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LANDRICH HOLDING LIMITED

譽樂豐控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2132)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

RESULTS

The board (the “**Board**”) of directors (the “**Director(s)**”) of Landrich Holding Limited (the “**Company**”) announces the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2021 together with the comparative figures for the last corresponding period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2021

		Six months ended	
		30 September	
	<i>Notes</i>	2021	2020
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	479,108	219,494
Direct costs		(431,023)	(197,237)
Gross profit		48,085	22,257
Other income	4	941	11,839
Administrative and other operating expenses		(13,865)	(12,175)
Finance costs	5	(298)	(385)
Profit before income tax	7	34,863	21,536
Income tax expense	6	(6,250)	(1,764)
Profit and total comprehensive income for the period		28,613	19,772
Earnings per share			
Basic and diluted (HK cents)	8	1.79	1.65

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

		As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		26,342	29,965
Deposit and prepayment		471	–
Deposits for acquisition of property, plant and equipment		647	2,802
Right-of-use assets		9,339	3,609
		<hr/> 36,799	<hr/> 36,376
Current assets			
Trade receivables	<i>10</i>	45,064	56,515
Other receivables, deposits and prepayments	<i>11</i>	17,492	13,634
Contract assets	<i>12</i>	225,783	132,222
Tax recoverable		2,410	2,410
Pledged bank deposits		19,012	8,000
Bank balances and cash		98,317	121,782
		<hr/> 408,078	<hr/> 334,563
Total assets		<hr/> 444,877	<hr/> 370,939
Current liabilities			
Trade and other payables	<i>13</i>	102,062	108,499
Contract liabilities	<i>12</i>	49,212	12,130
Borrowings		17,339	11,551
Lease liabilities		4,136	1,851
Dividend payable		5,000	–
Current tax liabilities		8,762	4,434
		<hr/> 186,511	<hr/> 138,465

	<i>Notes</i>	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Net current assets		<u>221,567</u>	<u>196,098</u>
Total assets less current liabilities		<u>258,366</u>	<u>232,474</u>
Non-current liabilities			
Lease liabilities		4,045	1,766
Deferred tax liabilities		<u>3,060</u>	<u>3,060</u>
		<u>7,105</u>	<u>4,826</u>
Net assets		<u><u>251,261</u></u>	<u><u>227,648</u></u>
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	<i>14</i>	16,000	16,000
Reserves		<u>235,261</u>	<u>211,648</u>
Total equity		<u><u>251,261</u></u>	<u><u>227,648</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands as an exempted company, and registered in the Cayman Islands with limited liability on 31 July 2018. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 20 October 2020 (the “**Listing**”). Its immediate and holding company is New Brilliance Enterprises Limited (“**New Brilliance**”), a private limited company incorporated in the British Virgin Islands and wholly-owned by Mr. Tsui Kai Kwong (“**Mr. KK Tsui**”), the controlling shareholder of the Company (the “**Controlling Shareholder**”), an executive Director and the chairman of the Company. The address of the registered office of the Company is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and the address of the principal place of business in Hong Kong is 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.

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 Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

This condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company.

2. 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 Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated 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 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 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 39, HKFRS 4,
HKFRS 7, HKFRS 9 and HKFRS 16
Amendment to HKFRS 16

Interest Rate Benchmark Reform – Phase 2

Covid-19-Related Rent Concessions beyond 30 June 2021

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.

3. REVENUE AND SEGMENT INFORMATION

Revenue from external customers

	Six months ended 30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Recognised over time:		
Contract income from provision of construction engineering works	479,108	219,494

Geographical information

The Group principally operates in Hong Kong, which is also its place of domicile. 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.

4. OTHER INCOME

	Six months ended 30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Government subsidies (<i>Note</i>)	–	10,244
Gain on disposals of property, plant and equipment	271	871
Interest income	5	89
Others	665	635
	941	11,839

Note: Government subsidies mainly comprises of Employment Support Scheme, an one-off subsidy from Construction Sector and Transport Department under Anti-epidemic Fund of the Hong Kong SAR Government due to the novel coronavirus (the "COVID-19") pandemic.

5. FINANCE COSTS

	Six months ended 30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest expenses on		
– Bank overdrafts	172	187
– Bank loans	15	183
– Lease liabilities	111	15
	298	385

6. INCOME TAX EXPENSE

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax:		
– Current tax	<u>6,250</u>	<u>1,764</u>

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

The two-tiered profits tax rates regime was applicable to the Group for the six months ended 30 September 2021 and 2020.

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 2021 (six months ended 30 September 2020: 16.5%).

7. PROFIT BEFORE INCOME TAX

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit before income tax has been arrived at after charging:		
Depreciation of property, plant and equipment	5,192	2,763
Depreciation of right-of-use assets	1,206	450
Listing expenses	–	1,933

8. 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	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to owners of the Company for the purpose of basic earnings per shares	<u>28,613</u>	<u>19,772</u>
Number of Shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (<i>in thousand</i>)	<u>1,600,000</u>	<u>1,200,000</u>

The weighted average number of ordinary shares for the purpose of basic earnings per share for the six months ended 30 September 2021 was derived from 1,600,000,000 ordinary shares in issue by the Company.

The weighted average number of ordinary shares for the purpose of the basic earnings per share for the six months ended 30 September 2020 was derived from 1,200,000,000 ordinary shares in issue as if these 1,200,000,000 ordinary shares were outstanding throughout the period.

No diluted earnings per share is presented as there were no potential dilutive shares in issue for the six months ended 30 September 2021 and 2020.

9. DIVIDENDS

During the six months ended 30 September 2021, a final dividend of HK\$0.3125 cents per ordinary share, in aggregate amounting to HK\$5,000,000, in respect of the year ended 31 March 2021 (six months ended 30 September 2020: Nil) was declared and approved by the shareholders of the Company.

For the six months ended 30 September 2020, prior to the corporate reorganisation pursuant to which the Company became the holding company of the Group on 21 September 2020 (the “**Reorganisation**”), certain subsidiaries of the Company, had declared dividends of HK\$18,000,000 to their then shareholders. 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 announcement.

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Dividend recognised as distribution:		
Final dividend payable (HK\$0.3125 cents per ordinary share)	5,000	–
Interim dividends paid	–	18,000
	=====	=====

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: Nil).

10. TRADE RECEIVABLES

	As at	As at
	30 September	31 March
	2021	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade receivables	45,969	57,420
Less: Loss allowance	(905)	(905)
	=====	=====
	45,064	56,515

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, net of loss allowance, presented based on the payment certificate date at the end of the reporting period:

	As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
0-30 days	27,665	41,837
31-60 days	7,744	5,874
61-90 days	1,383	365
Over 90 days	8,272	8,439
	<u>45,064</u>	<u>56,515</u>

As at 30 September 2021, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK\$17,399,000 (31 March 2021: approximately HK\$12,496,000) which are past due as at the reporting date. Out of the past due balances, approximately HK\$7,121,000 (31 March 2021: approximately HK\$4,563,000) has been past due 90 days or more and is not considered as in default based on good payment history and the Group is still engaging with the debtors in an active projects. The Group does not charge interest nor hold any collateral over these balances.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
Other receivables	4,871	3,189
Other deposits	6,780	4,334
Prepayments	4,295	4,500
Utility deposits	1,546	1,611
	<u>17,492</u>	<u>13,634</u>

Included in other receivables of the Group as at 30 September 2021 was amount due from a partner of joint operations of approximately HK\$127,000 (31 March 2021: approximately HK\$1,138,000).

12. CONTRACT ASSETS AND CONTRACT LIABILITIES

	As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
Contract assets	<u>225,783</u>	<u>132,222</u>
Contract liabilities	<u>49,212</u>	<u>12,130</u>

Contract assets

Amounts represent the Group's rights 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 for the certification by the customers; or (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. Contract assets are reclassified to trade receivables when the rights becomes unconditional.

The Group's contract assets are analysed as follows:

	As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
Retention receivables	49,626	33,694
Others (<i>Note</i>)	<u>176,157</u>	<u>98,528</u>
	<u>225,783</u>	<u>132,222</u>

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.

Changes of contract assets were mainly due to increase in: (i) the amount of retention receivable (generally at certain percentage of total contract sum) in accordance with the number of ongoing and completed contracts under the defect liability period; and (ii) the size and number of contract works that the relevant services were completed but yet certified by architects, surveyors or other representatives appointed by the customers at the end of the reporting period.

Contract liabilities

The contract liabilities represent the Group's obligations to transfer 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 provision of construction engineering works recognised during the six months ended 30 September 2021 that was included in the contract liabilities at the beginning of the period/year was approximately HK\$4,924,000 (31 March 2021: approximately HK\$12,808,000).

13. TRADE AND OTHER PAYABLES

	As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
Trade payables	35,195	48,740
Retention payables (<i>Note</i>)	28,422	24,832
Accruals and other payables	38,445	34,927
	<u>102,062</u>	<u>108,499</u>

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 2021 was amounts due to partners of joint operations of approximately HK\$1,826,000 (31 March 2021: approximately HK\$3,759,000).

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 2021 <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
0-30 days	23,799	44,393
31-60 days	4,542	1,948
61-90 days	4,229	270
Over 90 days	2,625	2,129
	<u>35,195</u>	<u>48,740</u>

14. SHARE CAPITAL

Share capital as at 1 April 2020 represents the aggregate of the paid-up share capital of the Company, Lion Brave Group Limited (“**Lion Brave**”), Sheen Cedar Investments Limited (“**Sheen Cedar**”) and Lofty Wisdom Holdings Limited (“**Lofty Wisdom**”) held by Mr. KK Tsui, the Controlling Shareholder, prior to the Reorganisation.

Details of the movement of the share capital of the Company are as follows:

	<i>Notes</i>	Number of ordinary shares	Share capital HK\$
Ordinary shares of HK\$0.01 each			
Authorised:			
At 1 April 2020	<i>(a)</i>	38,000,000	380,000
Increase in authorised share capital	<i>(c)</i>	9,962,000,000	99,620,000
		<u>10,000,000,000</u>	<u>100,000,000</u>
At 31 March 2021, 1 April 2021 and 30 September 2021			
Issued and fully paid:			
At 1 April 2020	<i>(a)</i>	1	–*
New shares issued for the Reorganisation on 21 September 2020	<i>(b)</i>	9,999	100
Capitalisation Issue	<i>(c)</i>	1,279,990,000	12,799,900
Issue of shares by Share Offer	<i>(d)</i>	320,000,000	3,200,000
		<u>1,600,000,000</u>	<u>16,000,000</u>
At 31 March 2021, 1 April 2021 and 30 September 2021			

* *The amount is less than HK\$1.*

Notes:

- (a) On 31 July 2018, the Company was incorporated in the Cayman Islands as an exempted company with limited liability, the authorised share capital of the Company was HK\$380,000 divided into 38,000,000 ordinary shares of par value HK\$0.01 each at the time of incorporation. One fully-paid ordinary share was issued to the initial subscriber and transferred to New Brilliance on the same date.
- (b) Pursuant to the Reorganisation and as consideration for the acquisition by the Company of all the issued shares of Lion Brave, Sheen Cedar and Lofty Wisdom from New Brilliance on 21 September 2020, 9,999 ordinary shares were allotted and issued to New Brilliance and credited as fully paid.
- (c) On 21 September 2020, pursuant to the resolution of the Company’s then sole shareholder, the Company’s authorised share capital was increased from HK\$380,000 to HK\$100,000,000 by the creation of an additional 9,962,000,000 ordinary shares of par value HK\$0.01 each. Further, the Company allotted and issued a total of 1,279,990,000 new ordinary shares credited as fully paid by way of capitalisation of a sum of HK\$12,799,900 to share premium of the Company (the “**Capitalisation Issue**”) to shareholders whose names appeared on the Company’s register of members on 21 September 2020.
- (d) On 20 October 2020, the shares of the Company were listed on the Stock Exchange. 320,000,000 ordinary shares at an offer price of HK\$0.325 per share were issued upon listing.

All shares allotted and issued during the six months ended 30 September 2021 and the year ended 31 March 2021 rank pari passu in all respect with the existing issued shares.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group has more than 27 years of solid track record in the construction industry in Hong Kong. The Group is able to undertake civil engineering works as either 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.

As at 30 September 2021, the Group had 30 construction projects on hand (including projects in progress and projects that are yet to commence) with a total outstanding contract value of approximately HK\$2,015.6 million. With the projects on hand, it is expected that the performance of the continuation works will remain steady for the coming years.

OUTLOOK

The shares of the Company were listed on the Main Board of the Stock Exchange on 20 October 2020 (the “**Listing Date**”).

During 2021, in view of the fact that COVID-19 further slowed down the construction industry, the operation of the Group was also slightly affected by the reduction in face-to-face business activities and meetings and works progress of the projects. Meanwhile, 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 under the impact of COVID-19. The Group has implemented a series of precautionary and control measures to assure the health and safety of its employees and smooth business operations without interruption. While the situation is dynamically evolving, the Group will continue to (i) proactively monitor the development of COVID-19 and the projects’ progress, and communicate with the suppliers and subcontractors; (ii) maintain close communication with the customers and the other representatives of the project owners on the latest project works schedules and arrangements; and (iii) proactively follow up with the potential customers on the tenders and quotations submitted, and actively respond to any business enquiries, tenders and quotation invitations to maintain the market competitiveness.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately HK\$259.6 million, or approximately 118.3%, from approximately HK\$219.5 million for the six months ended 30 September 2020 to approximately HK\$479.1 million for the six months ended 30 September 2021. The increase in the Group's revenue was primarily driven by the substantial amount of works undertaken in large scale projects during the six months ended 30 September 2021.

Gross profit and gross profit margin

The Group's gross profit increased by approximately HK\$25.8 million, or approximately 115.7%, from approximately HK\$22.3 million for the six months ended 30 September 2020 to approximately HK\$48.1 million for the six months ended 30 September 2021. The Group's gross profit margin slightly decreased from approximately 10.2% for the six months ended 30 September 2020 to approximately 10.0% for the six months ended 30 September 2021. The increase in gross profit was mainly due to the increase in revenue as mentioned above.

Other income

Other income decreased by approximately HK\$10.9 million from approximately HK\$11.8 million for the six months ended 30 September 2020 to approximately HK\$0.9 million for the six months ended 30 September 2021, mainly due to the one-off wages subsidies received from the Employment Support Scheme granted by the Hong Kong SAR Government in response to the COVID-19 during the six months ended 30 September 2020 which was absent for the six months ended 30 September 2021.

Administrative and other operating expenses

Administrative and other operating expenses increased by approximately HK\$1.7 million from approximately HK\$12.2 million for the six months ended 30 September 2020 to approximately HK\$13.9 million for the six months ended 30 September 2021. Setting aside the listing expenses, the adjusted administrative and other operating expenses increased from approximately HK\$10.2 million for the six months ended 30 September 2020 to approximately HK\$13.9 million for the six months ended 30 September 2021. Such increase was primarily due to the increase in staff costs and legal and professional fee after the Listing.

Income tax expense

Income tax expense increased by approximately HK\$4.5 million, from approximately HK\$1.8 million for the six months ended 30 September 2020 to approximately HK\$6.3 million for the six months ended 30 September 2021.

Profit and total comprehensive income for the period

As a result of the foregoing, the Group recorded a profit and total comprehensive income of approximately HK\$28.6 million for the six months ended 30 September 2021, representing an increase of approximately 44.4% as compared with a profit and total comprehensive income of approximately HK\$19.8 million for the six months ended 30 September 2020.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Company's shares were successfully listed on the Main Board of the Stock Exchange on the Listing Date. 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 2021, the Group had net current assets of approximately HK\$221.6 million (31 March 2021: approximately HK\$196.1 million), and bank balances and cash of approximately HK\$98.3 million (31 March 2021: approximately HK\$121.8 million), which were denominated in Hong Kong dollars.

As at 30 September 2021, the Group's total equity attributable to owners of the Company amounted to approximately HK\$251.3 million (31 March 2021: approximately HK\$227.6 million). The Group's total debt comprising interest-bearing bank borrowings and bank overdraft amounted to approximately HK\$17.3 million (31 March 2021: approximately HK\$11.6 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.

CHARGES ON GROUP ASSETS

As at 30 September 2021, the Group had pledged bank deposits of approximately HK\$19.0 million (31 March 2021: approximately HK\$8.0 million) to secure the Group's certain bank facilities.

EVENT AFTER THE REPORTING PERIOD

The Company adopted the share award scheme (the "**Share Award Scheme**") on 22 November 2021. The purpose and the objective of the Share Award Scheme are (i) to recognise the contributions by certain employee (including without limitation any executive Director) of any member of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. Subject to any early termination, the Share Award Scheme shall be valid and effective for a term of 10 (ten) years commencing on the adoption date.

Pursuant to the Share Award Scheme, any awarded shares shall be either (i) existing shares purchased by the trustee of the Share Award Scheme on the Stock Exchange; or (ii) new shares to be allotted and issued to the trustee (which will hold the same on behalf of the selected employee(s)) by the Company pursuant to the general mandate granted by the shareholders at the annual general meeting of the Company from time to time. Subject to the rules of the Share Award Scheme, in the event that any awarded shares are to be allotted and issued as new shares under the general mandate, the Company shall comply with the relevant Listing Rules when allotting and issuing any new shares under general mandate and application shall be made to the Stock Exchange for the granting of the listing of, and permission to deal in the new shares to be issued at the time of offering the shares. The Company shall comply with all requirements of the Listing Rules when making any grant of awarded shares under the Share Award Scheme.

Pursuant to the Share Award Scheme, the Board shall not make any further award which will result in the nominal value of the shares awarded by the Board pursuant to the Share Award Scheme exceeding 10% of the total number of issued shares of the Company from time to time. The maximum number of shares which may be awarded to a selected employee under the Share Award Scheme shall not exceed 1% of the issued shares of the Company from time to time and shall be subject to any other requirement of the Listing Rules.

No grant of awarded shares has been made under the Share Award Scheme since its adoption. For further details of the Share Award Scheme, please refer to the announcement of the Company dated 22 November 2021.

Save as otherwise disclosed in this interim announcement, the Board is not aware of any other significant events requiring disclosure that have taken place subsequent to 30 September 2021 and up to the date of this interim announcement.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2021, the Group had 362 employees (30 September 2020: 304 employees). Total staff costs for the six months ended 30 September 2021 amounted to approximately HK\$82.4 million (six months ended 30 September 2020: approximately HK\$52.3 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.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business strategies as set out in the prospectus of the Company dated 30 September 2020 (the "**Prospectus**") with actual business progress up to 30 September 2021.

Business strategies as stated in the Prospectus	Business objectives up to 30 September 2021	Actual business progress up to 30 September 2021
Finance the Group's existing projects	– Finance the working capital requirement for the Group's three existing projects	The funding costs for the Group's three civil engineering projects at Kwu Tung North, Tsui Ping River and Kwun Tong and the funding had been fully utilised.
Acquire machinery and equipment	– Acquire a truck mounted concrete pump (vertical reach 42m)	The Group has acquired a 49m truck mounted concrete pump.
	– Acquire two mobile cranes (one 50 tonnes and one 90 tonnes)	The Group has acquired two mobile cranes (one 50 tonnes and one 90 tonnes).
	– Acquire two excavators (one 13 tonnes and one 20 tonnes)	The Group has acquired two excavators (one 22 tonnes and one 35 tonnes).
	– Acquire two crane lorries (one 9 tonnes and one 30 tonnes)	The Group has identified suitable machinery and is expected to acquire during the year ending 31 March 2022.
	– Acquire a truck mounted concrete pump (vertical reach 38m)	The Group has identified suitable machinery and is expected to acquire during the year ending 31 March 2022.
Strengthen the Group's manpower	– Recruit one senior project manager, two site agents, two site engineers, one safety and environmental officer, two safety supervisors, one project director, two administration managers, two purchase and plant controllers, one accounting manager and one estimator	The Group has recruited certain project management team members accordingly. However, there was a delay in the recruitment schedule due to availability of suitable candidates and the funding is expected to be fully utilised by 31 March 2023.

Business strategies as stated in the Prospectus	Business objectives up to 30 September 2021	Actual business progress up to 30 September 2021
Upgrade the Group's enterprise information system	– Upgrade existing accounting and administration management system	The Group has acquired certain new hardware and software for system upgrade.
	– Upgrade management information system	The Group is in the course of identifying suitable service providers for the system upgrades and the funding is expected to be fully utilised by 31 March 2023.
	– Apply cloud storage function	The Group has applied the cloud storage function.
Enhance the Group's innovation and productivity	– Adopt building information modelling technology	The Group is in the course of identifying suitable service providers for building the system and the funding is expected to be fully utilised by 31 March 2022.

USE OF PROCEEDS FROM LISTING

The Company's shares were listed on the Main Board of the Stock Exchange on the Listing Date. The net proceeds from the Listing amounted to approximately HK\$57.8 million after deduction of related underwriting commission and expenses in connection with the share offer incurred by the Company for the Listing (the "Net Proceeds").

The below table sets out the proposed and actual applications of the Net Proceeds from the Listing Date up to 30 September 2021:

	Planned use of Net Proceeds as stated in the Prospectus <i>HK\$' million</i>	Actual use of Net Proceeds from the Listing Date up to 30 September 2021 <i>HK\$' million</i>	Unutilised balance of Net Proceeds from the Listing Date up to 30 September 2021 <i>HK\$' million</i>	Expected timeline for utilising the unutilised net proceeds
Finance the Group's existing projects	23.2	23.2	–	N/A
Acquire machinery and equipment	17.9	11.4	6.5	By 31 March 2022
Strengthen the Group's manpower	11.4	3.6	7.8	By 31 March 2023
Upgrade the Group's enterprise information system	2.4	0.6	1.8	By 31 March 2023
Enhance the Group's innovation and productivity	0.9	–	0.9	By 31 March 2022
General working capital	2.0	2.0	–	N/A
Total	<u>57.8</u>	<u>40.8</u>	<u>17.0</u>	

The remaining unutilised Net Proceeds as at 30 September 2021 of approximately HK\$17.0 million were deposited in licensed banks in Hong Kong. The Directors will constantly evaluate the Group's business objectives and specific needs from time to time. As at the date of this interim announcement, the Directors do not anticipate any change as to the use of Net Proceeds.

OTHER INFORMATION

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

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 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 of the Listing Rules as the code of conduct regulating securities transactions by 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 during the six months ended 30 September 2021.

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 during the six months ended 30 September 2021 and up to the date of this interim announcement.

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.

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 2021 are unaudited and 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 2021 comply with applicable accounting standards and the Listing Rules and that adequate disclosures have been made.

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

Hong Kong, 26 November 2021

As at the date of this announcement, the Board comprises Mr. Tsui Kai Kwong, Mr. Tsui Tsz Yeung Ian and Ms. Tsui Wai Yeung Janis as executive Directors; Mr. Lee Yan Kit, Mr. Lee Kin Kee and Mr. Kwong Ping Man as independent non-executive Directors.