,000	8,000

* *The balance represents an amount less than HK$1,000.*

Share capital

Note (a): The Company was incorporated in the Cayman Islands with limited liability on 11 May 2017 with an authorised share capital of HK$100,000 divided into 10,000,000 ordinary shares with a par value of HK$0.01 each. On the same day, one nil-paid subscriber share was allotted and issued to Reid Services Limited, the initial subscriber of our Company, which was subsequently transferred to Shiny Golden Limited ("Shiny Golden") on the same date.

Note (b): On 25 July 2018, the authorised share capital of the Company was increased from HK$100,000 divided into 10,000,000 ordinary shares to HK$15,000,000 divided into 1,500,000,000 ordinary shares of par value of HK$0.01 each by the creation of an additional of 1,490,000,000 ordinary shares.

Note (c): On 28 November 2017, Mr. KT Chan, Mr. KM Chan, UG China Venture II Limited ("UG") and Vibrant Sound Limited ("Vibrant Sound"), as vendors, and the Company, as purchaser entered into a sale and purchase agreement, pursuant to which the Company acquired 135 ordinary shares, 135 ordinary shares, 20 ordinary shares and 10 ordinary shares of par value US$1.00 each of Century Success Limited, representing all of its issued shares in aggregate, from Mr. KT Chan, Mr. KM Chan, UG and Vibrant Sound, respectively, which was satisfied by the Company allotting and issuing 26,999 ordinary shares, 2,000 ordinary shares and 1,000 ordinary shares, credited as fully-paid, to Shiny Golden (at the instructions of Mr. KT Chan and Mr. KM Chan), UG and Vibrant Sound, respectively, and crediting as fully paid the one nil-paid share held by Shiny Golden.

Note (d): Pursuant to the written resolutions passed on 25 July 2018, the directors were authorised to capitalise an amount of HK$5,999,700 from the share premium account of the Company by applying such sum towards the paying up in full at par a total of 599,970,000 ordinary shares for the allotment of shares to Shiny Golden.

Note (e): Under a share offer took place during the period, 200,000,000 new ordinary shares of HK$0.01 each were issued at a price of HK$0.55 per share for a total consideration (before share issue expenses) of HK$110,000,000.

19. OPERATING LEASE COMMITMENTS

Operating leases – lessee

The Group leases office premises and storage rooms under operating leases. The leases run for initial periods of 12 to 36 months and the leases do not include contingent rentals. The total future minimum lease payments payable by the Group under non-cancellable operating lease are as follows:

	2019	2018
	HK$'000	*HK$'000*
Within one year	**1,536**	372
In the second to fifth years, inclusive	**1,785**	–
	3,321	372

20. LITIGATION

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The principal activities of the Group are the provision of superstructure building and RMAA works services as a main contractor in Hong Kong.

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

The Company successfully listed its shares on the Main Board of the Stock Exchange on 22 August 2018. The net proceeds received from the Listing have significantly contributed to our available financial resources and the Group will be committed to implement its future plans and business strategies according to the schedule set out in the Prospectus.

Looking ahead, even though the Group is aware that the global economic environment is likely to remain unstable in the coming year, the Group is cautiously optimistic about the outlook for our business in coming financial year, the Group will continue to (i) use its best endeavor and prudence to bid for new development projects; (ii) strengthen our manpower resources; and (iii) adherence to prudent financial management to ensure sustainable growth and capital sufficiency.

As at the date of this announcement, the application for registration as a registered general building contractor with the Buildings Department is still in process.

Superstructure building works

During the year ended 31 March 2019, there were 8 (2018: 7) superstructure building works projects contributing revenue of HK$285.5 million (2018: HK$420.7 million) to this business segment.

RMAA works

During the year ended 31 March 2019, there were 10 (2018: 7) RMAA works projects contributing revenue of HK$140.3 million (2018: HK$27.9 million) to this business segment.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 March 2019 amounted to approximately HK$425.8 million, representing a decrease of approximately HK$22.8 million, or 5.1% compared to approximately HK$448.6 million for the year ended 31 March 2018. The decrease in total revenue was mainly attributable to the decrease in revenue from superstructure building works of approximately HK$135.2 million, despite of an increase in revenue from RMAA works of approximately HK$112.4 million.

Gross Profit and Gross Profit Margin

The gross profit of the Group for the year ended 31 March 2019 amounted to approximately HK$45.0 million, representing an increase of approximately HK$1.0 million, or approximately 2.3% compared to approximately HK$44.0 million for the year ended 31 March 2018. The overall gross profit margin for the year ended 31 March 2019 increased to approximately 10.6% as compared to approximately 9.8% for the year ended 31 March 2018. The increase was mainly due to an increase in gross profit margin of RMAA work services segment during the year ended 31 March 2019.

Other Income

The other income of the Group for the year ended 31 March 2019 amounted to approximately HK$4.5 million, representing an increase of approximately HK$3.0 million or 200.0% compared to approximately HK$1.5 million for the year ended 31 March 2018. The increase was mainly due to (i) one-off interest income from public offer over subscription fund; (ii) interest income from fixed deposit on unutilized proceeds and (iii) recovery of bad debts for the year ended 31 March 2019.

Administrative and Other Expenses

The administrative and other expenses of the Group for the year ended 31 March 2019 amounted to approximately HK$27.0 million, representing an increase of approximately HK$10.8 million or 66.7% compared to approximately HK$16.2 million for the year ended 31 March 2018. The increase was mainly due to (i) the one-off Listing expenses of approximately HK$9.4 million for the year ended 31 March 2019 (2018: HK$5.3 million), (ii) an increase in legal and professional fee of HK$2.2 million, (iii) an increase in donation to charity of approximately HK$1.0 million; (iv) an increase in rental fee of approximately HK$0.7 million due to the expansion of workforce and (v) an increase miscellaneous expenses of others of approximately HK$2.8 million.

Profit attributable to owners the Company

The Group recorded profit attributable to owners of the Company of approximately HK$16.8 million for the year ended 31 March 2019 as compared to approximately HK$23.3 million for the year ended 31 March 2018, representing a decrease of approximately HK$6.5 million or 27.9%. Save for the non-recurring Listing expenses of approximately HK$9.4 million for the year ended 31 March 2019 (2018: HK$5.3 million), the Group would have an adjusted net profit of approximately HK$26.2 million for the year ended 31 March 2019 (2018: HK$28.6 million), representing a decrease of approximately 8.4%.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2019, the Group had a total of cash and cash equivalents (including restricted bank deposits) of approximately HK$75.4 million (31 March 2018: HK$24.7 million). The increase was primarily due to the net proceeds received from the Listing in August 2018.

Current ratio increased from 1.8 as at 31 March 2018 to 2.7 as at 31 March 2019, mainly due to increase in cash and bank balances. Gearing ratio decreased from 10.3% as at 31 March 2018 to nil as at 31 March 2019, mainly due to the utilization of net proceeds received from the Listing to repay the Group's bank loan.

The capital structure of the Group consisted of equity of HK$190.3 million (31 March 2018: HK$83.5 million) and debts (bank loans and obligations under finance leases) of HK$30,000 (31 March 2018: HK$8.6 million) as at 31 March 2019. The details of bank borrowings of the Group are set out in note 17 to this announcement.

CAPITAL EXPENDITURES

Total capital expenditure for the year ended 31 March 2019 was approximately HK$2.0 million, which was mainly due to rent a new office for business expansion.

CONTINGENT LIABILITIES AND CLAIMS

Save as disclosed in note 20 to this announcement, the Group had no other contingent liabilities and claims as at 31 March 2019.

CAPITAL COMMITMENTS

As at 31 March 2019, there were no significant capital commitments for the Group.

TREASURY POLICIES

The Group adopts a prudent approach in cash management. Apart from certain debts including obligations under finance leases, the Group did not have any material outstanding debts as at 31 March 2019.

FOREIGN EXCHANGE EXPOSURE

The Group was not exposed to foreign exchange risk during the year ended 31 March 2019.

SIGNIFICANT INVESTMENTS HELD

Except for investment in its subsidiaries, the Group did not hold any significant investments during the year ended 31 March 2019.

CHARGES ON ASSETS

As at 31 March 2019, bank deposit of approximately HK$12.0 million were pledged to secure the banking facilities granted to the Group. In addition, the Group had surety bonds being secured by certain deposits payment from a subsidiary of the Group and some of which were guaranteed by the Company.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2019, the Group employed a total of 59 employees (including Executive Directors), as compared to a total of 55 employees as at 31 March 2018. The total salaries and related costs (including Directors' fee) for the year ended 31 March 2019 were approximately HK$24.0 million (2018: approximately HK$23.8 million.) The remuneration package of the Group offered to our employees includes salary, bonuses and other cash subsidies. In general, the Group would determine each employee's salaries based on their qualifications, position and seniorities. The Group has devised an annual review system to assess the performance of our employees, which forms the basis of our decisions with respect to salary raises, distribution of bonuses and promotions.

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

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

USE OF NET PROCEEDS

Net proceeds from the Listing

The Company successfully listed its shares on the Main Board of the Stock Exchange on 22 August 2018 and a total of 200,000,000 shares by way of public offer and placing at a price of HK$0.55 each on Listing. The net proceeds from the Listing, after deducting the underwriting fees, the Stock Exchange trading fee and Securities and Futures Commission transaction levy and estimating Listing expenses in connection with the Listing, were approximately HK$78.5 million. As at 31 March 2019, the Group had used up approximately HK$48.2 million of the net proceeds.

An analysis of the utilization of the net proceeds from the date of Listing up to 31 March 2019 is set out below:

	Planned use of net proceeds stated in the Prospectus	Actual use of net proceeds up to 31 March 2019	Unutilized amount up to 31 March 2019
	HK$ million	*HK$ million*	*HK$ million*
To take out surety bonds for contracts we have secured or plan to secure	54.1	28.6	25.5
To finance our upfront cost and working capital requirement for one superstructure building project awarded to us	9.4	9.4	–
To expand our workforce and strengthen our manpower resources	4.8	–	4.8
To repay bank borrowings	10.2	10.2	–
	78.5	48.2	30.3

As at the date of this announcement, the unutilized proceeds were placed as interest bearing deposits with licensed bank in Hong Kong.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities from the date of Listing up to 31 March 2019.

DIVIDEND

The Board has resolved not to recommend the declaration of final dividend to shareholders of the Company for the year ended 31 March 2019.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as its own code of conduct of dealings in securities of the Company by Directors. Having made specific enquiries of all directors, the Company has confirmed that all Directors have complied with the required standards set out in the Model Code during the year ended 31 March 2019.

COMPETING INTERESTS

The Directors confirm that neither the Controlling Shareholders nor their respective close associates is interested in a business apart from the Group's business which competes or its likely to compete, directly or indirectly, with the Group's business and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules during the year ended 31 March 2019 and up to the date of this announcement.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, since the Listing Date and up to the date of this announcement, the Company has maintained a sufficient public float as required under the Listing Rules.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted and complied with applicable code provisions (the "Code Provisions") in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules during the year ended 31 March 2019 and up to the date of this announcement. The Directors will periodically review on the Company's corporate governance policies and will propose any amendment, if necessary, to ensure compliance with the Code Provisions from time to time.

AUDIT COMMITTEE

The Company established the audit committee (the "Audit Committee") on 25 July 2018 in accordance with Rule 3.21 of the Listing Rules with the terms of reference aligned with the provision of the CG Code as set out in Appendix 14 to the Listing Rules. The Audit Committee currently comprise of three independent non-executive directors of the Company namely Mr. Szeto Cheong Mark, Mr. Hau Wing Shing Vincent and Mr. Wan Simon to review on matters regarding internal controls, risk management and financial reporting of the Group. The Audit Committee had reviewed the Group's annual results for the financial year ended 31 March 2019 and confirmed that they were prepared in accordance with applicable accounting standards, Listing Rules and that adequate disclosures have been made.

SCOPE OF WORK OF THE COMPANY'S AUDITOR IN RESPECT OF THE PRELIMINARY ANNOUNCEMENT

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2019 as set out in the preliminary announcement have been agreed by the Company's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagement or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

PUBLICATIONS OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Company (www.headfame.com.hk) and the Stock Exchange (www.hkexnews.hk). The 2018/2019 annual report of the Company will be despatched to shareholders of the Company and available on the above websites in due course.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period up to the date of this announcement.

APPRECIATION

On behalf of the Board, I would like to express our gratitude to all our shareholders, customers, suppliers, banks and business partners for their continuous trust and support. We would also like to thank our team of dedicated staff for their invaluable services and contributions throughout the year ended 31 March 2019.

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

Hong Kong, 25 June 2019

As at the date of this announcement, the executive Directors of the Company are Mr. Chan Kam Tong and Mr. Chan Kam Ming, and the independent non-executive Directors of the Company are Mr. Hau Wing Shing Vincent, Mr. Szeto Cheong Mark and Mr. Wan Simon.