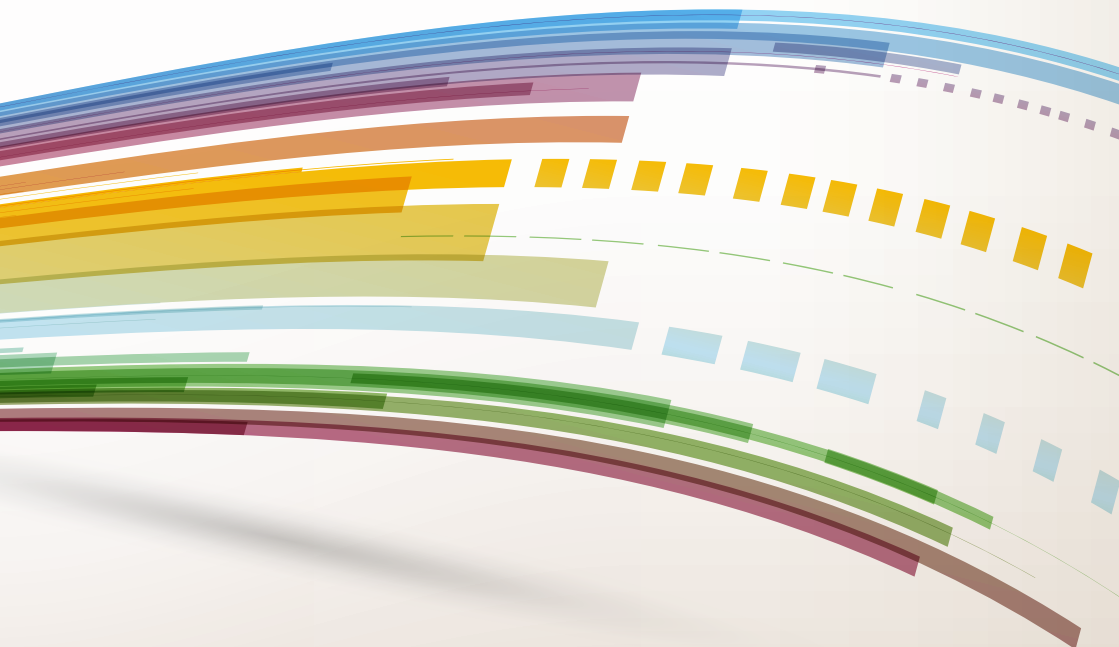


LANDRICH HOLDING LIMITED 譽樂豐控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2132

INTERIM REPORT 2020



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Tsui Kai Kwong (*Chairman*)
Mr. Tsui Tsz Yeung Ian
(*Chief Executive Officer*)
Ms. Tsui Wai Yeung Janis

Independent Non-executive Directors

Mr. Lee Yan Kit
Mr. Lee Kin Kee
Mr. Kwong Ping Man

BOARD COMMITTEES

Audit Committee

Mr. Lee Kin Kee (*Chairman*)
Mr. Lee Yan Kit
Mr. Kwong Ping Man

Remuneration Committee

Mr. Lee Yan Kit (*Chairman*)
Mr. Lee Kin Kee
Mr. Kwong Ping Man
Mr. Tsui Kai Kwong

Nomination Committee

Mr. Kwong Ping Man (*Chairman*)
Mr. Lee Yan Kit
Mr. Lee Kin Kee
Mr. Tsui Kai Kwong

COMPANY SECRETARY

Ms. Ng Hoi Ying

AUTHORISED REPRESENTATIVES

Mr. Tsui Kai Kwong
Ms. Ng Hoi Ying

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31st Floor
Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

COMPLIANCE ADVISER

Frontpage Capital Limited
26th Floor
Siu On Centre
188 Lockhart Road
Wan Chai
Hong Kong

CORPORATE INFORMATION

LEGAL ADVISER AS TO HONG KONG LAWS

CFN Lawyers in association
with Broad and Bright
Units 4101-4104, 41st Floor
Sun Hung Kai Centre
30 Harbour Road
Wan Chai
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

PO Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2808, 28th Floor
The Octagon
6 Sha Tsui Road
Tsuen Wan
New Territories
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited
PO Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKS

Bank of Communications (Hong Kong) Limited
DBS Bank (Hong Kong) Limited
Standard Chartered Bank

COMPANY'S WEBSITE

www.landrich.com.hk

STOCK CODE

2132

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Landrich Holding Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) have more than 26 years of solid experience in the construction industry in Hong Kong. The Group is able to undertake civil engineering works either as a main contractor or a subcontractor. The Group principally provides civil engineering works which can be broadly categorised as (i) roads and drainage works; and (ii) site formation works. The Group also performs building works.

For the six months ended 30 September 2020, the Group recorded net profit of approximately HK\$19.8 million as compared to approximately HK\$21.7 million for the corresponding period in 2019. The directors of the Company (the “**Directors**”) consider that such decrease was mainly due to (i) the decrease in revenue; (ii) the decrease in gross profit margin; and partly offset by (iii) the increase in other income for the wage subsidies provided by the Hong Kong Government.

As at 30 September 2020, the Group had 24 construction projects on hand (including projects in progress and projects that are yet to commence) with a total outstanding contract value of approximately HK\$2,010.0 million.

OUTLOOK

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 20 October 2020 (the “**Listing Date**”) by way of share offer.

Since January 2020, the outbreak of novel coronavirus disease (the “**COVID-19**”) in Hong Kong has resulted in a relatively small impact to the Group, while the operation was slightly affected due to the reduction in face-to-face business activities and meetings and works progress of the projects. The Directors consider that it will be difficult to estimate the overall impact of the outbreak of COVID-19 on the results of operations for the year ending 31 March 2021 as the epidemic situation, new policies issued by the Hong Kong Government and different subsidy schemes such as the Anti-epidemic Fund remained uncertain. The Group has not encountered or experienced any material difficulty and/or delay in completion of the projects to the customers and from the subcontractors and any material supply chain disruptions of the suppliers due to the outbreak of COVID-19. The Group will also closely monitor the projects’ progress and communicate with the suppliers and subcontractors, maintain close communication with its customers and the other representatives of the project owners on the latest project works schedules and arrangements, proactively follow up with the potential customers on the tenders and quotations submitted, and actively respond to any business enquiries, tender and quotation invitations to maintain the market competitiveness.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately HK\$104.9 million, or approximately 32.3%, from approximately HK\$324.4 million for the six months ended 30 September 2019 to approximately HK\$219.5 million for the six months ended 30 September 2020. The decrease was mainly due to a higher amount of recognised revenue from four sizable projects have been completed substantial amount of works during the six months ended 30 September 2019 and those projects had almost completed during the six months ended 30 September 2020.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately HK\$15.4 million, or approximately 40.8%, from approximately HK\$37.7 million for the six months ended 30 September 2019 to approximately HK\$22.3 million for the six months ended 30 September 2020. The Group's gross profit margin decreased from approximately 11.6% for the six months ended 30 September 2019 to approximately 10.2% for the six months ended 30 September 2020, mainly due to the relatively lower margin of two projects with high contract sum which commenced during the six months ended 30 September 2020. The decrease in gross profit was mainly due to the combined effect of (i) the decrease in revenue; and (ii) the gross profit margin for the six months ended 30 September 2020 decreased as compared to the six months ended 30 September 2019.

Other income

Other income increased by approximately HK\$11.3 million from approximately HK\$0.5 million for the six months ended 30 September 2019 to approximately HK\$11.8 million for the six months ended 30 September 2020, mainly contributed by the wage subsidies of the Employment Support Scheme provided by the Hong Kong Government (the "ESS").

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative and other operating expenses

Administrative and other operating expenses decreased by approximately HK\$0.1 million from approximately HK\$12.3 million for the six months ended 30 September 2019 to approximately HK\$12.2 million for the six months ended 30 September 2020. Setting aside the listing expenses, the adjusted administrative and other operating expenses decreased from approximately HK\$10.6 million for the six months ended 30 September 2019 to approximately HK\$10.2 million for the six months ended 30 September 2020. Such decrease was primarily due to the decrease in staff salaries and benefits of approximately HK\$1.0 million.

Income tax expense

Income tax expense decreased by approximately HK\$2.0 million, or approximately 52.6%, from approximately HK\$3.8 million for the six months ended 30 September 2019 to approximately HK\$1.8 million for the six months ended 30 September 2020.

Profit and total comprehensive income for the period

As a result of the foregoing, the Group recorded a profit of approximately HK\$19.8 million for the six months ended 30 September 2020, representing a decrease of approximately 8.8% as compared with profit of approximately HK\$21.7 million for the six months ended 30 September 2019.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Company's shares were successfully listed on the Main Board of the Stock Exchange on 20 October 2020 (the "**Listing**"). There has been no change in the capital structure of the Group since then. The capital of the Group only comprises of ordinary shares and the capital structure of the Company comprised mainly issued share capital and reserves.

The Group's operation and investments were financed principally by cash generated from its business operations and equity contribution from the shareholders.

As at 30 September 2020, the Group had net current assets of approximately HK\$97.1 million (31 March 2020: approximately HK\$97.6 million), and bank balances and cash of approximately HK\$41.0 million (31 March 2020: approximately HK\$60.4 million), which were denominated in Hong Kong dollars.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 September 2020, the Group's total equity attributable to owners of the Company amounted to approximately HK\$113.7 million (31 March 2020: approximately HK\$112.0 million). The Group's total debt comprising interest-bearing bank borrowings and bank overdrafts amounted to approximately HK\$11.2 million (31 March 2020: approximately HK\$23.0 million), which were denominated in Hong Kong dollars. The Directors have confirmed that the Group will have sufficient financial resources to meet its obligations as they fall due in the foreseeable future.

CONTINGENT LIABILITIES

As at 30 September 2020, the Group did not have any significant contingent liabilities (31 March 2020: Nil).

CHARGES ON GROUP ASSETS

As at 30 September 2020, the Group has pledged bank deposits of approximately HK\$9.9 million (31 March 2020: approximately HK\$10.5 million) to the banks as a security for the Group's banking facilities granted to a partner of joint operation of the Group for a term loan facility not exceeding HK\$25,000,000 and to secure the Group's certain bank facilities.

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

During the six months ended 30 September 2020, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures save for those related to corporate reorganisation pursuant to which the Company became the holding company of the Group on 21 September 2020 (the "Reorganisation") as disclosed in the prospectus of the Company dated 30 September 2020 (the "Prospectus"). Save as disclosed herein and in the Prospectus, the Group did not have other plans for material investments or acquisition of capital assets as at 30 September 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

COMMITMENTS

The Group had approximately HK\$4.4 million of capital commitments contracted but not provided for in respect of acquisition of property, plant and equipment as at 30 September 2020 (31 March 2020: approximately HK\$4.0 million).

The Group also has short-term leases expenses in respect of machinery, equipment, properties and carparks. As at 30 September 2020, the Group's lease commitments were approximately HK\$1.1 million (31 March 2020: approximately HK\$1.0 million).

TREASURY POLICIES

The Directors will continue to follow a prudent policy in managing the Group's cash and maintaining a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

FOREIGN CURRENCY RISK

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As most of the monetary assets and liabilities are denominated in Hong Kong dollars, the Directors are of the view that the Group does not have significant exposure to foreign exchange risk. The Group currently does not have a foreign currency hedging policy.

GEARING RATIO

As at 30 September 2020, the gearing ratio of the Group, which is calculated as the total debt (total interest-bearing bank borrowings and bank overdrafts) divided by total equity, was approximately 9.9% (31 March 2020: approximately 20.6%).

SEGMENT INFORMATION

No operating segment information is presented as the Group's revenue and results and the Group's total assets were derived from or attributable to one single operating segment and the Group had no geographical segment information presented as at 30 September 2020 and 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

EVENT AFTER THE REPORTING PERIOD

The shares of the Company were listed on the Stock Exchange on 20 October 2020. Pursuant to the Listing, 160,000,000 and 240,000,000 ordinary shares of HK\$0.01 each of the Company were issued by way of public offer and placing, respectively.

Pursuant to the written resolutions of the then sole shareholder passed on 21 September 2020, subject to the share premium account of the Company being credited as a result of the share offer, the Directors are authorised to allot and issue a total of 1,279,990,000 ordinary shares, by way of capitalisation of the sum of HK\$12,799,900 standing to the credit of the share premium account of the Company, credited as fully paid at par to shareholder on the register of members of the Company at the close of business on 21 September 2020 in proportion to its shareholding in the Company.

INTERIM DIVIDEND

On 31 May 2020, members of the Group declared interim dividends in the sum of HK\$18,000,000 to their then shareholders and the interim dividends have been settled by cash.

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2020, the Group had 304 employees (30 September 2019: 326 employees). Total staff costs for the six months ended 30 September 2020 amounted to approximately HK\$52.3 million (six months ended 30 September 2019: approximately HK\$63.1 million). Employees are remunerated based on their qualifications, position and performance. The remuneration offered to employees generally includes salaries, allowances and discretionary bonus. Various types of training were provided to the employees.

USE OF PROCEEDS FROM LISTING

As the shares of the Company were not yet listed on the Main Board of the Stock Exchange until 20 October 2020, the proceeds were not yet available for use during the six months ended 30 September 2020. Net proceeds from the Listing will be used in the same manner as disclosed in the Prospectus.

OTHER INFORMATION

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

The shares of the Company were listed on the Stock Exchange on 20 October 2020 and therefore, Division 7 and 8 of Part XV of the Securities and Future Ordinance (the "SFO"), Section 352 of the SFO and the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were not applicable as at 30 September 2020.

As at the date of this interim report, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Name	Capacity/ Nature of interest	Number of shares held/ interested	Percentage of shareholding
Mr. Tsui Kai Kwong ("Mr. KK Tsui") (Note)	Interest of a controlled corporation	1,200,000,000	75%

Note: New Brilliance Enterprises Limited ("New Brilliance") is 100% owned by Mr. KK Tsui. Therefore, Mr. KK Tsui is deemed, or taken to be interested in all the shares held by New Brilliance for the purpose of the SFO. Mr. KK Tsui is the sole director of New Brilliance.

OTHER INFORMATION

Save as disclosed above, as at the date of this interim report, none of the Directors or chief executive of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under provision of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2020, the shares of the Company were not listed on the Stock Exchange, Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO were not applicable.

So far as known to the Directors, as at the date of this interim report, the following entity was deemed to have interest or short position in the shares, the underlying shares and debentures of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO:

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

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

OTHER INFORMATION

Save as disclosed above, as at the date of this interim report, none of the substantial or significant shareholders or other persons, other than the Directors and chief executive of the Company whose interests are set out in the section “Directors’ and chief executives’ interests and short positions in shares, underlying shares and debentures” above, had any interests or short position in the shares or the underlying shares of the Company as recorded in the register of the Company remained to be kept under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Save for the Reorganisation as disclosed in the Prospectus, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 September 2020.

COMPETING BUSINESS

During the six months ended 30 September 2020, none of the Directors or the controlling shareholders of the Company (the “**Controlling Shareholders**”) and their respective associates had any interests in a business, apart from the business of the Group, which competes or may compete with the business of the Group or has any other conflict of interest with the Group which would be required to be disclosed under Rule 8.10 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

Non-Competition Undertaking

In order to avoid any potential competition arising between the Group and the Controlling Shareholders, Mr. KK Tsui and New Brilliance (each a “**Covenantor**” and collectively the “**Covenantors**”) have entered into the deed of non-competition with the Company (for itself and for and on behalf of its subsidiaries) on 21 September 2020 (the “**Deed of Non-competition**”). Pursuant to the Deed of Non-competition, each of the Covenantors has irrevocably and unconditionally undertaken to the Company (for itself and for and on behalf of its subsidiaries) that, during the period the Deed of Non-competition remains effective, he/it shall not, and shall procure that his/its associates (other than any member of the Group) not to develop, acquire, invest in, participate in, carry on or be engaged, concerned or interested or otherwise be involved, whether directly or indirectly, in any business in competition with or likely to be in competition with the existing business activity of any member of the Group.

OTHER INFORMATION

Each of the Covenantors further undertakes that if any of he/it or his/its close associates other than any member of the Group is offered or becomes aware of any business opportunity which may compete with the business of the Group, he/it shall (and he/it shall procure his/its associates to) notify the Group in writing and the Group shall have a right of first refusal to take up such business opportunity. The Group shall, within 6 months after receipt of the written notice (or such longer period if the Group is required to complete any approval procedures as set out under the Listing Rules from time to time), notify the Covenantor(s) whether the Group will exercise the right of first refusal or not.

The Group shall only exercise the right of first refusal upon the approval of all the independent non-executive Directors (who do not have any interest in such opportunity). The relevant Covenantor(s) and the other conflicting Directors (if any) shall abstain from participating in and voting at and shall not be counted as quorum at all meetings of the Board where there is a conflict of interest or potential conflict of interest including but not limited to the relevant meeting of the independent non-executive Directors for considering whether or not to exercise the right of first refusal.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the code of conduct regulating securities transactions of Directors. Having made specific enquiry, all Directors have fully complied with the required standards set out in the Model Code and its code of conduct from the Listing Date up to the date of this interim report.

SHARE OPTION SCHEME

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

OTHER INFORMATION

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or services provider of the Group, options to subscribe for shares of the Company. The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of the Group.

The subscription price shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of the Company's shares on the date of grant of the option.

Under the Share Option Scheme, the maximum number of shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company as from the adoption date must not in aggregate exceed 10% of all the shares in issue upon the date on which the shares are listed and permitted to be dealt in the Stock Exchange. The 10% limit may be refreshed at any time by obtaining approval of the Company's shareholders in general meeting provided that the total number of Company's shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share options schemes of the Company must not exceed 10% of the Company's shares in issue as at the date of approval of the refreshed limit. The aggregate number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Company's shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of the Company if this will result in such 30% limit being exceeded.

OTHER INFORMATION

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

The maximum number of shares issued and to be issued upon exercise of the options granted under the Share Option Scheme to each of any eligible persons (including those cancelled, exercised and outstanding options), in any 12 months period up to the date of the latest grant shall not exceed 1% of the Company's shares in issue provided that the number of shares issued and to be issued upon exercise of all options granted and to be granted to each of the independent non-executive Directors or substantial shareholders of the Company or any of their respective associates in the 12 months period up to the date of such grant in excess of 0.1% of the Company's shares in issue and with a value in excess of HK\$5 million must be approved in advance by the Company's independent shareholders. Any further grant of options in excess of such limit requires the approval of the shareholders in general meeting in accordance with the requirements of the Listing Rules.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

OTHER INFORMATION

The Share Option Scheme will remain in force for a period of ten years commencing on 21 September 2020 and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the shareholders of the Company in general meeting.

From the adoption date of the Share Option Scheme up to 30 September 2020, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

UPDATE ON DIRECTOR'S INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors of the Company since the publication of the Prospectus are set out below:

Mr. Lee Yan Kit, the independent non-executive Director, has been appointed as an independent director of Lixiang Education Holding Co., Ltd. (stock code: LXEH), a company listed on NASDAQ since 1 October 2020.

CORPORATE GOVERNANCE PRACTICE

The Company is committed to achieving and maintaining high standards of corporate governance, as the Board believes that good and effective corporate governance practices are key to obtain and maintain the trust of the shareholders of the Company and other stakeholders, and are essential for encouraging accountability and transparency so as to sustain the success of the Group and to create long-term value for the shareholders of the Company. The Company has adopted the principles and code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules. The Company has fully complied with the CG Code from the Listing date up to the date of this interim report.

Ms. Ng Hoi Ying, the company secretary of the Company, is an external service provider. Pursuant to Code F.1.1 of the CG Code, an issuer can engage an external service provider to provide company secretarial services, provided that the issuer should disclose the identity of a person with sufficient seniority at the issuer whom the external provider can contact. In this respect, the Company has nominated Mr. KK Tsui as its contact point for Ms. Ng Hoi Ying.

OTHER INFORMATION

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established on 21 September 2020. The chairman of the Audit Committee is Mr. Lee Kin Kee, the independent non-executive Director, and other members include Mr. Lee Yan Kit and Mr. Kwong Ping Man, the independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the Stock Exchange’s website and on the Company’s website.

The primary duties of the Audit Committee are mainly to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Company has complied with Rule 3.21 of the Listing Rules in that at least one of the members of the Audit Committee (which must comprise a minimum of three members and must be chaired by an independent non-executive Director) is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise.

The Group’s condensed consolidated financial statements for the six months ended 30 September 2020 have not been audited nor reviewed by the Company’s independent auditors, but have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the condensed consolidated financial statements of the Group for the six months ended 30 September 2020 comply with applicable accounting standards and the Listing Rules and that adequate disclosures have been made.

OTHER INFORMATION

ENGLISH VERSION PREVAILS

This interim report is written in both English and Chinese. If there is any inconsistency between the English version and the Chinese version of this interim report, the English version will prevail.

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

Hong Kong, 25 November 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2020

		Six months ended 30 September	
	Notes	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Revenue	5	219,494	324,419
Direct costs		(197,237)	(286,757)
Gross profit		22,257	37,662
Other income	6	11,839	514
Administrative and other operating expenses		(12,175)	(12,318)
Finance costs	7	(385)	(351)
Profit before income tax	9	21,536	25,507
Income tax expense	8	(1,764)	(3,792)
Profit and total comprehensive income for the period attributable to owners of the Company		19,772	21,715
Basic and diluted earnings per share (HK cents)	10	1.65	1.81

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	Notes	30 September 2020 (Unaudited) HK\$'000	31 March 2020 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	12	15,862	14,132
Right-of-use assets	12	1,115	210
		16,977	14,342
Current assets			
Trade receivables	13	59,364	72,405
Other receivables, deposits and prepayments	14	22,314	17,865
Contract assets	15	89,013	72,198
Amount due from a director		2	–
Pledged bank deposits	16	9,877	10,454
Bank balances and cash		41,006	60,374
		221,576	233,296
Total assets		238,553	247,638
Current liabilities			
Trade and other payables	17	74,223	84,490
Contract liabilities	15	34,441	21,808
Amount due to a director		–	2,198
Borrowings	18	11,203	23,037
Lease liabilities		732	214
Current tax liabilities		3,830	3,930
		124,429	135,677

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	Notes	30 September 2020 (Unaudited) HK\$'000	31 March 2020 (Audited) HK\$'000
Net current assets		97,147	97,619
Total assets less current liabilities		114,124	111,961
Non-current liabilities			
Lease liabilities		391	–
Net assets		113,733	111,961
Capital and reserves			
Share capital	19	–*	–
Combined capital	19	–	2
Reserves		113,733	111,959
Total equity		113,733	111,961

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

	Share capital HK\$'000	Combined capital HK\$'000	Other reserve HK\$'000 (Note a)	Retained profits HK\$'000	Reserves HK\$'000	Total equity HK\$'000
As at 1 April 2019 (audited)	-	2	24,910	46,600	71,510	71,512
Profit and total comprehensive income for the period	-	-	-	21,715	21,715	21,715
As at 30 September 2019 (unaudited)	-	2	24,910	68,315	93,225	93,227
As at 1 April 2020 (audited)	-	2	24,910	87,049	111,959	111,961
Shares issued	-*	-	-	-	-	-*
Dividends paid (Note 11)	-	-	-	(18,000)	(18,000)	(18,000)
Reorganisation	-*	(2)	2	-	2	-
Profit and total comprehensive income for the period	-	-	-	19,772	19,772	19,772
As at 30 September 2020 (unaudited)	-*	-	24,912	88,821	113,733	113,733

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

Note:

- Other reserve represents the difference between the nominal value of the shares issued by Lion Brave Group Limited ("**Lion Brave**"), Lofty Wisdom Holdings Limited ("**Lofty Wisdom**") and Sheen Cedar Investments Limited ("**Sheen Cedar**") and the aggregate amount of the nominal value of the share capital of Richwell Engineering Limited, Richwell Civil Engineering Limited and Time Concept Construction Limited held by the Controlling Shareholders which were acquired under the Reorganisation.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2020

	Notes	Six months ended 30 September	
		2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Net cash generated from operating activities		16,266	10,992
Cash flows from investing activities			
Change in pledged bank deposits		577	57
Interest received		89	75
Proceeds from disposal of property, plant and equipment		1,168	362
Purchase of property, plant and equipment		(4,790)	(3,992)
Net cash used in investing activities		(2,956)	(3,498)
Cash flows from financing activities			
Repayment to a director		(2,200)	(22)
Dividends paid		(18,000)	–
Interest paid		(183)	(241)
Repayment of lease liabilities		(461)	(656)
Repayment of bank loans		(11,288)	(3,661)
Net cash used in financing activities		(32,132)	(4,580)
Net (decrease)/increase in cash and cash equivalents		(18,822)	2,914
Cash and cash equivalents at the beginning of period		48,625	26,904
Cash and cash equivalents at the end of period		29,803	29,818
Represented by			
Bank balances and cash		41,006	36,469
Bank overdrafts	18	(11,203)	(6,651)
		29,803	29,818

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 31 July 2018. The registered office of the Company is located at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The principal place of business is at Unit 2808, 28th Floor, The Octagon, 6 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in the provision of construction engineering works. Its immediate holding company is New Brilliance, a company incorporated in the British Virgin Islands with limited liability. The ultimate controlling party of the Group is Mr. KK Tsui.

The shares of the Company were listed on the Main Board of the Stock Exchange on 20 October 2020.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Listing Rules. The condensed consolidated financial statements should be read in conjunction with the Company’s combined financial statements for the year ended 31 March 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA, as set out in the Prospectus.

This condensed consolidated financial statements is presented in Hong Kong dollars (“**HK\$**”), unless otherwise stated.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

2. REORGANISATION

In preparation for the Listing, the companies now comprising the Group underwent the Reorganisation. For details of the Reorganisation, please refer to the section headed “History, Development and Reorganisation” in the Prospectus.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2020 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2020.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Application of amendments to HKFRSs *(Continued)*

3.1 Impacts of application on Amendments to HKAS 1 and HKAS 8 “Definition of Material”

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 March 2021.

4. ESTIMATES

The preparation of condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed consolidated financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Prospectus.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

5. REVENUE AND SEGMENT INFORMATION

Revenue from external customers

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Recognised over time:		
Contract income from provision of construction engineering works	219,494	324,419

Geographical information

The Group's operations are located in Hong Kong. All of the Group's revenue is derived from external customers located in Hong Kong and the Group's non-current assets are all located in Hong Kong.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

6. OTHER INCOME

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Government subsidies*	10,244	–
Gain on disposal of property, plant and equipment	871	432
Interest income	89	75
Others	635	7
	11,839	514

* The Group recognised government subsidies of approximately HK\$10,244,000 in respect of the outbreak of COVID-19 related subsidies, of which are mainly related to the ESS. Under the term of the ESS, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

7. FINANCE COSTS

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interest expenses on:		
Lease liabilities	15	26
Bank loans	183	125
Bank overdrafts	187	200
	385	351

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

8. INCOME TAX EXPENSE

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Hong Kong Profits Tax:		
Current tax	1,764	3,792

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. For the six months ended 30 September 2019 and 2020, Hong Kong Profits Tax of the qualified entity is calculated in accordance with the two-tiered profits tax rates regime. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated weighted average annual tax rate used is 16.5% for the six months ended 30 September 2020 (six months ended 30 September 2019: 16.5%).

9. PROFIT BEFORE INCOME TAX

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Profit before income tax has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	2,763	1,726
Depreciation of right-of-use assets	450	320
Listing expenses	1,933	1,734
Impairment loss allowance on trade receivables, net of reversal	–	(163)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

10. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company for the period is based on the following data:

	Six months ended 30 September	
	2020 (Unaudited)	2019 (Unaudited)
Profit for the period attributable to owners of the Company (HK\$'000)	19,772	21,715
Weight average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands)	1,200,000	1,200,000
Basic earnings per share (HK cents)	1.65	1.81

The weighted average number of shares for the purpose of calculating basis earnings per share for the six months ended 30 September 2020 is 1,200,000,000 ordinary shares in issue as if these 1,200,000,000 ordinary shares were outstanding throughout the year (30 September 2019: 1,200,000,000 ordinary shares).

No diluted earnings per share was presented for both periods as there were no potential ordinary shares in issue during both periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

11. DIVIDENDS

Prior to the Reorganisation, certain subsidiaries of the Company, had declared dividends to their then shareholders as follows:

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
Dividend paid and recognised as distribution during the period:		
Interim dividends	18,000	–

The rate of dividends and number of shares ranking for dividend are not presented as such information is not meaningful having regard to the purpose of this interim report.

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: Nil).

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

During the six months ended 30 September 2020, the Group used approximately HK\$4,790,000 (six months ended 30 September 2019: approximately HK\$3,992,000) on acquisition of property, plant and equipment.

During the six months ended 30 September 2020, certain items of property, plant and equipment at the aggregated carrying amount of approximately HK\$297,000 were disposed of (six months ended 30 September 2019: Nil) and gain on disposal of property, plant and equipment of approximately HK\$871,000 was recognised during the six months ended 30 September 2020 (six months ended 30 September 2019: approximately HK\$432,000) in the condensed consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

13. TRADE RECEIVABLES

	As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
Trade receivables	60,185	73,226
Less: Impairment loss allowance	(821)	(821)
	59,364	72,405

The Group does not have a standardised and universal credit period granted to its customers, and the credit period of individual customer is considered on a case-by-case basis and stipulated in the project contract, as appropriate. The following is an aged analysis of the Group's trade receivables at the end of the reporting period, presented based on the payment certificate date:

	As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
0-30 days	40,680	46,320
31-60 days	4,213	23,376
61-90 days	6,241	2,709
91-120 days	3,289	–
Over 120 days	4,941	–
	59,364	72,405

Based on the historical settlement records and credit qualities of trade receivables which are past due but not impaired, these receivables are generally recoverable. The management of the Group closely monitors the credit quality of debtors and consider the trade receivables that are past due but not impaired to be of a good credit quality with reference to their repayment history.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
Other receivables	13,654	11,171
Other deposits	4,421	2,496
Prepayment	2,299	2,453
Utility deposits	1,940	1,745
	22,314	17,865

Included in other receivables of the Group as at 30 September 2020 and 31 March 2020 were amount due from a partner of joint operation of approximately HK\$6,014,000 and approximately HK\$6,310,000, respectively.

15. CONTRACT ASSETS AND CONTRACT LIABILITIES

The following is the analysis of the contract assets and liabilities balance for financial reporting purpose:

	As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
Contract assets	89,013	72,198
Contract liabilities	34,441	21,808

Contract assets and contract liabilities arising from same contract are presented on net basis.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

15. CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

Contract assets

Amounts represent the Group's right to considerations from customers for the provision of construction engineering works, which arise when: (i) the Group completed the relevant construction works under such contracts and pending to formal certification by the customers; and (ii) the customers withhold certain amounts payable to the Group as retention money to secure the due performance of the contracts for a period of generally 12 months (defect liability period) after completion of the relevant works. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it becomes unconditional and is invoiced to the customers.

The Group's contract assets are analysed as follows:

	As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
Retention receivables	26,686	24,051
Others (Note)	62,327	48,147
	89,013	72,198

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

Included in the Group's contract assets are the retention receivables to be settled, based on the expiry of the defect liability period of the relevant contracts or in accordance with the terms specified in the relevant contracts, at the end of each reporting period. The balances are classified as current assets as they are expected to be received within the Group's normal operating cycle, of which approximately HK\$7,438,000 and approximately HK\$8,503,000 are expected to be settled after one year as at 30 September 2020 and 31 March 2020, respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

15. CONTRACT ASSETS AND CONTRACT LIABILITIES *(Continued)*

Contract assets *(Continued)*

As part of the internal credit risk management, the Group applies internal credit rating for its customers in relation to construction contracts. The exposure to credit risk and expected credit losses for contract assets are assessed individually as at 30 September 2020. After the assessment of the Group, the impairment allowance on contract assets is insignificant to the Group for the current interim period.

Contract liabilities

The contract liabilities represent the Group's obligations to transfer goods and services to customers for which the Group has received consideration in advance (or an amount of consideration is due) from the customers according to the progress of contract works.

Contract liabilities which are expected to be settled within the Group's normal operating cycle, are classified as current.

Revenue from contract income from provision of construction engineering works recognised during the period ended 30 September 2020 and the year ended 31 March 2020 that was included in the contract liabilities at the beginning of each of the period/year was approximately HK\$21,808,000 and approximately HK\$15,394,000, respectively.

16. PLEDGED BANK DEPOSITS

Pledged bank deposits represent deposit pledged to a bank to secure banking facilities granted to a partner of joint operation of the Group for a term loan facility not exceeding HK\$25,000,000 and to secure the Group's certain banking facilities. As at 30 September 2020 and 31 March 2020, pledged bank deposits amounted to approximately HK\$9,877,000, and approximately HK\$10,454,000, respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

17. TRADE AND OTHER PAYABLES

	As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
Trade payables	30,246	37,816
Retention payables (Note)	22,212	22,909
Accruals and other payables	21,765	23,765
	74,223	84,490

Note: The balances represent retention payables to subcontractors which are interest-free and payable at the end of the defect liability period of individual contracts. All retention payables are expected to be settled within one year based on the expiry date of the defect liability period.

Included in accruals and other payables of the Group as at 30 September 2020 and 31 March 2020 were amounts due to partners of joint operations of approximately HK\$6,900,000 and approximately HK\$6,902,000, respectively.

The credit period granted to the Group by its suppliers and subcontractors in general ranges from 30 to 60 days. The ageing analysis of the Group's trade payables below is presented based on the invoice date at the end of each reporting period:

	As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
0-30 days	18,400	30,026
31-60 days	1,595	3,788
61-90 days	3,373	1,686
Over 90 days	6,878	2,316
	30,246	37,816

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

18. BORROWINGS

	As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
Bank overdrafts, secured	11,203	11,749
Bank loans, secured	–	11,288
	11,203	23,037
Carrying amounts of bank loans that contain a repayment on demand clause (shown under current liabilities) but repayable based on scheduled repayment dates set out in the loan agreements:		
Within one year	–	6,920
More than one year but not exceeding two years	–	657
More than two years but not exceeding five years	–	2,137
Over five years	–	1,574
	–	11,288

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

18. BORROWINGS *(Continued)*

Bank overdrafts

As at 30 September 2020 and 31 March 2020, bank overdrafts bore interest at variable market rate of 2.25% per annum over 1 month Hong Kong Interbank Offered Rate (HIBOR). As at 30 September 2020 and 31 March 2020, the bank overdrafts were secured by pledged bank deposits of approximately HK\$8,000,000 and unlimited personal guarantee granted by Mr. KK Tsui, the executive Director. The personal guarantee granted by Mr. KK Tsui was released and replaced by the corporate guarantee granted by the Company on 20 October 2020.

Bank loans

As at 31 March 2020, bank loans bore interest at fixed interest rate of 3.63% to 4% per annum. As at 31 March 2020, the bank loans were secured by unlimited personal guarantee granted by Mr. KK Tsui, the executive Director. All bank loans were repaid in September 2020 and the personal guarantee was released accordingly.

The related loan agreement for the bank loans contains a repayment on demand clause which gives the lender the unconditional right to call the loan at any time.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

19. SHARE CAPITAL AND COMBINED CAPITAL

The share capital balance as at 30 September 2020 in the condensed consolidated statement of financial position represented the issued share capital of the Company. Details of the authorised and issued and fully paid share capital of the Company are summarised as follows:

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
As at 31 July 2018 (date of incorporation) (Note a)	38,000,000	380
Increase in authorised share capital (Note c)	9,962,000,000	99,620
<hr/>		
As at 30 September 2020	10,000,000,000	100,000
<hr/>		
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
As at 31 July 2018 (date of incorporation)	1	—*
Issue of shares (Note b)	9,999	—*
<hr/>		
As at 30 September 2020	10,000	—*
<hr/>		

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

Notes:

- (a) On 31 July 2018, the Company was incorporated in the Cayman Islands with limited liability and with an authorised share capital of HK\$380,000 divided into 38,000,000 shares. On the same date, one fully-paid share was allotted and issued to the initial subscriber to the memorandum and articles of association of the Company, which was subsequently transferred to New Brilliance on the same day.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

19. SHARE CAPITAL AND COMBINED CAPITAL (Continued)

Notes: (Continued)

- (b) On 21 September 2020, the Company acquired all the issued shares of Lion Brave, Sheen Cedar and Lofty Wisdom, respectively, from New Brilliance (as vendor and warrantor) in consideration of which the Company allotted and issued 9,999 shares, credited as fully-paid, to New Brilliance. After the aforesaid transaction, the Company became the holding company of Lion Brave, Sheen Cedar and Lofty Wisdom.
- (c) On 21 September 2020, the Company resolved to increase its authorised share capital from HK\$380,000 divided into 38,000,000 shares of par value HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 shares of par value HK\$0.01 each by the creation of an additional 9,962,000,000 shares of par value HK\$0.01 each.

Combined capital

Combined capital as at 31 March 2020 represents the aggregate of the paid-up capital of the Company, Lion Brave, Sheen Cedar and Lofty Wisdom hold by Mr. KK Tsui, the Controlling Shareholder.

20. CAPITAL COMMITMENT

	As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	4,393	4,018

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

21. JOINT OPERATION

As at 30 September 2020 and 31 March 2020, the Company had interests in the following principal joint operations:

Name of joint operation	Form of business structure	Place of operation	Attributable interests to the Company		Principal activities
			30 September 2020	31 March 2020	
Leader Civil-Richwell Engineering Joint Venture	Unincorporated	Hong Kong	-	45%	Civil engineering
Leader Civil-Richwell Engineering Joint Venture	Unincorporated	Hong Kong	96%	96%	Civil engineering
Leader Civil-Richwell Engineering Joint Venture	Unincorporated	Hong Kong	49%	49%	Civil engineering
Build King-Richwell Engineering Joint Venture	Unincorporated	Hong Kong	49%	49%	Civil engineering
Build King-Richwell Engineering Joint Venture	Unincorporated	Hong Kong	40%	40%	Civil engineering
Build King-Richwell Engineering Joint Venture	Unincorporated	Hong Kong	30%	30%	Civil engineering
Build King-Richwell Civil Joint Venture	Unincorporated	Hong Kong	30%	-	Civil engineering

The Directors are of the view that entering into the above joint operations is an important marketing and expanding strategy in developing the Group's construction business. For the six months ended 30 September 2019 and the six months ended 30 September 2020, the Group's revenue included amounts derived through entering into these joint operations of approximately HK\$68,191,000 and approximately HK\$61,176,000, respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

22. RELATED PARTY TRANSACTIONS

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Short-term lease expenses recognised by the Group:		
Fame Most Limited (Note a)	670	482
Sale of motor vehicle to:		
Mr. Tsui Kai Chun (Note b)	70	–

Note:

- Fame Most Limited is beneficially owned by Mr. KK Tsui, the executive Director.
- Mr. Tsui Kai Chun is the brother of Mr. KK Tsui, the executive Director. The sale proceeds of the motor vehicle to Mr. Tsui Kai Chun was based on the market value. The Group recognised gain on disposal of approximately HK\$70,000.

Compensation of key management personnel

The emoluments of Directors and other members of key management during both periods were as follows:

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Short-term benefits	3,785	3,569
Post-employment benefits	54	54
	3,839	3,623

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

23. SUBSEQUENT EVENTS

Subsequent to 30 September 2020, the following significant events took place:

- a) The shares of the Company were listed on the Stock Exchange on 20 October 2020. Pursuant to the Listing, 160,000,000 and 240,000,000 ordinary shares of HK\$0.01 each of the Company were issued by way of public offer and placing, respectively.
- b) Pursuant to the written resolutions of the then sole shareholder passed on 21 September 2020, subject to the share premium account of the Company being credited as a result of the share offer, the Directors are authorised to allot and issue a total of 1,279,990,000 ordinary shares, by way of capitalisation of the sum of HK\$12,799,900 standing to the credit of the share premium account of the Company, credited as fully paid at par to shareholder on the register of members of the Company at the close of business on 21 September 2020 in proportion to its shareholding in the Company.
- c) Since January 2020, the COVID-19 has impact on the global business environment. Up to the date of this interim report, COVID-19 has resulted in a relatively small impact to the Group. Pending the future development and situation of COVID-19, further changes in economic conditions arising thereof may have impact on the financial results of the Group, the extent of which could not be estimated at this stage. The Group will keep continuous attention on the situation of the COVID-19 and react actively to the impact on its financial performance and operating results.