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GOLDEN PONDER HOLDINGS LIMITED

金倫控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1783)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2022

FINANCIAL HIGHLIGHTS

- The Group recorded a revenue amounted to approximately HK\$591.9 million for the year ended 31 March 2022, representing an increase of approximately HK\$381.2 million or 180.9% compared to approximately HK\$210.7 million for the year ended 31 March 2021.
- Gross profit for the year ended 31 March 2022 was approximately HK\$26.8 million, representing an increase of approximately 764.5% compared to approximately HK\$3.1 million for the year ended 31 March 2021. The gross profit margin for the year ended 31 March 2022 was approximately 4.5%.
- Loss attributable to owners of the Company for the year ended 31 March 2022 was approximately HK\$19.4 million (year ended 31 March 2021: approximately HK\$12.3 million).
- Basic and diluted loss per share for the year ended 31 March 2022 was approximately HK2.42 cents whereas the basic and diluted loss per share was approximately HK1.54 cents for the corresponding year in 2021.
- The Board does not recommend the payment of final dividend for the year ended 31 March 2022 (year ended 31 March 2021: HK\$Nil).

FINANCIAL RESULTS

The board (the “Board”) of directors (the “Directors”) of Golden Ponder Holdings Limited (the “Company”) announces the consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2022 together with the comparative figures for the corresponding year of 2021 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	<i>5</i>	591,900	210,660
Cost of services		<u>(565,058)</u>	<u>(207,513)</u>
Gross profit		26,842	3,147
Other income, gains and losses	<i>6</i>	342	3,403
(Provision)/reversal of loss allowance of trade receivables and contract assets, net		(1,045)	38
Fair value loss on derivative financial liability		(19,080)	–
Administrative and other expenses		(25,864)	(20,622)
Finance costs	<i>7</i>	<u>(36)</u>	<u>(30)</u>
Loss before income tax (expense)/credit	<i>8</i>	(18,841)	(14,064)
Income tax (expense)/credit	<i>9</i>	<u>(550)</u>	<u>1,750</u>
Loss and total comprehensive expense for the year attributable to owners of the Company		<u>(19,391)</u>	<u>(12,314)</u>
		<i>HK cents</i>	<i>HK cents</i>
Loss per share, attributable to owners of the Company			
– Basic and diluted	<i>11</i>	<u>(2.42)</u>	<u>(1.54)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		8,340	1,294
Right-of-use assets		636	483
Intangible asset		1,125	–
Deposits	<i>13</i>	–	17,899
Deferred tax assets		1,175	1,725
		<u>11,276</u>	<u>21,401</u>
Current assets			
Trade receivables	<i>12</i>	49,170	10,126
Deposits, prepayments and other receivables	<i>13</i>	70,816	27,644
Contract assets		142,108	84,597
Tax recoverable		–	1,425
Cash and cash equivalents		87,200	88,960
		<u>349,294</u>	<u>212,752</u>
Current liabilities			
Trade and retention money payables	<i>14</i>	169,853	52,117
Accruals and other payables		15,053	13,557
Derivative financial liability	<i>15</i>	19,080	–
Lease liabilities		654	522
		<u>204,640</u>	<u>66,196</u>
Net current assets		<u>144,654</u>	<u>146,556</u>
Total assets less current liabilities		<u>155,930</u>	<u>167,957</u>

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		<u>34</u>	<u>–</u>
NET ASSETS		<u>155,896</u>	<u>167,957</u>
Capital and reserves			
Share capital	<i>16</i>	8,275	8,000
Reserves		<u>147,621</u>	<u>159,957</u>
TOTAL EQUITY		<u>155,896</u>	<u>167,957</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands. The address of its registered office is located at 71 Fort Street, P.O. Box 500, George Town, Grand Cayman KY1-1106, Cayman Islands and its principal place of business is located at Offices F and G, Floor 23, Maxgrand Plaza, No. 3 Tai Yau Street, San Po Kong, Kowloon, Hong Kong.

The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company and the principal activities of its subsidiaries are provision of superstructure building and repair, maintenance, alteration and addition (“RMAA”) works service as a main contractor in Hong Kong.

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

(a) Adoption of new/revised HKFRSs – effective 1 April 2021

The Hong Kong Institute of Certified Public Accountants has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS16	Interest Rate Benchmark Reform – Phase 2
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021

None of these new or amended HKFRSs has a material impact on the Group’s results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

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

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to HKAS 41, HKFRS 1, HKFRS 9 and HKFRS 16	Annual Improvements to HKFRSs 2018-2020 ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
HK Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
HKFRS 17	Insurance Contracts ²

¹ Effective for the annual period beginning on or after 1 January 2022

² Effective for the annual period beginning on or after 1 January 2023

³ Effective for business combination or common control combination for which the date of acquisition or combination is on or after the beginning of the first annual period beginning on or after 1 January 2022

⁴ The amendments was originally intended to be effective for the annual period beginning on or after 1 January 2016. The effective date has now been deferred or removed. Early adoption of the amendments continue to be permitted

The Directors of the Company do not anticipate that the application of the amendments and revision in the future will have an impact on the consolidated financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRS”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities of the Stock Exchange (the “Listing Rules”).

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for certain financial liability which are measured at fair values .

(c) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong Dollars (“HK\$”), which is also the functional currency of the Company, and all values are rounded to the nearest thousands, except when otherwise indicated.

4. SEGMENT INFORMATION

Operating segments

During the reporting period, the Group was principally engaged in the provision of superstructure building and RMAA works service, as a main contractor, in Hong Kong. Information reported to the Group’s chief operating decision maker, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole, as the Group’s resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Geographical information

During the reporting period, the Group’s revenue was derived from Hong Kong, based on the location of the customers, and all of its non-current assets were located in Hong Kong, based on the location of assets. Therefore, no geographical information is presented.

Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue during the reporting period is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A	249,115	68,728
Customer B	150,453	105,431
Customer C	128,822	N/A*
Customer D	<u>63,186</u>	<u>N/A*</u>

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

5. REVENUE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong		
Superstructure building works	589,678	210,198
RMAA works	<u>2,222</u>	<u>462</u>
	<u>591,900</u>	<u>210,660</u>
Timing of revenue recognition		
Over time	<u>591,900</u>	<u>210,660</u>

6. OTHER INCOME, GAINS AND LOSSES

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Bank interest income	60	675
Government grant (<i>note a</i>)	–	3,143
Rent concession (<i>note b</i>)	–	157
Sundry income	319	–
Bad debts	–	(550)
Write-off of property, plant and equipment	(37)	(22)
	<u>342</u>	<u>3,403</u>

Note (a): Government subsidies obtained was mainly relating to supporting the payroll of the Group's employees in prior years. The Group had elected to present the government subsidies separately, rather than reducing the related expense. The Group had to commit to spending the assistance on payroll expense, and not reduce employee head count below prescribed levels for a specified period of time.

Note (b): The Group has received a rent forgiveness from landlord due to the COVID-19 pandemic. The Group has elected to apply the practical expedient introduced by the Amendments to HKFRS 16 and all of the rent concessions entered into during the year ended 31 March 2021 satisfied the criteria to apply this practical expedient.

7. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest expenses on lease liabilities	<u>36</u>	<u>30</u>

8. LOSS BEFORE INCOME TAX (EXPENSE)/CREDIT

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Material costs (included in cost of services)	50,961	15,269
Auditor's remuneration	520	500
Depreciation of property, plant and equipment	399	531
Depreciation of right-of-use assets	1,235	1,158
Amortisation of intangible asset	375	–
	<hr/>	<hr/>
Employee benefit expenses (including directors' remuneration)		
– Wages and salaries	36,492	28,987
– Contributions to defined contribution retirement plans	1,039	889
– Others	398	96
	<hr/>	<hr/>
	37,929	29,972
Machinery rental expenses	17,304	5,345
Professional fee	3,595	3,052
Short-term lease expenses	824	480
Provision/(reversal) of loss allowance		
– trade receivables	930	(56)
– contract assets	115	18
Write-off of property, plant and equipment	37	22
	<hr/> <hr/>	<hr/> <hr/>

9. INCOME TAX (EXPENSE)/CREDIT

The Group is subject to income tax on profits arising in or derived from Hong Kong, being its principal place of business. The income tax (expense)/credit in the consolidated statement of comprehensive income during the reporting period represents:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current income tax – Hong Kong profits tax		
Over provision in prior years	–	25
	–	25
Deferred tax		
(Charge)/credit to profit or loss	(550)	1,725
Total income tax (expense)/credit for the year	<u>(550)</u>	<u>1,750</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

10. DIVIDEND

During the year ended 31 March 2022, the Board of Directors does not declare any dividend to the shareholders of the Company (2021: HK\$Nil).

11. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	Year ended 31 March	
	2022	2021
Loss per share		
Loss for the purposes of basic loss per share (<i>HK\$'000</i>)	<u>19,391</u>	<u>12,314</u>
Number of share		
Weighted average number of ordinary shares for the purposes of basic loss per share	<u>802,560,479</u>	<u>800,000,000</u>

For the year ended 31 March 2022, the calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately HK\$19,391,000 (2021: approximately HK\$12,314,000) and the weighted average number of 802,560,479 (2021: 800,000,000) ordinary shares.

Diluted loss per share are same as the basic loss per share as there is no dilutive potential ordinary shares in existence during the years ended 31 March 2022 and 2021.

12. TRADE RECEIVABLES

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	50,268	10,294
Less: loss allowance	<u>(1,098)</u>	<u>(168)</u>
	<u>49,170</u>	<u>10,126</u>

Trade receivables were mainly derived from provision of building and civil engineering construction works service, and are non-interest bearing. The Group does not hold any collateral or other credit enhancements over these balances.

The Group grants an average credit period of 30 days to its trade customers of contract works. Application for progress payments of contract works is made on a regular basis.

The following is an analysis of trade receivables (net of loss allowance) by age, presented based on the invoice dates:

	2022	2021
	HK\$'000	HK\$'000
Less than one month	49,170	9,276
More than one month but less than three months	–	–
More than three months but less than one year	–	–
More than one year but less than two years	–	850
	<u>49,170</u>	<u>10,126</u>

13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2022	2021
	HK\$'000	HK\$'000
Non-current		
Deposits	–	17,899
Current		
Deposits	60,877	10,346
Prepayments	9,003	16,782
Other receivables	936	516
	<u>70,816</u>	<u>27,644</u>

Included in the Group's deposits as at 31 March 2022 were current deposits of HK\$56,177,000 (2021: non-current deposits of HK\$17,899,000 and current deposits of HK\$8,942,000), placed with an insurance company as security for issuance of non-interest bearing surety bonds for construction contracts.

The balances of other receivables are unsecured, interest-free and repayable on demand. The Group's other receivables were neither past due nor impaired as at 31 March 2022 and 2021.

14. TRADE AND RETENTION MONEY PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	138,820	38,964
Retention money payables (<i>note</i>)	<u>31,033</u>	<u>13,153</u>
	<u><u>169,853</u></u>	<u><u>52,117</u></u>

Note: Retention monies from sub-contractors of contract works are released by the Group after the completion of maintenance period of the relevant contracts or in accordance with the terms specified in the relevant contracts.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Less than one month	86,291	24,662
More than one month but less than three months	51,047	7,536
More than three months but less than one year	158	4,768
More than one year but less than two years	<u>1,324</u>	<u>1,998</u>
	<u><u>138,820</u></u>	<u><u>38,964</u></u>

15. DERIVATIVE FINANCIAL LIABILITY

On 25 February 2022, the Company entered into a sale and purchase agreement (the “Agreement”) with an independent third party pursuant to which the Group shall acquire 40% equity interest in Chun Yang International (HK) Company Limited (“Chun Yang”), a company incorporated in Hong Kong with limited liability, at a nominal consideration of approximately HK\$25,290,000 to be settled by an allotment and issuance of 90,000,000 shares of the Company. The Group will be given the right to appoint one out of three directors to the board of directors of Chun Yang. Therefore, upon completion of the Agreement, the Group will have significant influence on Chun Yang and the investment will be accounted for as an associate.

The transaction has not yet been completed as at 31 March 2022. Pursuant to the Agreement, the Group is obliged to complete the acquisition once the conditions precedent are satisfied. Hence, a derivative forward contract within the scope of HKFRS 9 was entered into by the Group to acquire 40% equity interest in Chun Yang before the completion of the Agreement. As at 31 March 2022, fair value of the derivative forward contract of approximately HK\$19,080,000 was recognised as a derivative financial liability. The fair value change of the derivative forward contract from the contract inception date to 31 March 2022 of approximately HK\$19,080,000 was recognised in the consolidated profit or loss during the year.

16. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
As at 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	<u>1,500,000,000</u>	<u>15,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
As at 1 April 2020, 31 March 2021 and 1 April 2021	800,000,000	8,000
Issuance of new shares (<i>note</i>)	<u>27,487,500</u>	<u>275</u>
As at 31 March 2022	<u>827,487,500</u>	<u>8,275</u>

Note:

On 25 February 2022, the Company issued 27,487,500 ordinary shares to an independent third party as the settlement of the consideration for purchase of machineries amounting to approximately HK\$7,330,000.

17. LEASE COMMITMENTS

Group as lessee

The Group leases office premises which run for less than one year and simplified accounting is applied to short-term leases. The total future minimum lease payments payable by the Group under non-cancellable short-term leases are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within one year	<u>50</u>	<u>502</u>

18. ACQUISITION OF A SUBSIDIARY

On 3 September 2021, Acquire Success Limited (“ASL”), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with two individual vendors, pursuant to which the vendors agreed to sell and ASL agreed to purchase all the issued shares of Builders Company Limited (the “Target Company”).

On 30 September 2021, the Group completed the acquisition (the “Acquisition”) of 100% of equity interest of the Target Company for a cash consideration of HK\$1,500,000. The Target Company is currently registered as a registered general building contractor with the Buildings Department, with a qualified individual acting as an authorised signatory.

The Acquisition was accounted for as asset acquisition, rather than as business combination, given that substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset (i.e. construction license). Accordingly, the Company identified and recognised the individual identifiable assets acquired and liabilities assumed. The investment cost shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of acquisition. Such a transaction does not give rise to goodwill.

The relative fair value of assets acquired and liabilities assumed at the acquisition date is analysed as follows:

	<i>HK\$'000</i>
Total consideration of the Acquisition	<u>1,500</u>
Asset	
Intangible asset	<u>1,500</u>
Total identifiable net asset acquired	<u>1,500</u>

19. LITIGATION

At the end of the reporting period, the Group was a defendant in a number of claims, lawsuits and potential claims relating to employee's compensation cases and personal injury claims. In the opinion of the directors, the possibility of any outflow of resources in settling these claims is remote and accordingly no provision for liabilities in respect of these litigations is necessary.

20. EVENTS AFTER THE REPORTING DATE

- (a) On 29 April 2022, the Company completed the acquisition of 40% equity interest in Chun Yang as described in note 15, from an independent third party, for a consideration to be settled by an allotment and issuance of 90,000,000 new shares of the Company to the independent third party, which amounted to approximately HK\$42,750,000 based on the Company's closing share price on 29 April 2022. The investment in Chun Yang will be accounted for as an associate of the Group after the acquisition. Further details of the acquisition are set out in the Company's announcements dated 25 February 2022, 3 March 2022 and 29 April 2022.
- (b) On 29 April 2022, the Company completed the acquisition of 95% of equity interest in Cornerstone Energy Limited ("Cornerstone Energy"), a company incorporated in Hong Kong with limited liability and engaged in project management of energy solution, from an independent third party, for a consideration settled by the allotment and issue of 42,000,000 new shares of the Company to the independent third party, which amounted to approximately HK\$19,950,000 based on the Company's closing share price on 29 April 2022. The principal reason for this acquisition was to diversify the Group's existing business. Cornerstone Energy became a non-wholly owned subsidiary of the Company after the acquisition. Further details of the acquisition are set out in the Company's announcements dated 25 February 2022 and 29 April 2022.

Acquisition-related costs of approximately HK\$50,000 are expensed and are included in administrative and other expenses during the year ended 31 March 2022.

As the business valuation of the acquisition-date fair values of the identifiable assets acquired and liabilities assumed of Cornerstone Energy have not been finalised at the date of approval of these financial statements, such information and details of any goodwill arising from this acquisition could not be disclosed in these financial statements.

- (c) Subsequent to 31 March 2022 and up to the date of this announcement, the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Bill 2022 ("MPF Offset Bill") was passed by the Legislative Council of Hong Kong in June 2022. The MPF Offset Bill abolishes the use of the accrued benefits of employers' mandatory contributions under the Mandatory Provident Fund System to offset severance payment and long service payment (the "Offsetting Arrangement"). The abolition of the Offsetting Arrangement is expected to be implemented in 2025. The directors of the Company are currently assessing the implications of MPF Offset Bill on the Group's consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The principal activities of the Group are the provision of superstructure building and repair, maintenance, alteration and addition (“RMAA”) works service as a main contractor in Hong Kong.

Superstructure building works refer to the building works in relation to the parts of the structure above the ground level and the scope of the Group’s superstructure building works contracts mostly consists of development projects for residential and commercial buildings. RMAA works refer to the repair, maintenance, alteration and addition works for an existing structure.

The Group’s revenue for the year ended 31 March 2022 amounted to approximately HK\$591.9 million, representing an increase of approximately HK\$381.2 million, or 180.9% compared to approximately HK\$210.7 million for the year ended 31 March 2021. The increase in total revenue was mainly attributable to increase from superstructure building work of approximately HK\$379.5 million and RMAA works of approximately HK\$1.7 million, respectively.

Superstructure building works

During the year ended 31 March 2022, there were 6 (2021: 6) superstructure building works projects contributing revenue of approximately HK\$589.7 million (2021: approximately HK\$210.2 million) to this business segment.

RMAA works

During the year ended 31 March 2022, there were 8 (2021: 3) RMAA works projects contributing revenue of approximately HK\$2.2 million (2021: approximately HK\$0.5 million) to this business segment. The increase in the number of RMAA works projects awarded was mainly due to the increase in the number of projects which are available for tender during the year ended 31 March 2022.

OUTLOOK

During the year ended 31 March 2022 and up to the date of this announcement, the Group was successfully awarded several sizeable building construction contracts. Facing the uncertain economic outlook, the Group is still cautiously optimistic in maintaining the Group's construction business and competitiveness in the future.

Looking ahead, the Group will adopt a cautious approach. Firstly, the economy in Hong Kong is expected to recover after dominated effects by the pandemic. There will be more projects available for tender amid of a further competitive environment. The Board foresees the Group's profit and profit margin will continue to be under pressure. Within the Group, we are transforming and exploring new business opportunities, including expansion of existing business.

With the increasing awareness of environmental protection globally and greater emphasis in environmental, social and governance by stakeholders, there is the trend of green buildings construction and the Group envisions to develop its unique competitiveness by exploring solutions to integrate environmental technologies with building construction including but not limited to the research and application of green construction materials. Further, in order to diversify our source of income and attain growth in the long term, the Group considers that the environmental protection business in Hong Kong is a suitable long-term business opportunity for the Company.

On the other hand, the Environmental Protection Department of Hong Kong rolled out a HK\$2 billion "EV-charging at Home Subsidy Scheme" ("EHSS") to subsidise the installation of EV charging-enabling infrastructure in car parks of existing private residential buildings, and hence further facilitate electric vehicle ("EV") owners to install EV chargers at car parks of their residences according to their own needs in the future in a simple and easy manner. The EHSS will run for about 3 years with a view to covering roughly 60,000 private parking spaces. The Group thus believes there will be more EHSS related construction projects available for tender. During the year ended 31 March 2022 and up to the date of this announcement, the Group was successfully confirmed one EHSS construction contract as a subcontractor.

The Group will continue to monitor the situations of the pandemic and assess the overall impacts of the pandemic towards the Group's businesses in both superstructure building works, RMAA works and other new construction work opportunities. In addition, the Group will endeavour on applying its core competencies to raise customer satisfactions, in order to ensure sustainable growth and profitability of the Group. The Board is confident and cautiously optimistic that, with the foreseeable robust post-pandemic economic recovery, the economic conditions of Hong Kong and the construction industry in Hong Kong will resume back on track step by step.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 March 2022 amounted to approximately HK\$591.9 million, representing an increase of approximately HK\$381.2 million, or 180.9% compared to approximately HK\$210.7 million for the year ended 31 March 2021. The increase in total revenue was mainly attributable to the increase in revenue from superstructure building works of approximately HK\$379.5 million and the increase in revenue from RMAA works of approximately HK\$1.7 million. The increase in revenue recognised by the Group for the year ended 31 March 2022 was substantially due to (a) revenue recognised from three sizeable projects for superstructure building works awarded in 2020 of which the construction works commenced by the year ended 31 March 2021 and were in full swing during the year ended 31 March 2022; and (b) the increase in value of variation works from one project being approved.

Gross Profit and Gross Profit Margin

The gross profit of the Group for the year ended 31 March 2022 amounted to approximately HK\$26.8 million, representing an increase of approximately HK\$23.7 million, or approximately 764.5% compared to approximately HK\$3.1 million for the year ended 31 March 2021. The overall gross profit margin for the year ended 31 March 2022 increased to approximately 4.5% as compared to approximately 1.5% for the year ended 31 March 2021. Such increase in gross profit was attributable to the increase in the revenue of the Group and the Group's gross profit margin as discussed above. The increase in gross profit margin was mainly due to the income from the variation order works of certain works done from construction projects has been approved, resulting in gross profit for the year ended 31 March 2022.

Other Income, Gains and Losses

The other income, gains and losses of the Group for the year ended 31 March 2022 amounted to approximately HK\$0.3 million, representing a decrease of approximately HK\$3.1 million or 91.2% compared to approximately HK\$3.4 million for the year ended 31 March 2021. The decrease was mainly due to the net effect of: (i) increase in compensation income from insurance for a completed project in prior years during the year ended 31 March 2022; (ii) decrease in interest income from fixed deposit with licensed bank in Hong Kong for the year ended 31 March 2022; and (iii) decrease in a series of government subsidies in relation to COVID-19 and one-off 25% rent concession in the corresponding period in 2021. The details of other income, gains and losses were disclosed in note 6 to the consolidated financial statements in this announcement.

Administrative and Other Expenses

The administrative and other expenses of the Group for the year ended 31 March 2022 amounted to approximately HK\$25.9 million, representing an increase of approximately HK\$5.3 million or 25.7% compared to approximately HK\$20.6 million for the year ended 31 March 2021. The increase was mainly due to (i) increase in salary and directors' remuneration of approximately HK\$3.8 million; and (ii) increase in Legal and professional fee of approximately HK\$0.8 million.

Loss Attributable to Owners of the Company

The Group reported loss attributable to owners of the Company for the year ended 31 March 2022 increased by approximately HK\$7.1 million to approximately HK\$19.4 million, as compared to that of approximately HK\$12.3 million for the year ended 31 March 2021. The main reasons for the increase in net loss was primarily attributable to the combined effect of the reason as stated in the section "FINANCIAL REVIEW" above and the one-off fair value loss of derivative financial liability of approximately HK\$19.1 million for the year ended 31 March 2022 (2021: HK\$Nil).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2022, the Group had a total cash and cash equivalents of approximately HK\$87.2 million (31 March 2021: approximately HK\$89.0 million).

Current ratio (total current assets: total current liabilities) decreased from approximately 3.2 as at 31 March 2021 to approximately 1.71 as at 31 March 2022, mainly due to increase in trade and retention money payables. Gearing ratio was nil as at 31 March 2022 and 2021.

The capital structure of the Group consisted of equity of approximately HK\$155.9 million (31 March 2021: approximately HK\$168.0 million) and debts (lease liabilities) of approximately HK\$0.7 million as at 31 March 2022 (31 March 2021: approximately HK\$0.5 million).

TREASURY POLICY

The Group adopts a prudent approach in cash management. Apart from certain debts including lease liabilities, the Group did not have any material outstanding debts as at 31 March 2022.

FOREIGN EXCHANGE EXPOSURE

As the Group only operates in Hong Kong and all of the revenue and transactions arising from its operations were settled in Hong Kong dollar, the Board is of the view that the Group's foreign exchange rate risks are insignificant during the year ended 31 March 2022.

CAPITAL EXPENDITURES

Total capital expenditure for the year ended 31 March 2022 was approximately HK\$7.5 million (2021: approximately HK\$0.2 million) on acquisition of property, plant and equipment. Save as disclosure of the tower crane disclosed in the announcement dated 25 February 2022 and 28 February 2022, capital expenditure was funded by internal resources.

CONTINGENT LIABILITIES AND CLAIMS

Save as disclosed in note 19 to the consolidated financial statements in this announcement, the Group had no other contingent liabilities and claims as at 31 March 2022.

CAPITAL COMMITMENTS

As at 31 March 2022, there were no significant capital commitments for the Group.

SIGNIFICANT INVESTMENTS HELD, ACQUISITION AND DISPOSAL

Except for investment in its subsidiaries, the Group did not hold any significant investments during the year ended 31 March 2022.

On 3 September 2021, Acquire Success Limited (“ASL”), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with two individual vendors, pursuant to which the vendors agreed to sell and ASL agreed to purchase all the issued shares of Builders Company Limited. Details are set out in the announcement of the Company dated 3 September 2021.

Save as disclosed above, there were no acquisitions or disposals of subsidiaries, associates and joint ventures by the Group during the year ended 31 March 2022.

CHARGES ON ASSETS

As at 31 March 2022, the Group had bank facilities which were guaranteed by the Company. The Group had certain surety bonds being secured by certain deposits payment from a subsidiary of the Group, all of which were guaranteed by the Company.

SEGMENT INFORMATION

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

USE OF NET PROCEEDS

Net proceeds from the Listing

The Company successfully listed the ordinary shares of the Company (the “Shares”) on the Main Board (the “Listing”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 22 August 2018 (the “Listing Date”) and a total of 200,000,000 shares by way of public offer and placing at a price of HK\$0.55 each were offered for subscription. The net proceeds from the Listing (the “Net Proceeds”), after deducting the underwriting fees, the Stock Exchange trading fee and Securities and Futures Commission transaction levy and listing expenses in connection with the Listing, amounted to approximately HK\$78.5 million. The Group intends to apply the Net Proceeds in accordance with the proposed applications set out in the section headed “Future Plans and Use of Proceeds” to the prospectus of the Company dated 7 August 2018. As at 31 March 2022, all of the Net Proceeds had been fully utilised.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2022, the Group employed a total of 72 employees (including executive Directors) compared to a total of 66 employees as at 31 March 2021. The total salaries and related costs (including Directors’ remuneration) for the year ended 31 March 2022 were approximately HK\$37.9 million (2021: approximately HK\$30.0 million). The remuneration package of the Group offered to our employees includes salary, bonuses and other cash subsidies. In general, the Group would determine each employee’s salaries based on their qualifications, position and seniorities. The Group has devised an annual review system to assess the performance of our employees, which forms the basis of our decisions with respect to salary raises, distribution of bonuses and promotions.

The emoluments of the Directors are decided by the Board and recommended by the remuneration committee of the Company, having considered the factors such as the Group’s financial performance and the individual performance of the Directors, etc.

The Company has adopted a share option scheme to provide incentive and rewards to the Directors and eligible employees for their contribution to the Group.

DIVIDEND

The Board has resolved not to recommend the declaration of final dividend to shareholders of the Company for the year ended 31 March 2022 (2021: HK\$Nil).

EVENTS AFTER THE REPORTING PERIOD

- (a) On 29 April 2022, the Company completed the acquisition of 40% equity interest in Chun Yang as described in note 15 to the consolidated financial statements, from an independent third party, for a consideration to be settled by an allotment and issuance of 90,000,000 new Shares to the independent third party, which amounted to approximately HK\$42,750,000 based on the Company's closing share price on 29 April 2022. The investment in Chun Yang will be accounted for as an associate of the Group after the acquisition. Further details of the acquisition are set out in the Company's announcements dated 25 February 2022, 3 March 2022 and 29 April 2022.

- (b) On 29 April 2022, the Company completed the acquisition of 95% of equity interest in Cornerstone Energy Limited ("Cornerstone Energy"), a company incorporated in Hong Kong with limited liability and engaged in project management of energy solution, from an independent third party, for a consideration settled by the allotment and issue of 42,000,000 new Shares to the independent third party, which amounted to approximately HK\$19,950,000 based on the Company's closing share price on 29 April 2022. The principal reason for this acquisition was to diversify the Group's existing business. Cornerstone Energy became a non-wholly owned subsidiary of the Company after the acquisition. Further details of the acquisition are set out in the Company's announcements dated 25 February 2022 and 29 April 2022.

Acquisition-related costs of approximately HK\$50,000 are expensed and are included in administrative and other expenses during the year ended 31 March 2022.

As the business valuation of the acquisition-date fair values of the identifiable assets acquired and liabilities assumed of Cornerstone Energy have not been finalised at the date of approval of these financial statements, such information and details of any goodwill arising from this acquisition could not be disclosed in these financial statements.

- (c) Subsequent to 31 March 2022 and up to the date of this announcement, the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Bill 2022 (“MPF Offset Bill”) was passed by the Legislative Council of Hong Kong in June 2022. The MPF Offset Bill abolishes the use of the accrued benefits of employers’ mandatory contributions under the Mandatory Provident Fund System to offset severance payment and long service payment (the “Offsetting Arrangement”). The abolition of the Offsetting Arrangement is expected to be implemented in 2025. The directors of the Company are currently assessing the implications of MPF Offset Bill on the Group’s consolidated financial statements.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 March 2022.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules during the year ended 31 March 2022 and up to the date of this announcement.

COMPETING INTERESTS

The Directors confirm that neither the controlling shareholders nor their respective close associates is interested in a business apart from the Group’s business which competes or is likely to compete, directly or indirectly, with the Group’s business and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules during the year ended 31 March 2022 and up to the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted and complied with applicable code provisions (the “Code Provisions”) in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules during the year ended 31 March 2022 and up to the date of this announcement. The Directors will periodically review on the Company’s corporate governance policies and will propose any amendment, if necessary, to ensure compliance with the Code Provisions from time to time.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code contained in Appendix 10 to the Listing Rules as its own code of conduct of dealings in securities of the Company by Directors. Having made specific enquiries of all directors, the Company has confirmed that all Directors have complied with the required standards set out in the Model Code during the year ended 31 March 2022.

AUDIT COMMITTEE

The Company established the audit committee (the “Audit Committee”) on 25 July 2018 in accordance with Rule 3.21 of the Listing Rules with the terms of reference aligned with the provision of the CG Code as set out in Appendix 14 to the Listing Rules. The Audit Committee currently comprise of three independent non-executive Directors namely Mr. Zhang Jue, Mr. Hau Wing Shing Vincent and Mr. Wan Simon to review on matters regarding internal controls, risk management and financial reporting of the Group. The Audit Committee had reviewed the Group’s annual results for the financial year ended 31 March 2022 and confirmed that they were prepared in accordance with applicable accounting standards, Listing Rules and that adequate disclosures have been made.

SCOPE OF WORK OF THE COMPANY’S AUDITOR IN RESPECT OF THE PRELIMINARY ANNOUNCEMENT

The financial figures in respect of the Group’s consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2022 as set out in the preliminary announcement have been agreed by the Company’s auditor, BDO Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagement or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

PUBLICATIONS OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the Company's website at www.headfame.com.hk and the Stock Exchange's website at www.hkexnews.hk. The annual report of the Group for the year ended 31 March 2022 containing all the information required by Listing Rules will be despatched to shareholders of the Company and will also be published on the websites of both the Stock Exchange and the Company in due course.

APPRECIATION

On behalf of the Board, I would like to express our gratitude to all our shareholders, customers, suppliers, banks and business partners for their continuous trust and support. We would also like to thank our team of dedicated staff for their invaluable services and contributions throughout the year ended 31 March 2022.

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

Hong Kong, 24 June 2022

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Chan Kam Tong, Mr. Chan Kam Ming and Mr. Tang Chi Kin, and three independent non-executive Directors, namely Mr. Hau Wing Shing Vincent, Mr. Wan Simon and Mr. Zhang Jue.