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 2020

FINANCIAL HIGHLIGHTS

- The Group recorded a revenue amounted to approximately HK$283.1 million for the year ended 31 March 2020, representing a decrease of approximately 33.5% compared to that of last year.

- Gross profit for the year ended 31 March 2020 was approximately HK$20.1 million, representing a decrease of approximately 55.3% compared to that of last year. The gross profit margin was approximately 7.1%.

- Loss attributable to owners of the Company was approximately HK$2.1 million for the year ended 31 March 2020. Profit attributable to owners of the Company was approximately HK$16.8 million for the year ended 31 March 2019.

- Basic and diluted loss per share for the year ended 31 March 2020 were approximately HK0.26 cents whereas the basic and diluted earnings per share were approximately HK2.33 cents for the corresponding year in 2019.

- The board of directors of the Company recommended the payment of a final dividend of HK1.0 cent per share for the year ended 31 March 2020.

FINANCIAL RESULTS

The board (the "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 2020 together with the comparative figures for the corresponding year of 2019 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
Revenue	*5*	**283,148**	425,773
Cost of services		**(263,062)**	(380,748)
Gross profit		**20,086**	45,025
Other income	*6*	**1,755**	4,530
Provision of loss allowance of trade receivables, net		**(2,849)**	–
Administrative and other expenses		**(19,778)**	(27,042)
Finance costs	*7*	**(149)**	(130)
(Loss)/profit before income tax expense	*8*	**(935)**	22,383
Income tax expense	*9*	**(1,116)**	(5,559)
(Loss)/profit and total comprehensive (expense)/income for the year attributable to owners of the Company		**(2,051)**	16,824
		HK cents	*HK cents*
(Loss)/earnings per share, attributable to owners of the Company – Basic and diluted	*11*	**(0.26)**	2.33

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment		**1,661**	2,019
Right-of-use assets		**1,641**	–
Deposits	*13*	**9,304**	362
		12,606	2,381
Current assets			
Trade receivables	*12*	**44,584**	63,297
Deposits, prepayments and other receivables	*13*	**40,795**	37,401
Contract assets		**75,247**	120,078
Tax recoverable		**2,729**	–
Restricted bank deposit		**–**	12,030
Cash and cash equivalents		**108,991**	63,380
		272,346	296,186
Current liabilities			
Trade and retention money payables	*14*	**84,377**	93,288
Accruals and other payables		**10,523**	9,455
Contract liabilities		**30**	4,935
Lease liabilities		**1,230**	–
Obligations under finance leases		**–**	30
Current tax liabilities		**–**	537
		96,160	108,245
Net current assets		**176,186**	187,941

	Notes	**2020**	2019
		HK$'000	*HK$'000*
Total assets less current liabilities		**188,792**	190,322
Non-current liabilities			
Lease liabilities		**521**	–
NET ASSETS		**188,271**	190,322
Capital and reserves			
Share capital	*15*	**8,000**	8,000
Reserves		**180,271**	182,322
TOTAL EQUITY		**188,271**	190,322

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

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 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 service as a main contractor in Hong Kong.

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

(a) Adoption of new/revised HKFRSs – effective 1 April 2019

The Group has adopted the following new and revised HKFRSs, which are relevant to the preparation of the Group's consolidated financial statements, for the first time for the current year's consolidated financial statements.

HKFRS 16	Leases
HK(IFRIC)–Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 3, HKAS 12 and HKAS 23	Annual Improvements to HKFRSs 2015-2017 Cycle

The impact of the adoption of HKFRS 16 "Leases" have been summarised in below. The other new or amended HKFRSs that are effective from 1 April 2019 did not have any significant impact on the Group's consolidated financial statements.

HKFRS 16 – Leases

(i) Impact of the adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It 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 which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17. 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 section (ii) to (iv) of this note.

The Group has applied HKFRS 16 using the modified retrospective approach and recognised the right-of-use assets at the amount equal to the lease liabilities, 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 31 March 2019 to that of 1 April 2019 as follows increase/(decrease):

Consolidated statement of financial position as at 1 April 2019	***HK$'000***
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 applying 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:

Reconciliation of operating lease commitments to lease liabilities	***HK$'000***
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
Total 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%.

(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.

(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 consolidated 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 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-of-use assets 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 modified retrospective 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 applying HKAS 17 except short-term leases for which lease terms end on or before 31 March 2020 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 also applied the following practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) relied on its assessment of whether leases are onerous applying HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" immediately before the date of initial application as an alternative to performing an impairment review; (iii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within twelve months from the date of initial application (1 April 2019) and accounted for those leases as short-term leases; (iv) exclude the initial direct costs from the measurement of the right-of-use asset at 1 April 2019 and (v) 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 applying 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 vehicles which were previously classified as finance leases under HKAS 17. As the Group has elected to adopt the modified retrospective approach 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 applying HKFRS 16 from 1 April 2019.

HK(IFRIC)–Int 23 – Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes. Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKFRS 3, Business Combinations

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 3 which clarifies that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be remeasured to its acquisition date fair value.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKAS 12, Income Taxes

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKAS 23, Borrowing Costs

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 23 which clarifies that a borrowing made specifically to obtain a qualifying asset which remains outstanding after the related qualifying asset is ready for its intended use or sale would become part of the funds an entity borrows generally and therefore included in the general pool.

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

The following new/revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 3	Definition of a business[1]
Amendments to HKAS 1 and HKAS 8	Definition of material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest rate benchmark reform[1]
Conceptual Framework for Financial Reporting 2018	Revised conceptual framework for Financial reporting[1]

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

Amendments to HKFRS 3 – Definition of a business

The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a "substantive process". Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of "outputs" and a "business" to focus on returns from selling goods and services to customers, rather than on cost reductions.

An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Amendments to HKAS 1 and HKAS 8 – Definition of material

The amendments clarify the definition and explanation of "material", aligning the definition across all HKFRS Standards and the Conceptual Framework, and incorporating supporting requirements in HKAS 1 into the definition.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 – Interest Rate Benchmark Reform

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

3. BASIS OF PREPARATION

(a) 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").

(b) Basic of measurement

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

(c) 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.

4. SEGMENT INFORMATION

Operating segments

During the reporting period, the Group was principally engaged in the provision of superstructure building and RMAA works service 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:

	2020	2019
	HK$'000	*HK$'000*
Customer A	**77,531**	130,539
Customer B	**N/A***	120,768
Customer C	**N/A***	76,752
Customer D	**112,635**	N/A*
Customer E	**79,633**	N/A*

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

5. REVENUE

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

	2020	2019
	HK$'000	*HK$'000*
Hong Kong		
Superstructure building works	**260,453**	285,523
RMAA works	**22,695**	140,250
	283,148	425,773
Timing of revenue recognition		
Over time	**283,148**	425,773

6. OTHER INCOME

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

	2020	2019
	HK$'000	*HK$'000*
Recovery of bad debts	**–**	2,327
Bank interest income	**1,488**	2,203
Sundry income	**267**	–
	1,755	4,530

7. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interest on bank borrowings	**–**	122
Finance lease interest	**–**	8
Interest expenses on lease liabilities *(note)*	**149**	–
	149	130

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

8. (LOSS)/PROFIT BEFORE INCOME TAX EXPENSE

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

	2020	2019
	HK$'000	*HK$'000*
Auditor's remuneration	**500**	480
Listing expenses	**–**	9,416
Depreciation of property, plant and equipment		
– Owned	**511**	338
– Held under finance leases	**–**	22
– Right-of-use assets *(note)*	**1,233**	–
	1,744	360
Employee benefit expenses (including directors' remuneration)		
– Wages and salaries	**28,462**	23,111
– Contributions to defined contribution retirement plans	**921**	757
– Others	**158**	124
	29,541	23,992
Machinery rental expense	**4,664**	6,696
Minimum lease payments under operating leases		
– Buildings (under HKAS 17) *(note)*	**–**	1,080
– Short-term lease expenses (under HKFRS 16)	**299**	–
Provision of loss allowance of trade receivables, net	**2,849**	–
Provision of loss allowance of contract assets, net	**151**	–
Write-off of property, plant and equipment	**4**	708

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach. After initial recognition of right-of-use assets at 1 April 2019, the Group as a lease is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses. Under this approach, the comparative information is not restated.

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 statements of comprehensive income during the reporting period represents:

	2020	2019
	HK$'000	*HK$'000*
Current income tax – Hong Kong profits tax		
Charge for the year	**1,430**	5,559
Over provision in prior year	**(314)**	–
	1,116	5,559

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%.

10. DIVIDEND

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 the then shareholders.

On 19 June 2020, the Board recommended the payment of a final dividend of HK1.0 cent for the year ended 31 March 2020 (2019: Nil).

11. (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:

	Year ended 31 March	
	2020	2019
(Loss)/earnings		
(Loss)/earnings for the purposes of basic (loss)/earnings per share (HK$'000)	**(2,051)**	16,824
Number of share		
Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share	**800,000,000**	721,643,836

For the year ended 31 March 2020, the calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately HK$2,051,000 and the weighted average number of 800,000,000 ordinary shares.

For the year ended 31 March 2019, the calculation of basic earnings per share is based on the profit attributable to owners of the Company of approximately HK$16,824,000 and the weighted average number of 721,643,836 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 years ended 31 March 2020 and 2019.

12. TRADE RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivable	**47,433**	63,297
Less: loss allowance	**(2,849)**	–
	44,584	63,297

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 (net of loss allowance) by age, presented based on the invoice dates:

	2020	2019
	HK$'000	*HK$'000*
Less than one month	**20,693**	25,722
More than one month but less than three months	**1,975**	10,162
More than three months but less than one year	**8,823**	27,413
More than one year but less than two years	**13,093**	–
	44,584	63,297

13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Non-current		
Deposits	**9,304**	362
Current		
Deposits	**36,550**	29,529
Prepayments	**3,122**	5,118
Other receivables	**1,123**	2,754
	40,795	37,401

14. TRADE AND RETENTION MONEY PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Trade payables *(note i)*	**60,520**	63,645
Retention money payables *(note ii)*	**23,857**	29,643
	84,377	93,288

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

	2020	2019
	HK$'000	*HK$'000*
Less than one month	**34,197**	41,764
More than one month but less than three months	**16,867**	11,552
More than three months but less than one year	**3,060**	9,774
More than one year but less than two years	**6,396**	555
	60,520	63,645

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.

15. 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 April 2019 and 31 March 2020	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 31 March 2020	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 1,490,000,000 ordinary shares.

Note (c): On 28 November 2017, Mr. Chan Kam Tong ("Mr. KT Chan"), Mr. Chan Kam Ming ("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.

16. OPERATING LEASE COMMITMENTS

Operating leases – lessee

The Group leased office premises which run for periods of nine months and simplified accounting is applied to short-term leases. The total future minimum lease payments payable by the Group under non-cancellable short-term leases are as follows:

	2020
	HK$'000
Within one year	**70**

The Group leased office premises and storage rooms under operating leases as at 31 March 2019. The leases run for initial periods of one to three years 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
	HK$'000
Within one year	1,536
In the second to fifth years, inclusive	1,785
	3,321

The Group is the lessee in respect of office premises which were previously classified as operating leases under HKAS 17. From 1 April 2019 onwards, future lease payments are recognised as lease liabilities in the consolidated statement of financial position.

17. LITIGATION

At the end 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 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 year ended 31 March 2020 as compared to a net profit for that of the corresponding year in 2019. The net loss was primarily attributable to the following combined effect of:

(i) decrease in revenue recognised by the Group for the year ended 31 March 2020 substantially due to the certain on-going projects were at their ending phase and the relevant revenue was already recognised in prior years which resulted in a reduction of revenue contributions;

(ii) As the impact of the social incidents since June 2019 and the outbreak of novel coronavirus (COVID-19) epidemic in January 2020, the local economy has slipped into a technical recession since the third quarter of 2019 which have severely affected the construction industry and caused the decrease in the number of projects available for tender;

(iii) decrease in gross profit margin due to loss being incurred in the variation orders of some completed projects; and

(iv) increase in expected credit loss on certain long outstanding of trade receivables.

Superstructure building works

During the year ended 31 March 2020, there were 5 (2019: 8) superstructure building works projects contributing revenue of approximately HK$260.4 million (2019: approximately HK$285.5 million) to this business segment.

RMAA works

During the year ended 31 March 2020, there were 13 (2019: 10) RMAA works projects contributing revenue of approximately HK$22.7 million (2019: approximately HK$140.3 million) to this business segment.

The trade tension between mainland China and the United States, coupled with the impact of months of ongoing local social incidents since June 2019 and the outbreak of novel coronavirus (COVID-19) epidemic in January 2020, have severely buffeted Hong Kong's operating and investment environment and the construction industry. As a result, the number of projects available for tender has decreased significantly, resulting the intense competition in tendering projects in the construction market and reducing the profitability of construction projects.

Facing the current downturn, it is expected Hong Kong's economy will fall into winter in coming year, the Group is devising strategies to prepare to achieve profitability and operational excellence. In addition, with our experienced and professional management team and our stable relationship with our major customers and creditability in construction market, the Group will continue to use its best endeavor and prudence to bid for new projects with better profit margin in the coming financial year.

In the 2019 Policy Address, the Chief Executive of the Hong Kong Special Administrative Region announced that the Government set aside HK$5 billion to increase the number of transitional housing projects substantially to provide a total of 10,000 units within three years. The Group is cautiously optimistic about the outlook for construction market in medium to long term.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 March 2020 amounted to approximately HK$283.1 million, representing a decrease of approximately HK$142.7 million, or 33.5% compared to approximately HK$425.8 million for the year ended 31 March 2019. The decrease in total revenue was mainly attributable to the decrease in revenue from superstructure building works of approximately HK$25.1 million and RMAA works of approximately HK$117.6 million. The decrease in revenue recognised by the Group for the year ended 31 March 2020 substantially due to the certain on-going projects were at their ending phase and the relevant revenue was already recognised in prior years which resulted in a reduction of revenue contributions.

Gross Profit and Gross Profit Margin

The gross profit of the Group for the year ended 31 March 2020 amounted to approximately HK$20.1 million, representing a decrease of approximately HK$24.9 million, or approximately 55.3% compared to approximately HK$45.0 million for the year ended 31 March 2019. The overall gross profit margin for the year ended 31 March 2020 decreased to approximately 7.1% as compared to approximately 10.6% for the year ended 31 March 2019. The decrease was mainly due to loss being incurred in the variation orders of some completed projects and decrease in revenue for the year ended 31 March 2020.

Other Income

The other income of the Group for the year ended 31 March 2020 amounted to approximately HK$1.8 million, representing a decrease of approximately HK$2.7 million or 60.0% compared to approximately HK$4.5 million for the year ended 31 March 2019, which was mainly due to one-off interest income from public offer over subscription fund and recovery of bad debts in the corresponding year in 2019 whereas it was mainly due to interest income from fixed deposit with licensed bank in Hong Kong for the year ended 31 March 2020.

Administrative and Other Expenses

The administrative and other expenses of the Group for the year ended 31 March 2020 amounted to approximately HK$19.8 million, representing a decrease of approximately HK$7.2 million or 26.7% compared to approximately HK$27.0 million for the year ended 31 March 2019. The decrease was mainly due to the net off effect of: (i) increase in legal and professional fees of approximately HK$0.9 million; (ii) increase in salary, mandatory provident fund contribution and directors' remuneration of approximately HK$2.9 million; (iii) increase in rent and building management fee and depreciation in right-of-use assets and leasehold improvement amounted to approximately HK$0.6 million; and offset by (iv) decrease in miscellaneous expenses of approximately HK$1.2 million; (v) decrease in the one-off listing expenses of approximately HK$9.4 million during the last year and the donation to charity of approximately HK$1.0 million for the year ended 31 March 2019.

(Loss)/Profit attributable to owners of the Company

The Group reported loss attributable to owners of the Company of approximately HK$2.1 million for the year ended 31 March 2020 whereas profit attributable to owners of the Company was approximately HK$16.8 million for the year ended 31 March 2019. The main reasons for turning from profit to loss were disclosed in the section "BUSINESS REVIEW AND OUTLOOK" above.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2020, the Group had a total of cash and cash equivalents (including restricted bank deposits) of approximately HK$109.0 million (31 March 2019: approximately HK$75.4 million).

Current ratio (Total current assets: total current liabilities) increased from approximately 2.7 as at 31 March 2019 to approximately 2.8 as at 31 March 2020, mainly due to increase in cash and bank balances and decrease in trade and retention money payables. Gearing ratio was nil as at 31 March 2020 and 2019.

The capital structure of the Group consisted of equity of approximately HK$188.3 million (31 March 2019: approximately HK$190.3 million) and debts (obligations under finance leases and lease liabilities) of approximately HK$1.8 million as at 31 March 2020 (31 March 2019: approximately HK$30,000).

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 31 March 2020.

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 31 March 2020, the Group had used up approximately HK$65.2 million of the Net Proceeds.

An analysis of the utilisation of the Net Proceeds from the date of Listing up to 31 March 2020 is set out below:

	Planned use of Net Proceeds stated in the Prospectus	**Actual use of Net Proceeds Up to 31 March 2020**	**Unutilised Amount Up to 31 March 2020**
	HK$ million	*HK$ million*	*HK$ million*
To take out surety bonds for contracts we have secured or plan to secure	54.1	44.6	9.5
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	1.0	3.8
To repay bank borrowings	10.2	10.2	–
	78.5	65.2	13.3

As at the date of this announcement, the unutilised Net Proceeds were placed 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 year ended 31 March 2020, 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$9.5 million as at 31 March 2020 were planned to be used for taking out surety bonds for contracts we have secured or plan to secure, all of which are expected to be utilised by 31 March 2021, subject to the change in tender award progress due to the current uncertain economic condition.

ii) the unutilised Net Proceeds of approximately HK$3.8 million as at 31 March 2020 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 2021, 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 31 March 2020, the Group employed a total of 62 employees (including executive directors), as compared to a total of 59 employees as at 31 March 2019. The total salaries and related costs (including Directors' fee) for the year ended 31 March 2020 were approximately HK$29.5 million (2019: approximately HK$24.0 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.

CAPITAL EXPENDITURES

Total capital expenditure for the year ended 31 March 2020 was approximately HK$0.2 million (2019: approximately HK$2.0 million) on acquisition of property, plant and equipment. Capital expenditure was funded by internal resources.

CONTINGENT LIABILITIES AND CLAIMS

Save as disclosed in note 17 to this announcement, the Group had no other contingent liabilities and claims as at 31 March 2020.

CAPITAL COMMITMENTS

As at 31 March 2020, there were no significant capital commitments for the Group.

FOREIGN EXCHANGE EXPOSURE

The Group was not exposed to foreign exchange risk during the year ended 31 March 2020.

SIGNIFICANT INVESTMENTS HELD

Except for investment in its subsidiaries, the Group did not hold any significant investments during the year ended 31 March 2020.

CHARGES ON ASSETS

As at 31 March 2020, the Group had bank facilities which were guaranteed by the Company. In addition, the Group had certain surety bonds being secured by certain deposits payment from a subsidiary of the Group and all of which were guaranteed by the Company.

SEGMENT INFORMATION

Segmental information is presented for the Group as disclosed in note 4 to this announcement.

PROPOSED FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK1.0 cent per share (the "Dividend") for the year ended 31 March 2020 (2019: Nil) to the shareholders whose names appeared on the Company's register of members on 27 August 2020. Subject to the approval by shareholders of the Company at the forthcoming annual general meeting, the proposed Dividend is expected to be paid on 18 September 2020.

CLOSURE OF REGISTER OF MEMBERS

In order to be qualified to attend and vote at the Annual General Meeting, all transfer of shares accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong ("Share Registrar") for registration no later than 4:30 p.m. on Wednesday, 12 August 2020.

The Register of Members will be closed from Thursday, 13 August 2020 to Tuesday, 18 August 2020 (both days inclusive), during which period no transfer of shares will be effected.

In order to qualify for the Dividend entitlements, all transfer of shares accompanied by the relevant share certificates must be lodged with the Share Registrar for registration no later than 4:30 p.m. on Monday, 24 August 2020. The register of members will be closed from Tuesday, 25 August 2020 to Thursday, 27 August 2020 (both days inclusive) during which no transfer of shares will be effected.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at Studio Room 2, 4/F, Pentahotel Hong Kong, Kowloon, 19 Luk Hop Street, San Po Kong, Kowloon, Hong Kong on Tuesday, 18 August 2020 at 10:00 a.m. and the notice of Annual General Meeting will be published and dispatched to shareholders in a manner as required by the Listing Rules.

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 during the year ended 31 March 2020.

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 2020.

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 is 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 2020 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, the Company has maintained a sufficient public float as required under the Listing Rules during the year ended 31 March 2020 and up to the date of this announcement.

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 2020 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 2020 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 2020 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 Company's website at www.headfame.com.hk and the Stock Exchange's website at www.hkexnews.hk. The 2019/2020 annual report of the Company will be despatched to shareholders of the Company and will also be published on the websites of both the Stock Exchange and the Company 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 2020.

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

Hong Kong, 19 June 2020

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