



御佳控股有限公司

Royal Deluxe Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code: 3789

Interim Report

2021

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Kei Ming (*Chairman*)
Mr. Wang Yu Hin

Independent Non-executive Directors

Mr. Lai Ah Ming Leon
Mr. Kwong Ping Man
Mr. Sio Kam Seng

BOARD COMMITTEES

Audit Committee

Mr. Kwong Ping Man (*Chairman*)
Mr. Lai Ah Ming Leon
Mr. Sio Kam Seng

Remuneration Committee

Mr. Lai Ah Ming Leon (*Chairman*)
Mr. Kwong Ping Man
Mr. Sio Kam Seng
Mr. Wang Kei Ming

Nomination Committee

Mr. Sio Kam Seng (*Chairman*)
Mr. Lai Ah Ming Leon
Mr. Kwong Ping Man
Mr. Wang Kei Ming

Environmental, Social and Governance Committee

Mr. Kwong Ping Man (*Chairman*)
Mr. Lai Ah Ming Leon
Mr. Sio Kam Seng
Mr. Wang Kei Ming
Mr. Wang Yu Hin

COMPANY SECRETARY

Ms. Yim Sau Ping (*FCPA*)

AUTHORISED REPRESENTATIVES

Mr. Wang Kei Ming
Ms. Yim Sau Ping (*FCPA*)

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Windward 3, Regatta Office Park,
PO Box 1350,
Grand Cayman KY1-1108,
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COMPLIANCE ADVISER

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26th Floor, Siu On Centre,
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LEGAL ADVISER AS TO HONG KONG LAWS

CFN Lawyers in association with Broad and Bright
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Sun Hung Kai Centre,
30 Harbour Road,
Wanchai, Hong Kong

CORPORATE INFORMATION

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit A, 22/F,
T G Place,
10 Shing Yip Street,
Kwun Tong, Kowloon,
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park,
PO Box 1350,
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

DBS Bank (Hong Kong) Limited
Dah Sing Bank, Limited

STOCK CODE

3789

WEBSITE

www.royal-deluxe.com

HIGHLIGHTS

For the six months ended 30 September

	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	Change %
Financial Highlights			
Revenue	274,260	460,050	(40.4%)
Gross profit	44,365	46,969	(5.5%)
Gross profit margin	16.2%	10.2%	58.8%
Profit attributable to owners of the Company	10,214	27,476	(62.8%)

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)	Change %
Financial Position			
Bank balances and cash	32,240	85,873	(62.5%)
Bank borrowings	28,218	42,734	(34.0%)
Financial Ratios			
Current ratio	2.9	2.2	31.8%
Quick ratio	2.9	2.2	31.8%
Gearing ratio	9.9%	15.5%	(36.1%)
Return on equity	7.1%	13.3%	(46.6%)
Return on total assets	5.1%	8.3%	(38.6%)

For the six months ended 30 September

	2021 HK cents (Unaudited)	2020 HK cents (Unaudited)	Change %
Financial Information per share			
Earnings per share – Basic and diluted	0.85	2.29	(62.9%)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2021

		Six months ended 30 September	
		2021	2020
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
	Notes		
Revenue	3	274,260	460,050
Direct costs		(229,895)	(413,081)
Gross profit		44,365	46,969
Other income, other gains and losses, net	4	3,544	17,958
Administration and other operating expenses		(33,198)	(33,575)
(Provision)/reversal of loss allowance on trade and other receivables and contract assets, net		(109)	277
Finance costs	5	(524)	(1,275)
Profit before tax	6	14,078	30,354
Income tax expense	7	(3,873)	(2,881)
Profit and total comprehensive income for the period		10,205	27,473
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		10,214	27,476
Non-controlling interests		(9)	(3)
		10,205	27,473
Earnings per share attributable to owners of the Company		HK cents	HK cents
– Basic and diluted	9	0.85	2.29

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	Notes	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	10	42,110	46,301
Right-of-use assets		35,082	35,898
Club membership		1,188	1,188
Deferred tax assets		284	284
		78,664	83,671
Current assets			
Trade and other receivables	11	42,804	80,407
Contract assets	12	240,350	195,285
Bank balances and cash		32,240	85,873
Current tax recoverable		4,094	4
		319,488	361,569
Total assets		398,152	445,240
Current liabilities			
Trade and other payables	13	76,310	118,447
Lease liabilities		288	280
Borrowings		28,218	42,734
Current tax liabilities		4,290	4,801
		109,106	166,262
Net current assets		210,382	195,307
Total assets less current liabilities		289,046	278,978
Non-current liabilities			
Deferred tax liabilities		112	103
Lease liabilities		50	196
		162	299
Net assets		288,884	278,679
Capital and reserves			
Share capital	14	12,000	12,000
Reserves		276,936	266,722
Equity attributable to owners of the Company		288,936	278,722
Non-controlling interests		(52)	(43)
Total equity		288,884	278,679

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Attributable to owners of the Company				Total	Non-controlling interests	Total equity
	Share capital	Share premium	Special reserve	Retained profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 31 March 2020 (audited)	12,000	100,344	1,020	133,633	246,997	(37)	246,960
Profit and total comprehensive income for the period	-	-	-	27,476	27,476	(3)	27,473
Dividend	-	(5,388)	-	-	(5,388)	-	(5,388)
Balance at 30 September 2020 (unaudited)	12,000	94,956	1,020	161,109	269,085	(40)	269,045
Balance at 31 March 2021 (audited)	12,000	94,956	1,020	170,746	278,722	(43)	278,679
Profit and total comprehensive income for the period	-	-	-	10,214	10,214	(9)	10,205
Balance at 30 September 2021 (unaudited)	12,000	94,956	1,020	180,960	288,936	(52)	288,884

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Cash flows from operating activities		
Cash (used in)/generated from operations	(29,533)	9,087
Interest received	5	41
Interest paid	(501)	(1,349)
Hong Kong Profits Tax refunded	609	10,256
Hong Kong Profits Tax paid	(9,074)	(817)
Net cash (used in)/generated from operating activities	(38,494)	17,218
Cash flows from investing activities		
Purchases of property, plant and equipment	(473)	(9,158)
Increase in restricted bank deposits	(1)	–
Net cash used in investing activities	(474)	(9,158)
Cash flows from financing activities		
Proceeds from borrowings	63,500	57,000
Repayment of borrowings	(78,016)	(59,817)
Repayment of lease liabilities	(150)	(868)
Net cash used in financing activities	(14,666)	(3,685)
Net (decrease)/increase in cash and cash equivalents	(53,634)	4,375
Cash and cash equivalents at the beginning of period	82,858	62,654
Cash and cash equivalents at the end of period	29,224	67,029

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2021

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Royal Deluxe Holdings Limited (the “**Company**”) is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the provision of formwork erection and related ancillary services in Hong Kong. The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the companies law of the Cayman Islands. The addresses of the registered office and the principal place of business of the Company are Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and Unit A, 22nd Floor, T G Place, 10 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong, respectively.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 8 February 2017 (the “**Listing**”). Its parent company and ultimate holding company is Wang K M Limited (“**Wang K M**”), a company incorporated in the British Virgin Islands and is owned to 50% by Mr. Wang Kei Ming (“**Mr. Joseph Wang**”), an executive director of the Company (the “**Director(s)**”), and 50% by Ms. Chao Lai Heng (“**Ms. Chao**”), spouse of Mr. Joseph Wang.

These unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2021 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**”). These unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements of the Group for the year ended 31 March 2021 (the “**2021 Annual Financial Statements**”), which have been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”).

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

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 unaudited condensed consolidated interim financial statements for the six months ended 30 September 2021 are the same as those followed in the preparation of the 2021 Annual Financial Statements.

These unaudited condensed consolidated interim financial statements have been approved for issue by the board (the “**Board**”) of Directors on 26 November 2021.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2021

2. CHANGE IN ACCOUNTING POLICIES

Application of new and 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 period beginning on or after 1 April 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to HKFRS 16	Covid-19 – Related Rent Concessions
Amendment to HKFRS 16	Covid-19 – Related Rent Concessions beyond 30 June 2021

The application of the amendments to HKFRSs in the current 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.

The Group has not early applied any new or amendments to HKFRSs that have been issued by the HKICPA but are not yet effective for the current interim period.

3. REVENUE AND SEGMENT INFORMATION

An analysis of the Group's revenue for the period is as follows:

Disaggregation of revenue from contracts with customers

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Types of goods and services		
– Provision of formwork erection and related ancillary services	262,811	431,431
– Provision of fit-out services	11,449	28,619
	274,260	460,050
Timing of revenue recognition		
– Over time	274,260	460,050

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2021

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information

For the purpose of the Group's resources allocation and performance assessment, the chief operating decision maker (i.e. the Directors) reviews the overall results and financial position of the Group as a whole. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

Geographical information

The Company is domiciled in the Cayman Islands with the Group's major operation located in Hong Kong. All of the Group's revenue from external customers are derived from Hong Kong, the place of domicile of the Group's operating subsidiaries. All the non-current assets of the Group are located in Hong Kong. Accordingly, no geographical information is presented.

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Customer A	118,603	197,484
Customer B	65,102	78,947
Customer C	35,319	–
Customer D	N/A ¹	152,266

¹ The corresponding revenue did not contribute over 10% of the Group's total revenue.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2021

4. OTHER INCOME, OTHER GAINS AND LOSSES, NET

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Other income		
Bank interest income	5	41
Interest income on deposits and prepayments for life insurance policy	–	66
Income from sale of scrap materials	2,376	814
Government grants (<i>Note</i>)	–	13,281
Sundry income	1,163	3,816
	3,544	18,018
Other gains and losses, net		
Net foreign exchange losses	–	(1)
Others	–	(59)
	–	(60)
	3,544	17,958

Note:

Government grants comprised of Government's Anti-epidemic Fund (the "AEF") subsidies for employer in construction sector and Employment Support Scheme (the "ESS") of approximately HK\$10,632,000 and HK\$2,649,000 respectively, which were included in "Other income, other gains and losses, net" for the six months ended 30 September 2020. There was no unfulfilled conditions or contingencies relating to these subsidies amount.

5. FINANCE COSTS

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest on bank borrowings and overdrafts	512	1,184
Interest on lease liabilities	12	91
	524	1,275

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2021

6. PROFIT BEFORE TAX

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Profit before tax has been arrived at after charging:		
Employee benefits expense (<i>Note (i)</i>):		
Salaries and other benefits in kind	40,660	56,982
Discretionary bonuses	5,390	3,035
Contributions to retirement benefit scheme	1,132	1,759
Total employee benefits expense, including Directors' emoluments	47,182	61,776
Amortisation of premium and other expenses charged on life insurance policy	–	22
Auditors' remuneration	598	600
Depreciation of property, plant and equipment (<i>Note (ii)</i>)	4,664	4,176
Depreciation of right-of-use assets (<i>Note (iii)</i>)	816	1,493
Short-term lease expenses in respect of:		
– Land and buildings	61	47
– Plant and equipment	6,524	12,390

Notes:

- (i) During the six months ended 30 September 2021 and 2020, total employee benefits expense amounting to approximately HK\$23,615,000 and HK\$41,243,000, respectively, was included in direct costs and amounting to approximately HK\$23,567,000 and HK\$20,533,000 respectively was included in administration and other operating expenses.
- (ii) During the six months ended 30 September 2021 and 2020, depreciation of property, plant and equipment of approximately HK\$3,047,000 and HK\$2,026,000, respectively, was charged to direct costs and approximately HK\$1,617,000 and HK\$2,150,000, respectively, was charged to administration and other operating expenses.
- (iii) During the six months ended 30 September 2021 and 2020, depreciation of right-of-use assets of nil and approximately HK\$818,000, respectively, was charged to direct costs and approximately HK\$816,000 and HK\$675,000 was charged to administration and other operating expenses.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2021

7. INCOME TAX EXPENSE

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current income tax:		
– Hong Kong Profits Tax	3,864	2,914
Deferred tax	9	(33)
Total income tax expenses recognised in profit or loss	3,873	2,881

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the 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 a flat rate of 16.5%.

For the six months ended 30 September 2021 and 2020, the Hong Kong Profits Tax for one of the subsidiaries of the Company is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2,000,000. Hong Kong Profits Tax for other subsidiaries is calculated at 16.5% of the estimated assessable profits arising in or derived from Hong Kong.

8. DIVIDEND

During the six months ended 30 September 2020, a final dividend of HK0.449 cents per ordinary share, in aggregate amounting to HK\$5,388,000 in respect of the year ended 31 March 2020 was declared and approved by the shareholders of the Company.

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).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2021

9. EARNINGS PER SHARE

For the purpose of these unaudited condensed consolidated interim financial statements, the calculation of the basic earnings per share attributable to owners of the Company is based on:

- (i) the profit attributable to owners of the Company for the respective periods; and
- (ii) the weighted average number of ordinary shares issued during the six months ended 30 September 2021 and the six months ended 30 September 2020 respectively.

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Earnings		
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	10,214	27,476

	Six months ended 30 September	
	2021 '000 (Unaudited)	2020 '000 (Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,200,000	1,200,000

The diluted earnings per share is equal to the basic earnings per share as there is no dilutive potential ordinary share in issue during the respective periods.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2021, the Group acquired items of property, plant and equipment of approximately HK\$473,000 (six months ended 30 September 2020: approximately HK\$9,158,000).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2021

11. TRADE AND OTHER RECEIVABLES

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Trade receivables	40,635	78,100
Less: loss allowance for trade receivables	(64)	(126)
	40,571	77,974
Deposits and other receivables	1,105	1,212
Prepayments	1,145	1,235
Less: loss allowance for deposits and other receivables	(17)	(14)
	42,804	80,407

The Group allows a credit period ranging from 7 to 45 days (31 March 2021: 7 to 45 days) to its customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

The ageing analysis of trade receivables presented based on dates of progress certificates issued by customers, at the end of reporting period, are as follows:

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
0 – 30 days	22,873	43,685
31 – 60 days	4,051	18,507
61 – 90 days	13,286	15,750
91 – 180 days	267	–
Over 180 days	158	158
	40,635	78,100

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2021

12. CONTRACT ASSETS

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Analysed as current:		
Retention receivables of construction contracts (Note (a))	65,352	77,638
Unbilled revenue of construction contracts (Note (b))	176,062	118,543
Less: loss allowance for contract assets	(1,064)	(896)
	240,350	195,285

Notes:

- (a) Retention receivables included in contract assets represent the Group's right to receive consideration for work performed and 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. The due dates for retention receivables are usually 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 trade receivables when the rights become unconditional, which is typically at the time when the Group obtains the certification of the completed construction work from the customers.

The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2021

13. TRADE AND OTHER PAYABLES

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Trade payables	24,021	33,236
Bills payables	5,286	18,840
Retention payables	7,727	9,784
Other payables and accruals	39,276	56,587
	76,310	118,447

The credit period on trade payables is generally 30 to 60 days (31 March 2021: 30 to 60 days).

As at 30 September 2021, included in trade payables was approximately HK\$1,466,000 (31 March 2021: approximately HK\$102,000) payable to a related company, Genuine Treasure Construction Material Limited. Mr. Joseph Wang's close family member is the substantial shareholder and director of Genuine Treasure Construction Material Limited.

As at 30 September 2021, included in trade payables was approximately HK\$2,785,000 (31 March 2021: approximately HK\$3,029,000) payable to a related company, Genuine Treasure Access and Scaffolding Limited. Mr. Joseph Wang's close family member is the substantial shareholder and director of Genuine Treasure Access and Scaffolding Limited.

The ageing analysis of trade payables, presented based on the invoice date, at the end of reporting period, are as follows:

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
0 – 30 days	11,871	23,452
31 – 60 days	7,369	7,084
61 – 90 days	2,732	556
91 – 180 days	739	1,293
Over 180 days	1,310	851
	24,021	33,236

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2021

13. TRADE AND OTHER PAYABLES (CONTINUED)

As at 30 September 2021, bills payables have original maturities of ranging from 120 days to 122 days (31 March 2021: 103 days to 122 days).

Except for retention payables of approximately HK\$4,099,000 as at 30 September 2021 (31 March 2021: approximately HK\$2,487,000) which are expected to be settled after one year, all of the remaining retention payables are expected to be settled within one year.

14. SHARE CAPITAL

	As at 30 September 2021		As at 31 March 2021	
	Number of shares	HK\$'000 (Unaudited)	Number of shares	HK\$'000 (Audited)
Authorised:				
Ordinary shares of HK\$0.01 each	2,000,000,000	20,000	2,000,000,000	20,000
Issued and fully paid:				
Ordinary shares of HK\$0.01 each	1,200,000,000	12,000	1,200,000,000	12,000

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2021

15. RELATED PARTY TRANSACTIONS

(a) Outstanding balances with related parties

Details of outstanding balances with related parties are set out in Note 13 to the unaudited condensed consolidated interim financial statements.

(b) Material related party transactions

The Group entered into the following material related party transactions during the period:

Name of related parties	Nature	Six months ended 30 September	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Genuine Treasure Construction Material Limited (Note (ii))	Purchase of construction materials	–	6,478
	Transportation, logistic and plant hiring charge	3,087	1,143
Genuine Treasure Access and Scaffolding Limited (Note (i))	Scaffolding & equipment rental charge	6,823	11,741
	Transportation and plant hiring charge	–	288

Notes:

- (i) Mr. Joseph Wang's close family member is the substantial shareholder and director of Genuine Treasure Access and Scaffolding Limited.
- (ii) Mr. Joseph Wang's close family member is the substantial shareholder and director of Genuine Treasure Construction Material Limited.
- (iii) The transactions were conducted on terms and conditions mutually agreed between the relevant parties. The Directors are of the opinion that these related party transactions were conducted in the ordinary course of business of the Group.

The related party transactions in respect of items (i) and (ii) above also constitute connected transactions and/or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2021

15. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Compensation of key management personnel

The remuneration of Directors and other members of key management of the Group during the six months ended 30 September 2021 and 2020 are as follows:

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Short-term employee benefits	12,043	11,412
Post-employment benefits	54	54
	12,097	11,466

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

The Group is a major subcontractor specialising in providing concreting formwork works as well as related ancillary services in Hong Kong. In addition, The Group is also specialised in erection of concrete precast component works and scaffolding works on the basis of selected contractors' projects.

BUSINESS REVIEW

During the six months ended 30 September 2021, the number of Coronavirus Disease 2019 ("COVID-19") confirmed cases was declining, subsequent to the government of Hong Kong SAR began COVID-19 vaccinations programme in late February 2021 that total population in Hong Kong with second vaccine dose is over 66%. However, intermittent importing cases and variant viruses continues to bring uncertainties to the market and pose challenges to the construction industry. In response, the Group continuously took the necessary measures to protect health and safety of our employees against the infection of COVID-19 and to ensure the existing on-going projects of the Group were progressing well as planned.

Nevertheless, the COVID-19 pandemic has continued at Hong Kong International Airport ("HKIA") which pose challenges to the construction of the Third Runway System (the "3RS") at HKIA. Notwithstanding these ongoing challenges, Airport Authority Hong Kong has been maintaining the construction progress of the 3RS, while continuing to implement plans to meet its target to complete the construction of the 3RS in 2024 as planned.

As a result, the Group's major subcontract for formwork and concrete works at Third Runway Concourse Foundation and Substructure works at HKIA will be extended to the fourth quarter of the financial year. Meanwhile, preparation for formwork and scaffolding works for the Third Runway Concourse and Apron is in progress. The business environment remains challenging and difficult.

MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 30 September 2021, the Group secured ten new contracts with total contract value of approximately HK\$36.4 million, seven of these projects started contributing revenue to the Group during the six months ended 30 September 2021. As at 30 September 2021, the Group has a total of fourteen projects on hand with the estimated total outstanding value of approximately HK\$687.1 million, representing a decrease of approximately 20.2% as compared with the estimated total outstanding value of approximately HK\$861.5 million as at 31 March 2021. Subsequent to the six months ended 30 September 2021, the Group further secured one new subcontract for building formwork works with contract value of approximately HK\$115.1 million. With the projects on hand, it is therefore expected the performance of the subcontract works will remain sustainable and stable in the coming years.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately HK\$185.8 million, or approximately 40.4%, from approximately HK\$460.1 million for the six months ended 30 September 2020 to approximately HK\$274.3 million for the six months ended 30 September 2021.

The decrease was mainly due to the decrease in revenue recorded from new startup projects as a result of the overall delay in commencement, which included the major subcontract for formwork and concrete works at Third Runway Concourse Foundation and Substructure works at HKIA.

Gross profit and gross profit margin

With similar percentage reduction in direct costs as compared with the revenue for the six months ended 30 September 2021, the Group's gross profit slightly decreased by approximately HK\$2.6 million, or approximately 5.5%, from approximately HK\$47.0 million for the six months ended 30 September 2020 to approximately HK\$44.4 million for the six months ended 30 September 2021.

The gross profit for the six months ended 30 September 2021 remained stable as compared to the six months ended 30 September 2020. The Group's gross profit margin increased from approximately 10.2% for the six months ended 30 September 2020 to approximately 16.2% for the six months ended 30 September 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

The improvement in overall gross profit margin was mainly attributable to the relative control of the COVID-19 epidemic in Hong Kong and the improvement of market conditions in Hong Kong during the six months ended 30 September 2021 which had a positive impact on the progress of existing on-going projects. In addition, most of the existing on-going projects were still in their final stages with reduced material costs as well as contribution from revenue of variation orders by the completed projects with higher margin during the six months ended 30 September 2021.

Administration and other operating expenses

The Group's administration and other operating expenses primarily comprise of staff costs (including Directors' remuneration), depreciation, office expenses and professional charges. The Group's administration and other operating expenses remained relatively stable at approximately HK\$33.6 million and approximately HK\$33.2 million for the six months ended 30 September 2020 and 2021, respectively.

Finance costs

The Group's finance costs decreased by approximately HK\$0.8 million or approximately 58.9% from approximately HK\$1.3 million for the six months ended 30 September 2020 to approximately HK\$0.5 million for the six months ended 30 September 2021, primarily due to the decrease in average amount of bank borrowings as well as the decrease in average interest rate of bank borrowings.

Income tax expenses

The Group's income tax expenses increased by approximately HK\$1.0 million or approximately 34.4% from approximately HK\$2.9 million for the six months ended 30 September 2020 to approximately HK\$3.9 million for the six months ended 30 September 2021 as there was no tax exemption for other incomes from the ESS and subsidies under the AEF for the six months ended 30 September 2021. The effective tax rate for the six months ended 30 September 2021 was 27.5% compared to that of 9.5% for the six months ended 30 September 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit and total comprehensive income for the period attributable to owners of the Company

As a result of the foregoing, profit attributable to owners of the Company decreased by approximately HK\$17.3 million or approximately 62.8% from approximately HK\$27.5 million for the six months ended 30 September 2020 to approximately HK\$10.2 million for the six months ended 30 September 2021. Such decrease was mainly due to the decrease in other income for the six months ended 30 September 2021 as a result of the absence of non-recurring subsidies which was received from the government of Hong Kong SAR under the ESS and the AEF subsidies for employer in construction sector of approximately HK\$13.3 million by the Group during the six months ended 30 September 2020. The net profit margin slightly decreased by approximately 2.3 percentage points from approximately 6.0% for the six months ended 30 September 2020 to approximately 3.7% for the six months ended 30 September 2021.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group financed its operations and capital expenditure with internal resources and bank borrowings.

As at 30 September 2021, the Group's total bank balances and cash were approximately HK\$32.2 million (31 March 2021: approximately HK\$85.9 million), all of which were denominated in Hong Kong dollars. The current ratio (defined as current assets divided by current liabilities) of the Group was approximately 2.9 (31 March 2021: approximately 2.2).

The Group had total bank borrowings of approximately HK\$28.2 million as at 30 September 2021 (31 March 2021: approximately HK\$42.7 million).

CONTINGENT LIABILITIES

Save as disclosed in the paragraph headed "Arbitration" in this report, the Group had no material contingent liabilities as at 30 September 2021 and 31 March 2021.

ARBITRATION

As reported in the annual report for the year ended 31 March 2021, Ming Tai Construction Engineering Company Limited ("**Ming Tai Construction**"), an indirect wholly-owned subsidiary of the Company (as the "**Applicant**"), has submitted two applications for arbitration (the "**Applications**") to the Hong Kong International Arbitration Centre against Laing O'Rourke-Hsin Chong-Paul Y. Joint Venture (the "**Joint Venture**") in 2019. Pursuant to the Applications, the Applicant initiated an arbitration against the Joint Venture (as the "**Respondent**") in respect of disputes arising from two subcontracts.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 31 March 2021, following the two case management conferences and direction orders made, an amended statement of claim was filed by the Applicant in March 2021. During the six months ended 30 September 2021, the Respondent filed a defence and counterclaim against the Applicant on 17 September 2021.

As at the date of this report, the hearing of the aforementioned arbitration has not yet commenced, thus the effects on the Group cannot be fully assessed at this moment. Further announcement will be made by the Company in the event of any material development regarding the arbitration if appropriate in due course.

PLEDGE OF ASSETS

As at 30 September 2021, the Group's bank borrowings and general banking facilities were secured by leasehold land included in right-of-use assets and building included in property, plant and equipment owned by the Group with an aggregate carrying amount of approximately HK\$41.1 million (31 March 2021: approximately HK\$41.9 million).

As at 30 September 2021 and 31 March 2021, the Group had pledged to the bank an assignment of project proceeds from one construction contract of the Group as security of the Group's banking facilities.

As at 30 September 2021, the Group had a restricted time-deposit of approximately HK\$3.0 million (31 March 2021: approximately HK\$3.0 million) charging to a bank to secure general banking facilities granted to the Group.

As at 30 September 2021 and 31 March 2021, the Group had a deed of charge for unlimited amount securing moneys due in respect of a factoring agreement with a bank for one construction contract.

As at 30 September 2021, the Group had charge over account with certain banks of approximately HK\$11.5 million (31 March 2021: approximately HK\$46.0 million).

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 30 September 2021. Save as disclosed herein, there was no other plan for material investments or capital assets as at 30 September 2021.

CAPITAL COMMITMENTS

The Group had no significant capital commitments as at 30 September 2021 (31 March 2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

TREASURY POLICIES

The Group continues to follow a prudent policy in managing the Group's cash balances and maintain a healthy liquidity position. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. Internally generated cash flow and interest-bearing bank borrowings are the general source of funds to finance the operations of the Group. To manage liquidity risk, the Directors closely monitor the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

FOREIGN CURRENCY RISK

The Group has no significant exposure to foreign currency risk because almost all of the Group's transactions and balances are denominated in Hong Kong dollars. The management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should and when appropriate.

GEARING RATIO

As at 30 September 2021, the Group's gearing ratio was approximately 9.9% (31 March 2021: approximately 15.5%), representing total interest-bearing borrowings and lease liabilities as a percentage of total equity. Such decrease was mainly due to the decrease in bank borrowings for financing ongoing projects.

The Group's interest-bearing borrowings were primarily used in financing the working capital requirement of its operations, while the lease liabilities was for the lease of premise to support its operations.

EVENT AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in this report, subsequent events of the Group are detailed as follows:

1. The Board is pleased to announce that, subsequent to 30 September 2021, the Group has been awarded a new formwork subcontract for Tai Wai Station property development project – Tower T1 & T8 and the total contract sum is approximately HK\$115.1 million which was planned to be commenced in the financial year 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

- On 19 October 2021, a wholly-owned subsidiary of the Company, Harvest Rich Properties Limited entered into a sale and purchase agreement with an independent third party of the Group to acquire a property located in Kwai Chung at a consideration of HK\$4.5 million. The sale and purchase transaction is expected to be completed on 30 November 2021.

Save for the above, 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 report.

INTERIM DIVIDEND

During the six months ended 30 September 2020, a final dividend of HK0.449 cents per ordinary share, in aggregate amounting to HK\$5,388,000 in respect of the year ended 31 March 2020 was declared and approved by the shareholders of the Company.

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).

EMPLOYEES AND REMUNERATION POLICIES

The Group had 97 full-time employees as at 30 September 2021 (30 September 2020: 98 full-time employees). The Group offers competitive remuneration package that is based on overall market rates and employee performance, as well as the performance of the Group. Remuneration package comprised of salary, a performance-based bonus, and other benefits including training and mandatory provident funds. Employee bonus is distributable based on the performance of the respective employees concerned. Moreover, the Group also provides internal and external training programmes which are complementary to certain job functions. The total staff costs included in administration and other operating expenses (including remuneration of Directors and mandatory provident funds contributions) for the six months ended 30 September 2021 amounted to approximately HK\$23.6 million (six months ended 30 September 2020: approximately HK\$20.5 million). All employees of the Group were under direct employment.

SEGMENT INFORMATION

Save as disclosed in note 3 to the unaudited condensed consolidated interim financial statements in this report, the Group's business was regarded as a single operating segment and the Group had no geographical segment information presented as at 30 September 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PROSPECTS

In view of current situation, the ongoing pandemic may, however, continue to pose additional challenge to the progress of works in the foreseeable future, and the resilience of the construction industry is still subject to uncertainties. As such, we expect that subcontractors in Hong Kong, including the Group, will continue to have pressure on profit margins.

Nevertheless, we expected to incur much upfront cost for the Group forthcoming new startup projects and newly awarded project in the second half of the financial year, which may have pressure on profit margins and our financial performance in the second half of the financial year. In light of that, the Group will adhere to its core strategies and measures to tighten cost control over various costs, particularly the costs of materials and the sub-contractor fees, with an aim to attain profitable and positive cash flow from operations.

Looking ahead, the government's continued commitment and efforts in land development and provision of public housing in Hong Kong, we are cautiously optimistic on the construction industry in the medium to long term. The Group will continue to uphold a prudent and pragmatic business approach, so as to proactively tender and focus on selecting tenders that will usually take into account our technical competence, whereas prudent and viable tendering strategies will be taken to expand the Group's market share and customer base as well as expand its businesses into different areas.

The Group has accumulated ample experience and know-how, with a proven track record, the Group will endeavor to maintain a steady growth so as to enhance value to the shareholders of the Group.

OTHER INFORMATION

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

As at 30 September 2021, the interests or short positions of each of the Directors and the chief executive of the Company (the "**Chief Executive**") in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**") which were 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 such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**"), to be notified to the Company and the Stock Exchange, were as follows:

Long positions in shares and underlying shares of the Company

Name of director/ Chief Executive	Capacity/ Nature of interest	Number of underlying shares of the Company held	Approximate percentage of shareholding
Mr. Joseph Wang (<i>Note</i>)	Interested in controlled corporations/Interest of spouse	850,800,000	70.9%
Ms. Chao (<i>Note</i>)	Interested in controlled corporations/Interest of spouse	850,800,000	70.9%

Note:

Each of Mr. Joseph Wang and Ms. Chao holds 50% of the issued share capital of Wang K M, which directly holds 66.8% of the shares of the Company. Each of Mr. Joseph Wang and Ms. Chao also holds 50% of the issued share capital of K C Limited, which directly holds 4.1% of the shares of the Company. Ms. Chao is the spouse of Mr. Joseph Wang. Therefore, Each of Mr. Joseph Wang and Ms. Chao is deemed, or taken to be, interested in the same number of shares of the Company in which Wang K M and K C Limited are interested for the purpose of the SFO. Mr. Joseph Wang is the sole director of each of Wang K M and K C Limited.

OTHER INFORMATION

Save as disclosed above, as at 30 September 2021, none of the Directors or Chief Executive 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 and 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' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

So far as known to the Directors or Chief Executive, as at 30 September 2021, the following persons/entities (other than the Directors or Chief Executive) had or were deemed to have an interest or a 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, or who were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company or any other member of the Group:

Long positions in shares and underlying shares of the Company

Name	Capacity/ Nature of interest	Number of underlying shares of the Company held	Approximate percentage of shareholding
Wang K M	Beneficial owner	801,600,000	66.8%
K C Limited	Beneficial owner	49,200,000	4.1%

Save as disclosed above, as at 30 September 2021, there was no person or corporation, other than the Directors and Chief Executive whose interests are set out in the section "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above, had or were deemed to have an interest or a 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, or who were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

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.

COMPETING BUSINESS

During the six months ended 30 September 2021, 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 Listing Rules.

NON-COMPETITION UNDERTAKING

In order to avoid any possible future competition between the Group and the Controlling Shareholders, Mr. Joseph Wang and Wang K M (each a "**Covenantor**" and collectively the "**Covenantors**") have entered into the deed of non-competition (the "**Deed of Non-competition**") with the Company (for itself and for the benefit of each other member of the Group) on 17 January 2017. Pursuant to the Deed of Non-competition, each of the Covenantors has irrevocably and unconditionally undertaken to the Company (for itself and as trustee for its subsidiaries) that, during the period that the Deed of Non-competition remains effective, he/it shall not, and shall procure that his/its close 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.

On 13 January 2021, Ms. Chao subscribed for 1 issued share capital of Wang K M, which currently represents 50% shareholdings in Wang K M. Accordingly, Wang K M is beneficially owned as to 50% by Mr. Joseph Wang and 50% by Ms. Chao. Ms Chao became one of the Controlling Shareholders.

Each of the Covenantors further undertakes that if any of he/she/it or his/her/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/she/it shall (and he/she/it shall procure his/her/its close 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.

OTHER INFORMATION

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.

Each of the Covenants also gave certain non-competition undertakings under the Deed of Non-competition as set out in the paragraph headed “Relationship with our controlling shareholders – Non-competition undertaking” in the prospectus of the Company dated 25 January 2017 (the “**Prospectus**”).

During the six months ended 30 September 2021, the Company had not received any information in writing from any of the Controlling Shareholders in respect of any new business opportunity which competed or might compete with the existing and future business of the Group which were offered to or came to be the knowledge of the controlling shareholders of the Company or their associates (other than any member of the Group).

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 regarding securities transactions by Directors. Having made specific enquiry, all Directors have fully complied with the required standards set out in the Model Code during the six months ended 30 September 2021.

SHARE OPTION SCHEME

The Company’s share option scheme (the “**Share Option Scheme**”) was conditionally adopted on 17 January 2017. The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to it. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions. This will be in accordance with Chapter 17 of the Listing Rules and other relevant rules and regulations. Further details of the Share Option Scheme are set forth in the section headed “Statutory and General Information – D. Share Option Scheme” in Appendix IV to the Prospectus and note 26 of the 2021 Annual Financial Statements.

For the six months ended 30 September 2021, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICE

The Company and the Board are devoted to achieve and maintain high standards of corporate governance, as the Board believes that good and effective corporate governance practices are fundamental to obtain and maintain the trust and safeguarding interest of the shareholders and other stakeholders of the Company. The Company has adopted the principles and code provisions set out in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 of the Listing Rules.

To the best knowledge of the Board, the Company has complied with the code provisions in the CG Code during the six months ended 30 September 2021 and up to the date of this report.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established on 17 January 2017. The chairman of the Audit Committee is Mr. Kwong Ping Man, the independent non-executive Director, and other members include Mr. Lai Ah Ming Leon and Mr. Sio Kam Seng, 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 interim financial statements for the six months ended 30 September 2021 are unaudited, but have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2021 comply with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

By order of the Board
Royal Deluxe Holdings Limited
Wang Kei Ming
Chairman and Executive Director

Hong Kong, 26 November 2021