GOLDEN PONDER HOLDINGS LIMITED
金侖控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1783)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

FINANCIAL HIGHLIGHTS

- The Group recorded a revenue amounted to approximately HK$135.2 million for the six months ended 30 September 2019, representing a decrease of approximately HK$112.2 million or 45.4% as compared with the six months ended 30 September 2018.

- The gross profit for the six months ended 30 September 2019 was approximately HK$6.8 million, representing a decrease of approximately 65.8% compared to approximately HK$19.9 million for the six months ended 30 September 2018. The gross profit margin was approximately 5.0%.

- The loss attributable to owners of the Company was approximately HK$2.3 million for the six months ended 30 September 2019. Profit attributable to owners of the Company was approximately HK$2.6 million for the six months ended 30 September 2018.

- The basic and diluted loss per share for the six months ended 30 September 2019 were HK0.28 cents whereas the basic and diluted earnings per share were HK0.40 cents for the corresponding period in 2018.

- The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2019.

INTERIM RESULTS

The board ("Board") of Directors (the "Directors") of Golden Ponder Holdings Limited (the "Company") is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2019 together with the unaudited comparative figures for the corresponding period in 2018, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

(Expressed in Hong Kong dollars)

	Notes	Six months ended 30 September 2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
Revenue	6	**135,212**	247,383
Cost of services		**(128,423)**	(227,501)
Gross profit		**6,789**	19,882
Other income	7	**657**	2,616
Administrative and other expenses		**(9,626)**	(17,455)
Finance costs	8	**(96)**	(126)
(Loss)/profit before income tax expense	9	**(2,276)**	4,917
Income tax expense	10	**–**	(2,332)
(Loss)/profit and total comprehensive (expenses)/income for the period attributable to owners of the Company		**(2,276)**	2,585
		HK cents	*HK cents*
(Loss)/earnings per share attributable to owners of the Company – Basic and diluted	12	**(0.28)**	0.40

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2019

(Expressed in Hong Kong dollars)

	Notes	**30 September 2019 *HK$'000* (Unaudited)**	31 March 2019 *HK$'000* (Audited)
Non-current assets			
Property, plant and equipment		**1,696**	2,019
Right-of-use assets		**2,289**	–
Deposits	*14*	**362**	362
		4,347	2,381
Current assets			
Trade receivables	*13*	**28,986**	63,297
Deposits, prepayments and other receivables	*14*	**43,103**	37,401
Contract assets	*6*	**103,916**	120,078
Restricted bank deposit		**12,000**	12,030
Cash and cash equivalents		**103,101**	63,380
		291,106	296,186
Current liabilities			
Trade and retention money payables	*15*	**92,831**	93,288
Accruals and other payables	*16*	**6,692**	9,455
Contract liabilities	*6*	**5,092**	4,935
Obligations under finance leases		**–**	30
Lease liabilities		**1,140**	–
Current tax liabilities		**537**	537
		106,292	108,245
Net current assets		**184,814**	187,941

	Notes	**30 September 2019** **HK$'000** **(Unaudited)**	31 March 2019 *HK$'000* (Audited)
Total assets less current liabilities		**189,161**	190,322
Non-current liabilities			
Lease liabilities		**1,115**	–
NET ASSETS		**188,046**	190,322
Capital and reserves			
Share capital	*17*	**8,000**	8,000
Reserves		**180,046**	182,322
TOTAL EQUITY		**188,046**	190,322

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

(Expressed in Hong Kong dollars)

1. GENERAL INFORMATION

Golden Ponder Holdings Limited (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

These condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34"), issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange (the "Listing Rules"). These condensed consolidated interim financial statements were authorised for issue on 27 November 2019.

These condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the 2019 consolidated financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 April 2019. Details of any changes in accounting policies are set out in note 3. The Group has not early adopted any new and revised HKFRSs that has been issued but not yet effective in the current accounting period.

The preparation of these condensed consolidated interim financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 4.

These condensed consolidated interim 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 stated. These condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2019 consolidated financial statements. These condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs") and should be read in conjunction with the 2019 consolidated financial statements.

These condensed consolidated interim financial statements are unaudited, but has been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the HKICPA.

3. CHANGES IN ACCOUNTING POLICIES

Adoption of new/amended HKFRSs — effective from 1 April 2019

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

- HKFRS 16, Leases
- HK(IFRIC)-Int 23, Uncertainty over Income Tax Treatments
- Amendments to HKFRS 9, Prepayment Features with Negative Compensation
- Amendments to HKAS 19, Plan Amendment, Curtailment or Settlement
- Amendments to HKAS 28, Long-term Interests in Associates and Joint Ventures
- Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23 included in Annual Improvements to HKFRSs 2015-2017 Cycle

The impact of the adoption of HKFRS 16 "Leases" ("HKFRS 16") has been summarised below. The other new or amended HKFRSs that are effective from 1 April 2019 did not have any significant impact on the Group's accounting policies and how the Group's results and financial position have been prepared or presented in the condensed consolidated interim financial statements.

HKFRS 16 Leases

(i) Impact of the adoption of HKFRS 16

HKFRS 16 replaces HKAS 17 "Leases" ("HKAS 17"), HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease", HK(SIC)-Int 15 "Operating Leases – Incentives" and HK(SIC)-Int 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". From a lessee's perspective, almost all leases are recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities, with the narrow exception to this principle for leases of which the underlying assets are of low-value or are determined as short-term leases. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, please refer to sections (ii) to (iv) of this note.

The Group has applied HKFRS 16 using the cumulative effect approach and recognised the right-of-use asset at the amount equal to the lease liability, adjusted by the amount of any prepayments or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 March 2019. The comparative information presented in 2019 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

So far as the impact of the adoption of HKFRS 16 on leases previously classified as finance leases is concerned, the Group is not required to make any adjustments at the date of initial application of HKFRS 16, other than changing the captions for the balances. Accordingly, instead of "obligations under finance lease", these amounts are included within "lease liabilities", and the depreciated carrying amount of the corresponding leased asset is identified as a right-of-use asset. There is no impact on the opening balance of equity.

The following table summarises the impact of transition to HKFRS 16 on the consolidated statement of financial position as at 1 April 2019:

	HK$'000
Consolidated statement of financial position as at 1 April 2019	
	Increase/ (decrease)
Right-of-use assets	2,874
Motor vehicle presented in property, plant and equipment	(85)
Lease liabilities (non-current)	1,693
Lease liabilities (current)	1,126
Obligations under finance leases	(30)

The following reconciliation explains how the operating lease commitments disclosed under HKAS 17 as at 31 March 2019 could be reconciled to the lease liabilities at the date of initial application recognised in the consolidated statement of financial position as at 1 April 2019:

	HK$'000
Reconciliation of operating lease commitments to lease liabilities	
Operating lease commitments as at 31 March 2019	3,321
Discounted using the lessee's incremental borrowing rate as at the date of initial application	3,058
Less: short term leases for which lease terms end on or before 31 March 2020	(269)
Add: obligations under finance leases as at 31 March 2019	30
Lease liabilities as at 1 April 2019	2,819

The lessee's weighted average incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position as at 1 April 2019 is 3.7%.

The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

	HK$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	2,789
Amount included in property, plant and equipment under HKAS 17 – a motor vehicle previously under a finance lease	85
Right-of-use assets recognised at 1 April 2019	2,874
By class:	
Leasehold land and buildings	2,789
Motor vehicle	85
Total right-of-use assets	2,874

(ii) The new definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group has elected not to separate non-lease components and account for all each lease component and any associated non-lease components as a single lease component for all leases.

(iii) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets (the Group has leased photocopying machines) and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in substance fixed lease payments or a change in assessment to purchase the underlying asset.

(iv) Transition

As mentioned above, the Group has applied HKFRS 16 using the cumulative effect approach and recognised the right-of-use asset at the amount equal to the lease liability, adjusted by the amount of any prepayments or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 March 2019. The comparative information presented in 2019 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has recognised the lease liabilities at the date of 1 April 2019 for leases previously classified as operating leases under HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 April 2019.

The Group has elected to recognise all the right-of-use assets at 1 April 2019 for leases previously classified as operating leases under HKAS 17 as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. For all these right-of-use assets, the Group has applied HKAS 36 "Impairment of Assets" at 1 April 2019 to assess if there was any impairment as at that date.

The Group has also applied the following practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months from the date of initial application (1 April 2019) and accounted for those leases as short-term leases; (iii) exclude the initial direct costs from the measurement of the right-of-use asset at 1 April 2019 and (iv) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases under HKAS 17 and HK(IFRIC)-Int 4 and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Int 4.

The Group has also leased majority of its motor vehicle of which the leases were previously classified as finance leases under HKAS 17. As the Group has elected to adopt the cumulative effect method over the adoption of HKFRS 16, for those finance leases under HKAS 17, the right-of-use assets and the corresponding lease liabilities at 1 April 2019 were the carrying amount of the lease assets and lease liabilities under HKAS 17 immediately before that date. For those leases, the Group has accounted for the right-of-use assets and the lease liabilities under HKFRS 16 from 1 April 2019.

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

The Group has not early applied the following revised new HKFRS and amendments to existing HKFRSs ("new and amended HKFRSs"), that are expected to be potentially relevant to the Group, and have been issued but are not yet effective, in these condensed consolidated interim financial statements:

HKFRS 17	Insurance Contracts[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 3	Definition of a Business[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

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

[2] Effective for annual periods beginning on or after 1 April 2021

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

The Group is in the process of making an assessment of what the potential impact of these new and amended HKFRSs is expected to be in the period of initial application in the future and the directors of the Company are not yet in a position to assess whether the new and amended HKFRSs will have a significant impact on how the Group's results of operations and financial position are prepared and presented. The new and amended HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing this condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2019 consolidated financial statements, except for those new significant judgements related to the application of HKFRS 16 as described in note 3.

5. SEGMENT INFORMATION

(a) Operating segments

During the six months ended 30 September 2019, the Group was principally engaged in the provision of superstructure building and RMAA works in Hong Kong. Information reported to the Group's chief operating decision maker, being the directors, for the purpose of resources allocation and performance assessment. As the Group's resources are integrated and therefore no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

(b) Geographical information

During the six months ended 30 September 2019, 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.

6. REVENUE

Revenue represents amounts received and receivable from construction contract work performed.

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

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Hong Kong		
Superstructure building works	**116,642**	217,931
RMAA works	**18,570**	29,452
	135,212	247,383
Timing of revenue recognition		
Over time	**135,212**	247,383

The following table provides information about trade receivables, contract assets and contract liabilities from contracts with customers:

	30 September 2019	31 March 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**28,986**	63,297
Contract assets *(note (a))*	**103,916**	120,078
Contract liabilities *(note (b))*	**5,092**	4,935

Note (a): The Group's construction contracts include payment schedules which require stage payments over the construction period once milestones are reached. These payment schedules prevent the build-up of significant contract assets. Additionally, the Group typically agrees 1 to 3 year retention period for 5% of the contract sum, which is kept in contract assets until the end of the retention period as the Group's entitlement to it is conditional on the Group's work satisfactorily passing inspection. These retention money receivables amounted to approximately HK$21,822,000 as at 30 September 2019 (31 March 2019: approximately HK$24,675,000).

Note (b): The contract liabilities mainly related to the advance consideration received from customers. Nil of the contract liabilities as of 31 March 2019 has been recognised as revenue for the six months ended 30 September 2019 from performance obligations satisfied due to the changes in the estimated stage completion of some contract obligations (30 September 2018: approximately HK$1,655,000).

7. OTHER INCOME

An analysis of the Group's other income is as follows:

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Bank interest income	**610**	1,581
Recovery of bad debts	**–**	1,035
Others	**47**	–
	657	2,616

8. FINANCE COSTS

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on bank borrowings	**–**	122
Interest expenses on lease liabilities *(note)*	**96**	–
Finance lease interest	**–**	4
	96	126

Note: The Group has initially applied HKFRS 16 as at 1 April 2019 using the cumulative effect approach. Under this approach, comparative information is not restated.

9. (LOSS)/PROFIT BEFORE INCOME TAX EXPENSE

(Loss)/profit before income tax expense is arrived at after charging:

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment		
– Owned	**248**	52
– Held under finance leases	**–**	11
– Right-of-use assets	**585**	–
	833	63
Employee benefit expenses (including directors' remuneration)		
– Wages and salaries	**13,919**	11,101
– Contributions to defined contribution retirement plans	**445**	356
– Others	**85**	64
	14,449	11,521
Listing expenses	**–**	9,416
Machinery rental expenses	**2,238**	3,091
Minimum lease payments under operating leases		
– Buildings (under HKAS 17)	**–**	260
– Short-term lease expenses (under HKFRS 16)	**182**	–

10. 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 condensed consolidated statement of comprehensive income represents:

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current income tax – Hong Kong profits tax	**–**	2,332

No provision for Hong Kong profits tax has been made for the six months ended 30 September 2019 as the Group did not generate any assessable profits in Hong Kong during the period. Hong Kong profits tax for the six month ended 30 September 2018 was calculated by applying the estimated weighted average tax rate expected for the full financial year at 15.9% on the estimated assessable profits for the period.

11. DIVIDEND

For the six months ended 30 September 2019 and 2018, the Board of Directors does not recommend the payment of an interim dividend to the shareholders of the Company.

On 30 May 2018, a 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.

12. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
(Loss)/earnings		
(Loss)/earnings for the purposes of basic (loss)/ earnings per share *(HK$'000)*	**(2,276)**	2,585
Number of share		
Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share	**800,000,000**	643,715,847

For the six months ended 30 September 2019, the calculation of basic loss per share is based on the loss attributable to owners of the Company of HK$2,276,000 and the weighted average number of 800,000,000 ordinary shares.

For the six months ended 30 September 2018, the calculation of basic earnings per share is based on the profit attributable to owners of the Company of HK$2,585,000 and the weighted average number of 643,715,847 ordinary shares.

Diluted (loss)/earnings per share are same as the basic (loss)/earnings per share as there is no dilutive potential ordinary shares in existence during the six months ended 30 September 2019 and 2018.

13. 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:

	30 September 2019	31 March 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Less than 1 month	**12,679**	25,722
More than 1 month but less than 3 months	**1,224**	10,162
More than 3 months but less than one year	**15,083**	27,413
	28,986	63,297

14. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	30 September 2019	31 March 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Non-current		
Deposits	**362**	362
Current		
Deposits	**36,698**	29,529
Prepayments	**4,562**	5,118
Other receivables	**1,843**	2,754
	43,103	37,401

The balances of other receivables are unsecured, interest-free and repayable on demand. The Group's other receivables were neither past due nor impaired as at 30 September 2019 and 31 March 2019.

15. TRADE AND RETENTION MONEY PAYABLES

	30 September 2019	31 March 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables *(note (a))*	**65,392**	63,645
Retention money payables *(note (b))*	**27,439**	29,643
	92,831	93,288

Note (a): An ageing analysis of trade payables based on the invoice dates is as follows:

	30 September 2019	31 March 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current or less than 1 month	**34,919**	41,764
1 to 3 months	**18,695**	11,552
More than 3 months but less than 1 year	**3,858**	9,774
More than 1 year	**7,920**	555
	65,392	63,645

Note (b): 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

	30 September 2019	31 March 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Accrual expenses	**5,027**	8,931
Other payables	**1,665**	524
	6,692	9,455

17. 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 of authorised share capital *(note (b))*	1,490,000,000	14,900
As at 31 March 2019, 1 April 2019 and 30 September 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, 1 April 2019 and 30 September 2019	800,000,000	8,000

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

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.

18. OPERATING LEASE COMMITMENTS

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 leases are as follows:

	30 September 2019	31 March 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Not later than one year	**–**	1,536
More than one year, but not exceeding two years	**–**	1,785
	–	3,321

The Group is the lessee in respect of a number of properties which were previously classified as operating leases under HKAS 17. The Group has initially applied HKFRS 16 using the cumulative effect approach. Under this approach, the Group adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to these leases. From 1 April 2019 onwards, lease liabilities are recognised in the consolidated statement of financial position in accordance with the policies set out in note 3.

19. LITIGATION

At the end of 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 litigation is necessary.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

The Group principally provides superstructure building and RMAA works service 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 the Group's 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 Group recorded a net loss for the six months ended 30 September 2019 as compared to a net profit for that of the corresponding period in 2018. The loss was mainly attributable to:

1. decrease in revenue recognized by the Group for the six months ended 30 September 2019 substantially due to (a) the on-going projects were at their ending phase for that of the corresponding period last year and the relevant revenue was already recognized in prior years; and (b) newly awarded contracts are still at a preparatory phase prior to construction or preliminary stage under construction; and

2. decrease in gross profit margin due to value of variation order works from some of construction projects, which is still under negotiation with customers.

In the 2019 Policy Address, the Chief Executive of the Hong Kong Special Administrative Region stated that Hong Kong's operating and investment environment was being severely buffeted by external forces, including trade tension between the Mainland and the United States, as well as the impact of months of ongoing social incidents, the local economy has slipped into a technical recession since the third quarter of 2019. In addition, as the construction market in Hong Kong is highly competitive, the Group expects its profit margin to remain substantially suppressed. It is expected that the Group will continue to face uncertain economic conditions and tougher trade environment in the second half of financial year ended 31 March 2020, while the Group will continue to use its best endeavor and prudence to bid for new major profitable projects.

Superstructure building works

During the six months ended 30 September 2019, there were 4 (2018: 5) superstructure building works projects contributing revenue of approximately HK$116.6 million (2018: approximately HK$217.9 million) to this business segment.

RMAA works

During the six months ended 30 September 2019, there were 8 (2018: 6) RMAA works projects contributing revenue of approximately HK$18.6 million (2018: approximately HK$29.5 million) to this business segment.

FINANCIAL REVIEW

Revenue

The Group's revenue for the six months ended 30 September 2019 amounted to approximately HK$135.2 million, representing a decrease of approximately HK$112.2 million, or 45.4% compared to approximately HK$247.4 million for the six months ended 30 September 2018. The decrease in total revenue was mainly attributable to decrease from superstructure building work of approximately HK$101.3 million and RMAA works of approximately HK$10.9 million, respectively.

Gross Profit and Gross Profit Margin

The gross profit of the Group for the six months ended 30 September 2019 amounted to approximately HK$6.8 million, representing a decrease of approximately HK$13.1 million, or 65.8% compared to approximately HK$19.9 million for the six months ended 30 September 2018. The overall gross profit margin for the six months ended 30 September 2019 decreased to approximately 5.0% as compared to approximately 8.0% for the six months ended 30 September 2018. The decrease was mainly attributable to the fact that gross profit margin of superstructure building work services and RMAA work services decreased by approximately 2.4 percentage points and 6.8 percentage points compared to that for the six months ended 30 September 2018, while the decline in gross profit margin of this business was mainly due to the fact that value of variation order works from some of construction projects is still under negotiation with customers.

Other Income

The other income of the Group for the six months ended 30 September 2019 amounted to approximately HK$0.7 million, representing a decrease of approximately HK$1.9 million or 73.1% compared to approximately HK$2.6 million for the six months ended 30 September 2018, which was mainly due to one-off interest income from public offer over subscription fund and recovery of bad debts in the corresponding period in 2018 whereas it was mainly due to interest income from fixed deposit with licensed bank in Hong Kong for the six months ended 30 September 2019.

Administrative and Other Expenses

The administrative and other expenses of the Group for the six months ended 30 September 2019 amounted to approximately HK$9.6 million, representing a decrease of approximately HK$7.9 million or 45.1% compared to approximately HK$17.5 million for the six months ended 30 September 2018. The decrease was mainly due to the net off of: (i) increase in legal and professional fees of approximately HK$1.1 million; (ii) increase in salary, mandatory provident fund contribution and director remuneration of approximately HK$1.2 million; (iii) increase in rent and building management fee and depreciation in right-of-use assets and leasehold improvement of approximately HK$0.6 million; (iv) decrease in miscellaneous expenses of approximately HK$0.4 million; and (v) decrease in the one-off listing expenses of approximately HK$9.4 million and the donation to charity of approximately HK$1.0 million compared to that for the six months ended 30 September 2018.

(Loss)/Profit attributable to owners of the Company

The Group reported loss attributable to owners of the Company of approximately HK$2.3 million for the six months ended 30 September 2019 whereas the profit was approximately HK$2.6 million for the six months ended 30 September 2018. The main reasons for turning from profit to loss were disclosed in the section "MANAGEMENT DISCUSSION AND ANALYSIS" above.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2019, the Group had cash and cash equivalents (including restricted bank deposit) of approximately HK$115.1 million (31 March 2019: approximately HK$75.4 million).

Current ratio remained stable at approximately 2.7 as at 31 March 2019 and 30 September 2019. Gearing ratio was nil as at 31 March 2019 and 30 September 2019, which was mainly due to the utilisation of net proceeds from the Listing to repay the bank loan. Net debt to equity ratio increase from nil as at 31 March 2019 to 1.2% as at 30 September 2019, mainly due to the increase in lease liabilities by change in accounting policies are set out in Note 3 to this unaudited interim results announcement.

The capital structure of the Group consisted of equity of approximately HK$188.0 million (31 March 2019: approximately HK$190.3 million) and debts (obligations under finance leases and lease liabilities) of approximately HK$2.3 million (31 March 2019: approximately HK$30,000) as at 30 September 2019. Details of obligations under finance lease are set out in Note 3 to this unaudited interim results announcement.

TREASURY POLICY

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 30 September 2019. The banking facilities were secured by a charge over certain pledged deposit. Surplus cash is generally placed in short term deposits with licensed bank in Hong Kong.

FOREIGN EXCHANGE EXPOSURE

As the Group only operates in Hong Kong and all of the revenue and transactions arising from its operations were settled in Hong Kong dollar, the Board is of the view that the Group's foreign exchange rate risks are insignificant during the six months ended 30 September 2019.

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 were offered for subscription. The net proceeds from the Listing (the "Net Proceeds"), after deducting the underwriting fees, the Stock Exchange trading fee and Securities and Futures Commission transaction levy and Listing expenses in connection with the Listing, amounted to approximately HK$78.5 million. The Group intends to apply the Net Proceeds in accordance with the proposed applications set out in the section headed "Future Plans and Use of Proceeds" to the prospectus of the Company dated 7 August 2018 (the "Prospectus"). As at 30 September 2019, the Group had used up approximately HK$55.6 million of the Net Proceeds.

An analysis of the utilisation of the Net Proceeds from the date of Listing up to 30 September 2019 is set out below:

	Planned use of Net Proceeds stated in the Prospectus	**Actual use of Net Proceeds Up to 30 September 2019**	**Unutilised Amount Up to 30 September 2019**
	HK$ million	*HK$ million*	*HK$ million*
To take out surety bonds for contracts we have secured or plan to secure	54.1	35.7	18.4
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	0.3	4.5
To repay bank borrowings	10.2	10.2	–
	78.5	55.6	22.9

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

The Directors regularly evaluate the Group's business objectives and may change or modify plans against the changing market condition to ascertain the business growth of the Group. During the six months ended 30 September 2019, the Directors considered that no modification of the intended use of proceeds described in the Prospectus was required.

The description of the intended use and expected timeline for utilising the remaining balance of the Net Proceeds from the Listing are as below:

i) the unutilised Net Proceeds of approximately HK$18.4 million as at 30 September 2019 were planned to be used for taking out surety bonds for contracts we have secured or plan to secure, of which approximately HK$8.9 million is expected to be utilised for taking out surety bond for one awarded contract by 31 January 2020 and the remaining balance of approximately HK$9.5 million is expected to be utilised by 31 March 2020, subject to the change in tender award progress due to the current uncertain economic condition.

ii) the unutilised Net Proceeds of approximately HK$4.5 million as at 30 September 2019 were planned to be used for strengthening our manpower resources, all of which are expected to be utilised for same specific use by 31 March 2020, subject to change in tender award progress due to the current uncertain economic condition.

The expected timeline for the use of unutilised Net Proceeds is made based on the best estimation of the Company taking into account, among others, prevailing and future market conditions and business developments and need, and therefore is subject to change.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2019, the Group employed a total of 65 employees (including executive Directors), as compared to a total of 59 employees as at 31 March 2019. Total staff costs which include Directors' emoluments for the six months ended 30 September 2019 was approximately HK$14.4 million (for the six months ended 30 September 2018: approximately HK$11.5 million). The remuneration package the Group offered to the employees includes salary, bonuses and other cash subsidies. In general, the Group determines employee salaries based on each employee's qualifications, position and seniority. The Group has designed an annual review system to assess the performance of the employees, which forms the basis of the decisions with respect to salary raises, bonuses and promotions.

The emoluments of the Directors are decided by the Board after recommendation from 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 as an incentive to Directors and eligible employees.

CONTINGENT LIABILITIES AND CLAIMS

Save as disclosed in note 19 to this unaudited interim results announcement, the Group had no other contingent liabilities and claims as at 30 September 2019.

SIGNIFICANT INVESTMENTS HELD

Except for investment in its subsidiaries, the Group did not hold any significant investments during the six months ended 30 September 2019.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend (2018: Nil) for the six months ended 30 September 2019.

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

Neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2019.

CHARGES ON ASSETS

As at 30 September 2019, bank deposit of the Group amounting to HK$12.0 million (31 March 2019: approximately HK$12.0 million) was pledged to bank for securing the banking facilities granted to the Group. 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.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company recognises the importance of corporate transparency and accountability. The Company is committed in achieving a high standard of corporate governance and leading the Group to attain better results and improve its corporate image with effective corporate governance procedures.

During the six months ended 30 September 2019, the Board is of the opinion that the Company had adopted, applied and complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted 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. All directors have complied with the required standard of dealings set out therein for the six months ended 30 September 2019.

EVENTS AFTER THE REPORTING PERIOD

There is no other material subsequent event undertaken by the Company or the Group after 30 September 2019 and up to the date of this interim results announcement.

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 terms of reference aligned with the provision of the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are, among other things, (a) making recommendations to the Board on the appointment, re-appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor; (b) reviewing financial statements, annual report and accounts and half-year report and significant financial reporting judgements contained therein; and (c) reviewing financial controls, internal control and risk management systems. The Audit Committee consists of three members, namely Mr. Szeto Cheong Mark, Mr. Hau Wing Shing Vincent and Mr. Wan Simon. Mr. Szeto Cheong Mark is the chairman of the Audit Committee.

REVIEW OF INTERIM RESULTS

The interim financial results of the Group for the six months ended 30 September 2019 are unaudited but have been reviewed and approved by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

The Company's independent auditor, BDO Limited, had conducted a review of the condensed consolidated interim financial statements for the six months ended 30 September 2019, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

PUBLICATIONS OF DETAILED RESULTS

The interim report containing the unaudited condensed consolidated financial statements and notes to the financial statements for the six months ended 30 September 2019 ("2019 Interim Report") will be published on the Company's website at www.headfame.com.hk and the Stock Exchange's website at www.hkexnews.hk. The 2019 Interim Report will be despatched to shareholders and will also be published on the websites of both the Stock Exchange and the Company in due course.

APPRECIATION

On behalf of the Board, we would like to express our gratitude to all our customers, suppliers and shareholders for their continuous support. We would also like to thank our team of dedicated staff for their invaluable services and contributions throughout the period.

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

Hong Kong, 27 November 2019

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