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GAIN PLUS HOLDINGS LIMITED

德益控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9900)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

INTERIM RESULTS

The board (the “Board”) of directors (the “Directors”) of Gain Plus Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2021 (the “Period”) together with the unaudited comparative figures for the corresponding period in 2020, as follows:

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

For the six months ended 30 September 2021

		Six months ended 30 September	
	Notes	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	3	576,715	470,597
Cost of services		<u>(540,315)</u>	<u>(439,373)</u>
Gross profit		36,400	31,224
Other income, other gains and losses	5	(370)	3,136
Impairment losses under expected credit loss model, net of reversal		(3,361)	(213)
Administrative expenses		(6,178)	(5,312)
Finance costs		<u>(118)</u>	<u>(140)</u>
Profit before taxation		26,373	28,695
Income tax expense	6	<u>(4,387)</u>	<u>(4,663)</u>
Profit and total comprehensive income for the period attributable to owners of the Company	7	<u><u>21,986</u></u>	<u><u>24,032</u></u>
Earnings per share			
Basic (HK cents)	9	<u><u>5.91</u></u>	<u><u>6.46</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	<i>Notes</i>	As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
Non-current assets			
Plant and equipment	<i>10</i>	3,018	1,628
Right-of-use assets	<i>11</i>	389	—
Deposits for acquisition of plant and equipment		20	60
Deferred tax assets		1,499	1,085
		4,926	2,773
Current assets			
Trade and other receivables	<i>12</i>	193,524	93,443
Financial assets at fair value through profit or loss		24,696	—
Contract assets	<i>13</i>	143,972	135,713
Tax recoverable		—	205
Bank balances		55,138	61,838
		417,330	291,199
Current liabilities			
Trade and other payables	<i>14</i>	112,701	68,463
Financial liabilities at fair value through profit or loss		171	—
Tax payable		2,394	—
Bank borrowings		9,227	7,025
Contract liabilities		57,163	121
Lease liabilities		348	208
		182,004	75,817
Net current assets		235,326	215,382
Total assets less current liabilities		240,252	218,155

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

As at 30 September 2021

		As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
	<i>Note</i>		
Non-current liability			
Lease liabilities		<u>135</u>	<u>24</u>
Net assets		<u>240,117</u>	<u>218,131</u>
Capital and reserves			
Share capital	<i>15</i>	3,720	3,720
Reserves		<u>236,397</u>	<u>214,411</u>
Total equity		<u>240,117</u>	<u>218,131</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2021

1. GENERAL INFORMATION

Gain Plus Holding Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 4 July 2017 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the Company’s registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The Company has established a place of business in Hong Kong which is located at Unit 1323A, Level 13, Landmark North, 39 Lung Sum Avenue, Sheung Shui, New Territories, Hong Kong.

The Company acts as an investment holding company and its subsidiaries are principally engaged in the provision of building construction services and repair, maintenance, addition and alteration services (“RMAA Services”). The Company and its subsidiaries are hereafter collectively referred to as the “Group”.

The condensed consolidated interim financial statements has not been audited by the auditor of the Company.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for financial assets/liabilities at fair value through profit or loss which are measured at fair value, as appropriate. Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the unaudited condensed consolidated interim financial statements for the six months ended 30 September 2021 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2021.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2021 for the preparation of the Group’s unaudited condensed consolidated interim financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated interim financial statements.

3. REVENUE

Disaggregation of revenue from contracts with customers

	Six months ended 30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Types of services		
Provision of building construction services	59,499	42,944
Provision of RMAA Services	<u>517,216</u>	<u>427,653</u>
Total	<u>576,715</u>	<u>470,597</u>
Timing of revenue recognition		
Over time	<u>576,715</u>	<u>470,597</u>

4. SEGMENT INFORMATION

The Group focuses primarily on the provision of building construction services and RMAA Services in Hong Kong. The operation of the Group constitutes one single operating and reportable segment. The management of the Group, being the chief operating decision maker of the Group, reviews the revenue and operating results of the Group as a whole to make decisions about resource allocation and performance assessment and accordingly no separate segment information is prepared other than entity-wide disclosure.

5. OTHER INCOME, OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Other income:		
Loans interest income	76	—
Bank interest income	1	61
Investment interest income	388	—
Handling income	28	44
Government grants	—	2,963
Gain on disposals of plant and equipment	<u>158</u>	<u>68</u>
	<u>651</u>	<u>3,136</u>
Other gain and losses:		
Net realised gain on financial liabilities at fair value through profit or loss (“FVTPL”)	256	—
Net unrealised gain on financial liabilities at FVTPL	27	—
Net unrealised loss on financial assets at FVTPL	<u>(1,304)</u>	<u>—</u>
	<u>(1,021)</u>	<u>—</u>
Total other income, other gains and losses	<u>(370)</u>	<u>3,136</u>

6. INCOME TAX EXPENSE

	Six months ended 30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong Profits Tax	4,801	4,788
Deferred tax	<u>(414)</u>	<u>(125)</u>
Income tax expense	<u>4,387</u>	<u>4,663</u>

Hong Kong Profits Tax has been provided at the rate of 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million for both periods.

7. PROFIT FOR THE PERIOD

Six months ended	
30 September	
2021	2020
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)

Profit for the period is arrived at after charging:

Depreciation of right-of-use assets	129	368
Depreciation of plant and equipment	<u>769</u>	<u>564</u>

8. DIVIDENDS

No dividend were paid, declared or proposed for the six months ended 30 September 2021 (six months ended 30 September 2020: Nil).

9. EARNINGS PER SHARE

Six months ended	
30 September	
2021	2020
(Unaudited)	(Unaudited)

Profit and total comprehensive income for the period attributable to owners of the Company for the purpose of calculating basic earnings per share (HK\$'000)	21,986	24,032
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share ('000)	372,000	372,000
Basic earnings per share (in HK cents)	<u>5.91</u>	<u>6.46</u>

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

10. MOVEMENTS IN PLANT AND EQUIPMENT

	Leasehold improvement <i>HK\$'000</i>	Plant and machinery <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Motor vehicle <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST					
At 1 April 2020	185	1,272	612	4,531	6,600
Additions	3	—	—	78	81
Disposals	—	—	—	(255)	(255)
At 31 March 2021 (audited)	188	1,272	612	4,354	6,426
Additions	19	—	—	2,140	2,159
Disposals	—	—	—	(787)	(787)
At 30 September 2021 (unaudited)	<u>207</u>	<u>1,272</u>	<u>612</u>	<u>5,707</u>	<u>7,798</u>
DEPRECIATION					
At 1 April 2020	185	445	441	2,847	3,918
Provided for the year	2	255	114	753	1,124
Eliminated on disposals	—	—	—	(244)	(244)
At 31 March 2021 (audited)	187	700	555	3,356	4,798
Provided for the period	3	127	21	618	769
Eliminated on disposals	—	—	—	(787)	(787)
At 30 September 2021 (unaudited)	<u>190</u>	<u>827</u>	<u>576</u>	<u>3,187</u>	<u>4,780</u>
CARRYING VALUES					
At 30 September 2021 (unaudited)	<u>17</u>	<u>445</u>	<u>36</u>	<u>2,520</u>	<u>3,018</u>
At 31 March 2021 (audited)	<u>1</u>	<u>572</u>	<u>57</u>	<u>998</u>	<u>1,628</u>

11. MOVEMENT OF RIGHT-OF-USE ASSETS

	Motor vehicle <i>HK\$'000</i>	Leased property <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 30 September 2021 (unaudited)			
Carrying amount	<u>—</u>	<u>389</u>	<u>389</u>
At 31 March 2021 (audited)			
Carrying amount	<u>—</u>	<u>—</u>	<u>—</u>
For the six months ended 30 September 2021 (unaudited)			
Depreciation charge	<u>—</u>	<u>129</u>	<u>129</u>
For the year ended 31 March 2021 (audited)			
Depreciation charge	<u>242</u>	<u>291</u>	<u>533</u>

12. TRADE AND OTHER RECEIVABLES

The following is an ageing analysis of trade receivables presented based on date of works certified at the end of the reporting periods, net of allowance for credit losses.

	30 September 2021 <i>HK\$'000</i> (Unaudited)	31 March 2021 <i>HK\$'000</i> (Audited)
1–30 days	117,065	31,702
31–60 days	21,892	16,180
61–90 days	11,556	1,311
Over 90 days	<u>3,873</u>	<u>968</u>
Trade receivables	154,386	50,161
Less: Allowance for credit losses	<u>(4,442)</u>	<u>(1,541)</u>
Trade receivables, net	149,944	48,620
Other receivables	<u>43,580</u>	<u>44,823</u>
	<u>193,524</u>	<u>93,443</u>

As at 30 September 2021, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$36,213,000 (31 March 2021: HK\$17,844,000) which are past due as at the reporting date. Out of the past due balances, HK\$3,759,000 (31 March 2021: HK\$873,000) has been past due 90 days or more and is not considered as in default since the Group is still engaging with those corresponding debtors in active projects or the Group considers good cooperation relationships with these debtors exist and with good repayment record. The Group does not hold any collateral over these balances.

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group's management closely monitors the credit quality of debtors and considers the debtors that are past due but not impaired to be of a good credit quality. Based on the payment pattern of the customers of the Group, debtors that are past due but not impaired are generally collectible.

13. CONTRACT ASSETS

	30 September 2021	31 March 2021
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Analysed as current:		
Retention receivables of construction contracts (<i>note a</i>)	9,177	7,738
Unbilled revenue of construction contracts (<i>note b</i>)	140,870	133,590
Less: Allowance for credit losses	<u>(6,075)</u>	<u>(5,615)</u>
	<u>143,972</u>	<u>135,713</u>

Notes:

- (a) Retention receivables included in contract assets represent the Group's right to receive consideration for work performed and not yet billed because the rights are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the expiry date of the period for the provision of assurance by the Group on the service quality of the construction work performed by the Group. As at 30 September 2021, the due dates for retention receivables are one to two years (31 March 2021: one to two years) after the completion of construction work.
- (b) Unbilled revenue included in contract assets represents the Group's right to receive consideration for work completed but not yet billed because the rights are conditional upon the satisfaction by the customers on the construction work completed by the Group and the work is pending for the certification by the customers. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the time the Group obtains the certification of the completed construction work from the customers.

14. TRADE AND OTHER PAYABLES

The following is an ageing analysis of trade payables presented based on the invoice dates at the end of the reporting periods:

	30 September 2021	31 March 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
1–30 days	73,472	36,574
31–60 days	9,019	3,122
61–90 days	7,961	3,757
Over 90 days	<u>10,518</u>	<u>12,477</u>
Trade payables	100,970	55,930
Other payables	<u>11,731</u>	<u>12,533</u>
	<u>112,701</u>	<u>68,463</u>

As at 30 September 2021, all the retention payables were aged within one to two years (31 March 2021: aged within one to two years).

15. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2020, 31 March 2021 and 30 September 2021	<u>780,000,000</u>	<u>7,800</u>
Issued and fully paid:		
At 1 April 2020, 31 March 2021 and 30 September 2021	<u>372,000,000</u>	<u>3,720</u>

16. SHARE OPTION SCHEME

The Company's share option scheme (the "Share Option Scheme") was adopted pursuant to a resolution passed on 23 January 2018; amended and modified by the resolutions of the Board on 16 December 2019, for the primary purpose of providing incentives to Directors and eligible employees. Under the scheme, the Directors of the Company may grant options to eligible employees, including Directors of the Company and its subsidiaries, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside third parties for settlement in respect of goods or services provided to the Company. Details of the Share Option Scheme are disclosed in the Directors' Report of 2021 annual report dated 22 June 2021.

During the six months ended 30 September 2021, the Group did not granted any share option under the Share Option Scheme of the Company (six months ended 30 September 2020: nil).

17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

a. Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

	Fair value as at			
	30 September	31 March	Fair value	Valuation technique
	2021	2021	hierarchy	and key input
	<i>HK\$'000</i>	<i>HK\$'000</i>		
	(unaudited)	(audited)		
Financial assets at FVTPL				
Equity-linked notes	24,696	—	Level 3	Monte Carlo Simulation Key unobservable inputs: Volatility, drift rate and discount rate
Financial liabilities at FVTPL				
Short position in listed equity securities	171	—	Level 1	Quoted ask prices in an active market

There were no transfers between Level 1, 2 and 3 in both periods.

The fair value of equity-linked notes is determined as the average of the results based on substantial number of iterations of the underlying assets by Monte Carlos Simulation. Key unobservable inputs include volatility, drift rate and discount rate, the higher volatility and discount rate, the lower the fair value and the higher drift rate, the higher the fair value.

The fair value of short position in listed equity securities is measured based on the quoted ask price as at the end of the reporting period, being the last trading date of the options at the end of the reporting period.

17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

b. Reconciliation of Level 3 fair value measurements of financial assets

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Equity-linked notes		
At 1 April	—	—
Purchase	26,000	—
Total loss:		
— In profit or loss	<u>(1,304)</u>	<u>—</u>
At 30 September (unaudited)	<u>24,696</u>	<u>—</u>

Note: The loss arising from the remeasurement are presented in the “other income, other gains and losses” line item in the unaudited condensed consolidated statement of profit or loss.

c. Pledge of financial instruments

Financial instrument amounted \$24.7 million has been pledged for bank borrowings.

18. RELATED PARTY TRANSACTIONS

Other than the transactions and balances disclosed elsewhere in the unaudited condensed consolidated interim financial statements, the Group had the following transactions with related parties during the periods:

(i) Transactions

	Six months ended 30 September	
	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Purchases of materials from:		
Victor Link Trading Limited (<i>note a</i>)	<u>85</u>	<u>134</u>
Management fee expenses to:		
PFH Management Services Limited (<i>note b</i>)	<u>50</u>	<u>—</u>

Notes:

- a. The Group’s related party transactions were carried out in accordance with the terms and conditions mutually agreed by the contracting parties. Mr. Tsang Chiu Kwan and Mr. Tsang Man Ping are the then common directors and ultimate controlling parties of Victor Link Trading Limited (Mr. Tsang Man Ping resigned as an executive Director of the Company on 30 June 2021).
- b. The Group’s related party transactions were carried out in accordance with the terms and conditions mutually agreed by the contracting parties. Mr. Lau Ka Ho is the common director of PFH Management Services Limited.

18. RELATED PARTY TRANSACTIONS (CONTINUED)

(ii) Compensation of key management personnel

The remuneration of key management personnel (including the Directors of the Company) of the Group during the periods are as follows:

	Six months ended	
	30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Short-term benefits	<u>2,478</u>	<u>2,036</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The principal activity of the Company, is investment holding. Our Group is an established construction contractor in Hong Kong founded in 2004, principally engaged in subcontracting works, providing RMAA Services and building construction services. Our RMAA Services include general upkeep, restoration and improvement of existing facilities and components of buildings and their surroundings; and our building construction services primarily consist of building works and civil works for new buildings such as columbarium blocks, demolition of staff quarters, road enhancement works and lift tower.

Looking forward, the Directors of the Company consider that the future opportunities and challenges which the Group face will be affected by uncertainty to construction industry due to the continuous outbreak of coronavirus disease (“COVID-19”) and the availability of construction projects from the public and private sectors in Hong Kong.

Our Group stays positive about the prospect of the construction market and will continue to focus on our core business.

FINANCIAL REVIEW

Revenue

Our revenue increased from approximately HK\$470.6 million for the six months ended 30 September 2020 to approximately HK\$576.7 million for the six months ended 30 September 2021 (the “Period”). The increase was mainly attributable to the increase in revenue derived from the provision of RMAA services due to more projects were started in 2021.

In 30 September 2020, majority of contract value was recognised as revenue in previous years. It leads to the decrease for the six months ended 30 September 2020.

Cost of Services

Our cost of services increased from approximately HK\$439.4 million for the six months ended 30 September 2020 to approximately HK\$540.3 million for the Period, which is in line with the increase in revenue for the Period comparing with the figures for the six months ended 30 September 2020.

Gross Profit

Our gross profit increased from approximately HK\$31.2 million for the six months ended 30 September 2020 to approximately HK\$36.4 million for the Period. Our gross profit margin decreased from approximately 6.6% for the six months ended 30 September 2020 to approximately 6.3% for the Period. Such decrease was mainly attributable to the decrease in the gross profit margin of the provision of RMAA services.

Other Income, Other Gains and Losses

Our other income, other gains and losses decreased from approximately HK\$3.1 million gains for the six months ended 30 September 2020 to approximately HK\$0.4 million losses for the Period. The decrease was mainly due to no government grants and other subsidies was recognised during the Period.

Administrative Expenses

Our Group's administrative expenses increased from approximately HK\$5.3 million for the six months ended 30 September 2020 to approximately HK\$6.2 million for the Period. The increase was mainly due to the increase in staff costs.

Finance Costs

Our Group's finance costs decreased slightly by approximately HK\$22,000 for the Period, which was mainly due to the decrease in interest on bank borrowings.

Income Tax Expense

The income tax expenses decreased by approximately HK\$0.3 million for the Period. Our effective tax rate was approximately 18.2% for the Period (for the six months ended 30 September 2020: approximately 16.7%), which was similar to the statutory tax rate of 16.5%.

Profit for the Period

Our Group's net profit decreased from approximately HK\$28.7 million for the six months ended 30 September 2020 to approximately HK\$26.4 million for the Period. Such decrease was mainly due to the increase in the impairment losses under expected credit loss model, net of reversal on trade receivables and contract assets by approximately HK\$3.1 million.

Liquidity and Financial Resources

The Group maintained a sound financial position during the Period. As at 30 September 2021, the Group had a bank balances of approximately HK\$55.1 million (31 March 2021: approximately HK\$61.8 million). The total interest-bearing borrowings, including lease liabilities and bank borrowings, of the Group as at 30 September 2021 was approximately HK\$9.7 million (31 March 2021: approximately HK\$7.3 million), and the current ratio as at 30 September 2021 was approximately 2.3 (31 March 2021: approximately 3.8).

As at 30 September 2021, bank balances, bank borrowings and lease liabilities were denominated in Hong Kong Dollars.

Gearing Ratio

The gearing ratio of the Group as at 30 September 2021 was approximately 4.0% (31 March 2021: approximately 3.3%). Such increase was primarily attributable to the increase in lease liabilities and bank borrowings. The gearing ratio is calculated by dividing the total debt which represents lease liabilities and bank borrowings by total equity as at the end of the reporting periods multiplied by 100%.

Capital Structure

There has been no change in the capital structure of the Company during the Period. The share capital of the Group only comprises of ordinary shares, share premium and capital and other reserves. The Group finances its working capital requirements mainly through a combination of its cash flows generated from operations, borrowings and proceeds from share offer.

Commitment

The operating lease commitment of the Group was related to the lease of its office, workshops and warehouses.

The capital commitment of the Group was capital expenditure in respect of the acquisition of plant and equipment contracted for but not provided in the unaudited condensed consolidated interim financial statements. As at 30 September 2021, the amount was approximately HK\$0.4 million (31 March 2021: approximately HK\$1.7 million).

Segment Information

Segment information is disclosed in note 4 of the notes to the unaudited condensed consolidated interim financial statements.

Future Plans for Material Investment and Capital Assets

The Group did not have any other plans for material investment and capital assets.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

During the Period, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

Significant Investment

As at 30 September 2021, the Group did not hold any significant investment.

Contingent Liabilities

As at 30 September 2021, the Group did not have material contingent liabilities.

Exposure to Exchange Rate Fluctuation

The Group's revenue generating operations are mainly transacted in Hong Kong Dollars. The Directors consider that the impact of foreign exchange exposure to the Group is minimal.

Charge of Group's Assets

As at 30 September 2021, the Group had pledged financial assets at fair value through profit or loss of approximately HK\$24.7 million (31 March 2021: nil) for bank borrowings.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2021, the Group had a total of 206 employees (31 March 2021: 289 employees). The Group's gross staff costs for the Period amounted to approximately HK\$29.1 million (six months ended 30 September 2020: HK\$29.2 million). To ensure that the Group is able to attract and retain Directors and staff capable of attaining the best performance levels, remuneration packages are reviewed on a regular basis. In addition, discretionary bonus is offered to eligible employees by reference to the Group's results and individual performance. There was no forfeited contribution under Mandatory Provident Fund Scheme during the Period. We provide various types of trainings to our employees and sponsor our employees to attend training courses.

USE OF PROCEEDS

The final offer price for the GEM Listing was HK\$0.80 per share, and the actual net proceeds from the GEM Listing were approximately HK\$51.8 million, after deducting the listing-related expenses of approximately HK\$22.6 million (of which, approximately HK\$15.6 million and HK\$7.0 million are recognised in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of changes in equity, respectively). This amount was higher than the estimated net proceeds of approximately HK\$44.1 million, which was based on a mid-point offer price of HK\$0.70 per share, as disclosed in the GEM Prospectus. In light of the difference between the actual and estimated amount of the net proceeds, the Group has adjusted the use of proceeds, applying all surplus proceed to obtain surety bonds, as shown in the GEM Prospectus:

	Adjusted use of net proceeds <i>HK\$ million</i>	Planned use of net proceeds from Listing Date to 30 September 2021 <i>HK\$ million</i>	Actual use of net proceeds up to 30 September 2021 <i>HK\$ million</i>
The recruitment and retaining of additional staff	21.2	21.2	21.2
The surety bond	23.7	16.0	15.0
Purchase of machineries and motor vehicles	2.9	2.9	2.9
Working capital	<u>4.0</u>	N/A	<u>4.0</u>
Total	<u><u>51.8</u></u>		<u><u>43.1</u></u>

The net proceeds are designated for the purposes in accordance with disclosures in the GEM Prospectus. Up to 30 September 2021, the actual use of net proceeds was delayed mainly due to the fact that only two projects awarded required surety bonds to be provided from GEM Listing date.

The Company intends to continue to apply the unused amount of net proceeds allocated for surety bond of approximately HK\$8.7 million for the same purpose up to year ending 31 March 2022 in accordance with the section headed “Future Plans and Use of Proceeds” of the GEM Prospectus.

OTHER INFORMATION

CORPORATE GOVERNANCE CODE

The Company endeavors to adopt prevailing best corporate governance practices. During the Period, the Company had complied with the code provisions set out in the Corporate Governance Code (the “CG Code”) as contained in Appendix 14 of the Listing Rules apart from the code provision A.2.1 as disclosed below.

Under code provision A.2.1 of the CG Code, the role of chairman and chief executive should be separate and should not be performed by the same individual. The positions of Chairman and Chief Executive Officer of the Company are held by Mr. Tsang Chiu Kwan (“Mr. CK Tsang”), who has in-depth industry experience and knowledge about the operation and management of the business of the Company. Mr. CK Tsang is responsible for the overall strategic planning and business development as well as executing the overall operation of the Group. The Board believes that this arrangement enhances the effective and efficient planning and implementation of business decisions and strategies under the strong and consistent leadership, and would be overall beneficial to the management and development of the Group’s business.

CODE OF CONDUCT FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “Model Code”). The Company had also made specific enquiry of all the Directors and each of them was in compliance with the Model Code during the Period and up to the date of this announcement.

Pursuant to B.13 of the Model Code, the Directors have also requested all employees of the Company or director or employee of subsidiary of the Company who, because of his/her office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he/she would be prohibited from dealing by the Model Code as if he/she were a Director.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the Period and up to the date of this announcement.

DIVIDEND

No interim dividend has been declared in respect of the six months ended 30 September 2021 (six months ended 30 September 2020: Nil).

DIRECTORS' INTERESTS IN COMPETING INTERESTS

For the Period, the Directors were not aware of any business or interest of the Directors, the controlling shareholders, and their respective close associates (as defined under the Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

A deed of non-competition dated 16 December 2019 was entered into by the controlling shareholders in favour of the Company (for itself and as trustee for its subsidiaries), details of which are set out in the section headed “Relationship with Controlling Shareholders” of the listing documents dated 16 December 2019 for Transfer of Listing.

EVENTS AFTER THE PERIOD

There are no material subsequent events undertaken by the Company or by the Group after 30 September 2021.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) has been established on 23 January 2018 with written terms of reference, which revised with effective from 30 December 2019, in compliance with Rule 3.21 of the Listing Rules. The primary duties of the Audit Committee are, among other things, to review and supervise the Group’s financial reporting process, to nominate and monitor the Company’s external auditor, and to oversee the risk management and internal control systems of the Company. The Audit Committee comprises three independent non-executive Directors, namely Mr. Chen Yeung Tak, as the chairman of the Audit Committee, Mr. So Chun Man and Ms. Li Amanda Ching Man. The Audit Committee has reviewed the unaudited condensed consolidated interim financial statements of the Company for the Period and is of the opinion that such results complied with the applicable accounting standards and the requirements under the Listing Rules, and that adequate disclosures have been made.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Company (www.doublegain.hk) and the Stock Exchange (www.hkexnews.hk). The Company's interim report for the six months ended 30 September 2021 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and will be available on the above websites in due course.

By Order of the Board
Gain Plus Holdings Limited
Lau Ka Ho

Executive Director and Company Secretary

Hong Kong, 25 November 2021

As at the date of this announcement, the executive Directors are Mr. Tsang Chiu Kwan and Mr. Lau Ka Ho, and the independent non-executive Directors are Mr. So Chun Man, Mr. Chen Yeung Tak and Ms. Li Amanda Ching Man.