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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 2023

FINANCIAL HIGHLIGHTS

- The Group recorded a revenue amounting to approximately HK\$401.4 million for the year ended 31 March 2023, representing a decrease of approximately HK\$190.5 million or 32.2% as compared to approximately HK\$591.9 million for the year ended 31 March 2022.
- Gross profit for the year ended 31 March 2023 was approximately HK\$21.4 million, representing a decrease of approximately HK\$5.4 million, or 20.2% as compared to approximately HK\$26.8 million for the year ended 31 March 2022. The gross profit margin for the year ended 31 March 2023 was approximately 5.3%.
- Loss attributable to owners of the Company for the year ended 31 March 2023 was approximately HK\$38.1 million as compared to approximately HK\$19.4 million for the year ended 31 March 2022.
- The basic and diluted loss per share for the year ended 31 March 2023 were approximately HK4.01 cents whereas the basic and diluted loss per share were approximately HK2.42 cents for the corresponding year in 2022.
- The Board does not recommend the payment of final dividend for the year ended 31 March 2023 (2022: 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 2023 together with the comparative figures for the corresponding year of 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	5	401,352	591,900
Cost of services		<u>(379,929)</u>	<u>(565,058)</u>
Gross profit		21,423	26,842
Other income, gains and losses	6	(2,662)	342
Provision of loss allowance for trade receivables, contract assets and other receivables, net		(2,007)	(1,045)
Fair value gain/(loss) on derivative financial liability	18	4,050	(19,080)
Share of losses of associates	13	(1,716)	–
Administrative and other expenses		(56,025)	(25,864)
Finance costs	7	<u>(1,901)</u>	<u>(36)</u>
Loss before tax	8	(38,838)	(18,841)
Income tax credit/(expense)	9	<u>785</u>	<u>(550)</u>
Loss for the year		<u>(38,053)</u>	<u>(19,391)</u>
Attributable to:			
Owners of the Company		(38,065)	(19,391)
Non-controlling interests		<u>12</u>	<u>–</u>
		<u>(38,053)</u>	<u>(19,391)</u>
		<i>HK cents</i>	<i>HK cents</i>
Loss per share, attributable to owners of the Company			
– Basic and diluted	11	<u>(4.01)</u>	<u>(2.42)</u>

	2023	2022
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year	(38,053)	(19,391)
Other comprehensive income for the year		
<i>Item that will not be reclassified to profit or loss:</i>		
Change in fair value of equity instruments at fair value through other comprehensive income (with nil tax effect)	<u>7,931</u>	<u>—</u>
Total comprehensive expense for the year	<u>(30,122)</u>	<u>(19,391)</u>
Attributable to:		
Owners of the Company	(30,134)	(19,391)
Non-controlling interests	<u>12</u>	<u>—</u>
	<u>(30,122)</u>	<u>(19,391)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

		2023	2022
	Notes	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		19,316	8,340
Right-of-use assets		13,844	636
Goodwill	12	74,691	–
Intangible assets		3,455	1,125
Interests in associates	13	3,364	–
Equity instruments at fair value through other comprehensive income	14	27,719	–
Deposits	16	1,604	–
Deferred tax assets		1,775	1,175
		<u>145,768</u>	<u>11,276</u>
Current assets			
Inventories		137	–
Trade receivables	15	37,813	49,170
Deposits, prepayments and other receivables	16	20,462	70,816
Contract assets		75,465	142,108
Pledged bank deposits		17,180	–
Cash and cash equivalents		70,745	87,200
		<u>221,802</u>	<u>349,294</u>
Current liabilities			
Trade and retention money payables	17	72,449	169,853
Accruals and other payables		41,701	15,053
Derivative financial liability	18	–	19,080
Promissory note payables	19	42,937	–
Lease liabilities		6,862	654
Amount due to the ultimate holding company		5,670	–
Amount due to an associate		67	–
		<u>169,686</u>	<u>204,640</u>
Net current assets		<u>52,116</u>	<u>144,654</u>
Total assets less current liabilities		<u>197,884</u>	<u>155,930</u>

		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Provision for reinstatement costs		4,000	–
Lease liabilities		4,983	34
Deferred tax liabilities		508	–
		<u>9,491</u>	<u>34</u>
NET ASSETS		<u>188,393</u>	<u>155,896</u>
Capital and reserves			
Share capital	20	9,595	8,275
Reserves		178,867	147,621
		<u>188,462</u>	<u>155,896</u>
Equity attributable to owners of the Company		188,462	155,896
Non-controlling interests		(69)	–
		<u>188,393</u>	<u>155,896</u>
TOTAL EQUITY		<u>188,393</u>	<u>155,896</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

1. GENERAL INFORMATION

The Company is incorporated as an exempted company with limited liability in the Cayman Islands. Its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). 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 in Hong Kong is located at Room 2901 & 09-10, 29/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company and the principal activities of its subsidiaries are the provision of superstructure building and RMAA work service as a main contractor in Hong Kong and the provision of reverse supply chain management and environmental-related service.

The immediate and ultimate holding company is Chun Yip International Investment Limited, a company incorporated in the British Virgin Islands, and Mr. Kwok Chun Sing is the ultimate controlling party of the Company since the takeover of the controlling shares of the Company from Mr. Chan Kam Tong and Mr. Chan Kam Ming on 11 January 2023.

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2022 for the preparation of the consolidated financial statements:

Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

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

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for the certain financial instruments that are measured at fair value at the end of each reporting period.

4. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker (the “**CODM**”), for the purposes of resource allocation and assessment of segment performance focused on the business lines of the Group. During the year ended 31 March 2023, the Group commenced the business engaging in reverse supply chain management and environmental-related service with the acquisition of Chun Yang International (HK) Company Limited (“**Chun Yang**”) and Cornerstone Energy Limited (“**Cornerstone**”) (as detailed in Note 21) and it is considered as a new operating and reportable segment by the CODM. The Group’s operating segments are classified as (i) Superstructure building and RMAA works service and (ii) Reverse supply chain management and environmental-related service. These operating segments also represent the Group’s reportable segments.

No operating segment information was presented for the year ended 31 March 2022 as there was only a single business lines, being the provision of superstructure building and RMAA work service.

Disaggregate of revenue from contracts with customers, as well as information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the year ended 31 March 2023 is set out below.

	For the year ended 31 March 2023		
	Superstructure building and RMAA works service <i>HK\$'000</i>	Reverse supply chain management and environmental- related service <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue (from external customers)	<u>373,132</u>	<u>28,220</u>	<u>401,352</u>
Segment results	<u>760</u>	<u>(18,744)</u>	<u>(17,984)</u>
Fair value gain on derivative financial liability			4,050
Share of loss on associates			(1,716)
Finance costs			(1,679)
Unallocated expenses			<u>(21,509)</u>
Loss before tax			<u><u>(38,838)</u></u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit/(loss) earned by each segment without allocation of unallocated expenses (including certain administrative and other expenses), fair value gain on derivative financial liability, share of loss on associates and certain finance costs. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM of the Group.

Other segment information

For the year ended 31 March 2023

	Superstructure building and RMAA works service <i>HK\$'000</i>	Reverse supply chain management and environmental- related service <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measured of segment result:			
Finance costs	9	213	222
Depreciation of property, plant and equipment	130	3,188	3,318
Depreciation of right-of-use assets	603	2,589	3,192
Amortisation of intangible assets	750	1,120	1,870
Provision of loss allowance for			
– trade receivables	196	1,098	1,294
– contract assets	33	–	33
– other receivables	–	680	680
Loss on disposal of property, plant and equipment	<u>60</u>	<u>5,517</u>	<u>5,577</u>

The Group's revenue from operations 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.

5. REVENUE

The principal activities of the Group are provision of (i) superstructure building and RMAA works service and (ii) reverse supply chain management and environmental-related service.

Disaggregation of revenue

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

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Provision of superstructure building and RMAA works service	373,132	591,900
Reverse supply chain management and environmental-related service	28,220	—
	401,352	591,900
	401,352	591,900
Timing of revenue recognition		
A point in time	5,165	—
Over time	396,187	591,900
	401,352	591,900
	401,352	591,900

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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bank interest income	343	60
Government grant (<i>Note</i>)	2,288	–
Covid-19 related rent concessions	138	–
Sundry income	212	319
Exchange loss, net	(66)	–
Loss on disposal of property, plant and equipment	(5,577)	(37)
	<u>(2,662)</u>	<u>342</u>

Note: Government subsidies obtained are mainly related to the Employment Support Scheme amounting to approximately HK\$1,567,000, Distance Business Programme amounting to approximately HK\$36,000 and the Recycling Fund amounting to approximately HK\$685,000. The Group has 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.

7. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest expenses on promissory note	1,477	–
Interest expenses on bank borrowings	66	–
Interest expenses on lease liabilities	358	36
	<u>1,901</u>	<u>36</u>

8. LOSS BEFORE TAX

Loss before tax is arrived at after charging:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Depreciation of property, plant and equipment	5,992	399
Depreciation of right-of-use assets	6,143	1,235
Amortisation of intangible asset	1,870	375
	14,005	2,009
Employee benefit expenses (including directors' remuneration)		
– Wages and salaries	44,754	36,492
– Contributions to defined contribution retirement plans	365	1,039
– Others	253	398
	45,372	37,929
Cost of inventories recognised as expenses	3,513	–
Auditor's remuneration	800	520
Short-term lease expenses	186	824
Provision of loss allowance for		
– trade receivables	1,294	930
– contract assets	33	115
– other receivables	680	–
Loss on disposal of property, plant and equipment	5,577	37

9. INCOME TAX CREDIT/(EXPENSE)

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 credit/(expense) in the consolidated statement of profit or loss and other comprehensive income during the reporting period represents:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Deferred tax		
– Credited/(charged) to profit or loss	785	(550)
Total income tax credit/(expense) for the year	785	(550)

No provision for Hong Kong profits tax has been made for the year ended 31 March 2023 as the group entities did not have assessable profits subject to Hong Kong profits tax for the year (2022: Nil).

10. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during 2023, nor has any dividend been proposed since the end of the reporting period (2022: 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	
	2023	2022
Loss per share		
Loss for the purposes of basic loss per share (<i>HK\$'000</i>)	<u>38,065</u>	<u>19,391</u>
Number of share		
Weighted average number of ordinary shares for the purposes of basic loss per share	<u>949,361,473</u>	<u>802,560,479</u>

For the year ended 31 March 2023, the calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately HK\$38,065,000 (2022: approximately HK\$19,391,000) and the weighted average number of 949,361,473 (2022: 802,560,479) 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 year ended 31 March 2023 (2022: no dilution of shares).

12. GOODWILL

HK\$'000

Carrying amount

At 1 April 2022	–
Arising on acquisition of subsidiaries (<i>Note 21</i>)	74,691
	<hr/>
At 31 March 2023	74,691
	<hr/> <hr/>

Goodwill has been allocated for impairment testing purpose to the following CGUs.

- Reverse supply chain management business in Hong Kong (“**Division A**”)
- Environmental-related service business in Hong Kong (“**Division B**”)

The carrying amount of goodwill as at 31 March 2023 allocated to these CGUs are as below:

	2023
	HK\$'000
Division A	53,197
Division B	21,494
	<hr/>
	74,691
	<hr/> <hr/>

Division A

The recoverable amount of the Division A is determined based on a value-in-use calculation from a business valuation report on the Division A prepared by an independent qualified professional valuer, AP Appraisal Limited. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated growth rate which is by reference to the forecasts based on the funds available for the Group’s business and does not exceed the forecasts included in industry reports. The growth rates used do not exceed the long-term average growth rates for the business in which the Division A operates. The cash flows are discounted using the discount rate. The discount rates used are pre-tax and reflect specific risks relating to Division A.

Division B

The recoverable amount of the Division B is determined based on a value-in-use calculation from a business valuation report on the Division B prepared by an independent qualified professional valuer, AP Appraisal Limited. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated growth rate which is by reference to the forecasts based on the funds available for the Group’s business and does not exceed the forecasts included in industry reports. The growth rates used do not exceed the long-term average growth rates for the business in which the Division B operates. The cash flows are discounted using the discount rate. The discount rates used are pre-tax and reflect specific risks relating to Division B.

13. INTERESTS IN ASSOCIATES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Cost of investment in associates	27,720	—
Additions arising from acquisition of subsidiaries (<i>Note 21(a)</i>)	3,979	—
Share of post-acquisition losses and other comprehensive expenses	(1,716)	—
Derecognition upon step acquisition (<i>Note 21(a)</i>)	(26,619)	—
	<hr/>	<hr/>
Carrying amount	3,364	—
	<hr/> <hr/>	<hr/> <hr/>

The following table contains the particulars of associates, which are unlisted corporate entities whose quoted market price is not available:

Name of associate	Place of incorporation/ registration and operation	Particulars of issued and paid-up capital/registered share capital	Proportion of ownership interest		Principal activity
			31 March 2023	31 March 2022	
晋揚(深圳)新能源生態 有限公司	The PRC	Registered capital RMB2,080,000	40%	—	Provision of data destruction services
China Resources Chun Yang Technology Company Limited	Hong Kong	2,000,000 ordinary shares	49%	—	Provision of data destruction services

The associates were acquired through acquisition of subsidiary as set out in Note 21(a). Pursuant to the articles of association, the Group only has significant influence on these entities as the other shareholder of each of these entities has the enough voting power to control and operate these entities. Thus, these entities are accounted for as associates by the Group.

14. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (“FVTOCI”)

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Listed shares in Hong Kong, at fair value (<i>Note (a)</i>)	14,722	–
Unlisted investment fund in Hong Kong, at fair value (<i>Note (b)</i>)	12,997	–
	<u>27,719</u>	<u>–</u>

Notes:

- (a) The above listed equity investments represent ordinary shares of an entity listed in Hong Kong. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI. Changes in fair value are recognised in the other comprehensive income as they arise.
- (b) The above unlisted equity investments represent the Group’s equity interest in a private investment fund established in Hong Kong. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI. Changes in fair value are recognised in the other comprehensive income as they arise.

15. TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables – contracts with customers	40,205	50,268
<i>Less:</i> loss allowance	(2,392)	(1,098)
	<u>37,813</u>	<u>49,170</u>

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 Group grants the credit period of 30 to 60 days for its customers of its reverse supply chain management and environmental-related services business.

Trade receivables are non-interest bearing and the Group does not hold any collateral or other credit enhancements over these balances.

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	23,260	49,170
31 to 90 days	5,869	—
91 to 120 days	7,044	—
121 to 365 days	571	—
Over one year but less than two years	1,069	—
	<u>37,813</u>	<u>49,170</u>

16. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current		
Deposits	<u>1,604</u>	<u>—</u>
Current		
Deposits	1,983	60,877
Prepayments	15,323	9,003
Other receivables	3,836	936
Less: loss allowance	<u>(680)</u>	<u>—</u>
	<u>20,462</u>	<u>70,816</u>
Total	<u>22,066</u>	<u>70,816</u>

Included in the Group's deposits as at 31 March 2022 were current deposits of HK\$56,177,000, placed with an insurance company as security for the issuance of non-interest bearing surety bonds for construction contracts. As at 31 March 2023, such deposits were released, and during the year ended 31 March 2023, performance guarantees were granted under the banking facilities of the Group in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers 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 2023 and 2022.

As at 31 March 2023, included in other receivables are balances of HK\$484,000 (2022: Nil) due from a related party, which is a company wholly-owned by a director of a subsidiary of the Group. The amounts are unsecured, interest-free and repayable on demand.

17. TRADE AND RETENTION MONEY PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	49,788	138,820
Retention money payables (<i>Note</i>)	22,661	31,033
	<u>72,449</u>	<u>169,853</u>

Note: Retention monies to 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 aging analysis of trade payables as at the end of the reporting period, based on the invoice dates, is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	23,665	86,291
31 to 90 days	14,933	51,047
91 to 120 days	2,903	158
121 to 365 days	4,159	—
Over 365 days	4,128	1,324
	<u>49,788</u>	<u>138,820</u>

18. 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, 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.

Pursuant to the Agreement, the Company is obliged to complete the acquisition at a future date. Hence, a derivative forward contract within the scope of HKFRS 9 was entered into by the Company to acquire 40% equity interest in Chun Yang before the completion of the acquisition. 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 in the consolidated statement of financial position.

The fair value change of the derivative financial liability from the contract inception date to 31 March 2022 of approximately HK\$19,080,000 was recognised in the consolidated statement of profit or loss and other comprehensive income during the year ended 31 March 2022.

On 29 April 2022, the Company completed the acquisition of 40% equity interest in Chun Yang with a consideration amounted to approximately HK\$42,750,000 based on the Company's closing share price on 29 April 2022. Since then, Chun Yang became an associate of the Group. The interest in associates is initially recognised at a cost of HK\$27,720,000, taking into consideration settlement of the derivative financial liability with a fair value of HK\$15,030,000. The fair value change of the derivative financial liability of HK\$4,050,000 was recognised in the consolidated statement of profit or loss and other comprehensive income during the year ended 31 March 2023 accordingly.

On 8 August 2022, the Group acquired an additional 60% equity interest of Chun Yang. After the additional acquisition, Chun Yang becomes a wholly owned subsidiary of the Group and therefore, there is a deemed disposal of the previously held equity interest in Chun Yang at the date of acquisition. The Group accordingly remeasured the fair value of such previously held interest at the date of acquisition and there is no gain or loss arisen from this remeasurement.

19. PROMISSORY NOTE PAYABLES

On 8 August 2022, the Company issued promissory note with a fair value of HK\$41,460,000 which will mature in one year from the date of issuance carrying interest at 5% per annum. The directors of the Company considered that no derivatives were embedded in the promissory note payable and it is appropriate to use amortised cost to account for the promissory note payable in the consolidated statement of financial position. For the year ended 31 March 2023, effective interest expenses of promissory note of HK\$1,477,000 was recognised in the consolidated statement of profit or loss and other comprehensive income.

On 21 March 2023, the Company and the ultimate holding company of the Company entered into the subscription and debt capitalisation agreement pursuant to which the parties conditionally agreed that the ultimate holding company shall subscribe for, and the Company shall allot and issue, 103,650,000 capitalisation shares at the capitalisation price to settle the promissory notes. The transaction has not yet completed as at 31 March 2023 and has been subsequently completed on 15 May 2023.

20. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.01 each		
At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	1,500,000,000	15,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 1 April 2021	800,000,000	8,000
Issuance of new shares (<i>Note (a)</i>)	27,487,500	275
At 31 March 2022 and 1 April 2022	827,487,500	8,275
Issuance of new shares (<i>Note (b) and (c)</i>)	132,000,000	1,320
At 31 March 2023	959,487,500	9,595

Notes:

- (a) On 25 February 2022, the Company issued a total of 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.
- (b) On 29 April 2022, the Company issued a total of 90,000,000 ordinary shares to an independent third party for the acquisition of 40% equity interest in Chun Yang.
- (c) On 29 April 2022, the Company issued a total of 42,000,000 ordinary shares to an independent third party as the consideration for the acquisition of 95% equity interest in Cornerstone.

21. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of Chun Yang

The Group held 40% equity interest in Chun Yang since 29 April 2022 (the “**Existing Shareholding**”).

Reference is made to the announcement of the Company dated 15 July 2022, the Company entered into a sale and purchase agreement with an independent third party, pursuant to which the vendor agreed to sell and the Company agreed to purchase a further 60% equity interests of Chun Yang.

On 8 August 2022, the Group completed the acquisition of 60% of equity interest of Chun Yang for a consideration of HK\$41,460,000 which was settled by the way of the issue of the promissory notes in the aggregate principal amount of HK\$41,460,000, bearing an interest of 5% per annum and due within one year by the Company to the vendor.

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

	<i>HK\$'000</i>
Consideration	
Promissory note payables as at issue date	41,460
Fair value of the Existing Shareholding	26,619
	<hr/>
Total consideration	68,079
	<hr/> <hr/>

	Chun Yang carrying amount before combination HK\$'000	Fair value adjustment HK\$'000	Fair value HK\$'000
Plant and equipment	12,593		12,593
Right-of-use assets	6,677		6,677
Intangible assets	–	4,200	4,200
Deposits	1,561		1,561
Interests in associates	3,979		3,979
Other receivable, deposits and prepayments	7,149		7,149
Trade receivables	3,395		3,395
Inventories	177		177
Cash and cash equivalents	15,605		15,605
Accrued expenses and other payables	(25,326)		(25,326)
Trade payables	(2,883)		(2,883)
Lease liabilities	(7,535)		(7,535)
Bank and other borrowings	(4,017)		(4,017)
Deferred tax liabilities	–	(693)	(693)
	<u>11,375</u>	<u>3,507</u>	<u>14,882</u>
Total identified net assets at fair value			
Goodwill arising on acquisition of a subsidiary			<u>53,197</u>
Total consideration			<u>68,079</u>
Net cash inflow of cash and cash equivalents include in cash flows from investing activities			
Cash and cash equivalents balances acquired			<u>15,605</u>
			<u>15,605</u>

(b) Acquisition of Cornerstone

Reference is made to the announcement of the Company dated 25 February 2022, the Company entered into a sale and purchase agreement with an independent vendor, pursuant to which the vendor agreed to sell and the Company agreed to purchase 95% equity interests of Cornerstone.

On 29 April 2022, the Group completed the acquisition of 95% of equity interest of Cornerstone for a consideration settled by the allotment and issue of 42,000,000 new shares of the Company to the vendor, which amounted to approximately HK\$19,950,000 based on the Company's closing share price on 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 2023.

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

HK\$'000

Consideration

Fair value of 42,000,000 shares at HK\$0.475 each issued at the acquisition date	19,950
	19,950
	<i>Fair value</i>
	<i>HK\$'000</i>
Cash and cash equivalents	599
Accrued expenses and other payables	(2,224)
	(1,625)
Total identified net liabilities at fair value	(1,625)
Non-controlling interest	81
Goodwill arising on acquisition of subsidiaries	21,494
	21,494
Total consideration	19,950
Net cash inflow of cash and cash equivalents include in cash flows from investing activities	
Cash and cash equivalents balances acquired	599
	599
	599

(c) Acquisition of Builders Company Limited

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>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group principally provides superstructure building and RMAA works service as a main contractor in Hong Kong. It also engages in the business of reverse supply chain management and environmental-related service.

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 consist of development projects for residential and commercial buildings. RMAA works refer to the repair, maintenance, alteration and addition works for an existing structure. Reverse supply chain management and environmental-related service refers to the recycling of materials including but not limited to retired EV batteries, and using self-developed technologies to re-engineer the batteries to battery energy storage system to provide electricity for the equipment in construction sites.

The Group's revenue for the year ended 31 March 2023 amounted to approximately HK\$401.4 million, representing a decrease of approximately HK\$190.5 million, or 32.2% compared to approximately HK\$591.9 million for the year ended 31 March 2022. The decrease in total revenue was mainly attributable to the decrease from superstructure building work of approximately HK\$218.9 million, which was offset by the increase from RMAA works of approximately HK\$0.2 million, and reverse supply chain management and environmental-related service of approximately HK\$28.2 million, respectively.

Superstructure building works

During the year ended 31 March 2023, there were 5 (2022: 6) superstructure building works projects contributing revenue of approximately HK\$370.8 million (2022: approximately HK\$589.7 million) to this business segment.

RMAA works

During the year ended 31 March 2023, there were 3 (2022: 8) RMAA works projects contributing revenue of approximately HK\$2.4 million (2022: approximately HK\$2.2 million) to this business segment. The decrease in the number of RMAA works projects awarded was mainly due to the decrease in the number of projects which are available for tender during the year ended 31 March 2023.

Reverse supply chain management and environmental-related service

As a new business started during the year ended 31 March 2023, revenue of approximately HK\$28.2 million (2022: Nil) was generated from this business segment.

OUTLOOK

Despite the economy in Hong Kong is recovering from the effects brought by COVID-19 and the underlying macro-environment is improving, the Board in the view that competition among the industry would still be keen and thus profit margin will continue to be under pressure. The management is cautiously optimistic about the recovery of the industry and will continue to tender for more potential project. Moving forward, the Group will focus on accelerating its transition into the green building sector with the aim to help our clients to reduce carbon emission.

With the increasing awareness of environmental protection globally and greater emphasis in environmental, social and governance (“ESG”) by stakeholders, the Group has been actively exploring potential business to integrate environmental technologies in order to develop its unique competitiveness. Leveraging on the experience of construction business, as well as the required regulatory licenses and technical know-how of acquisition, the Group has consolidated its internal resources and ventures into the Electric Vehicle (“EV”) after sales market, namely, EV Charger construction and installation and EV batteries second-life usage and treatment business. At the same time, the Group continues to pay close attention to the opportunities that come along with the infrastructure establishment in the northern district of Hong Kong. The Group expects that the increasing trend of EV adoption will continue, the Group will meticulously identify new investment opportunities in order to capitalise the upcoming growth opportunities.

The Group believes that the opportunities of the EV after sales market business and the potential development of other environmental technology business would be tremendous. With a view to enhance our competitive advantages and diversify our existing building business, the Group will focus on investing research and development and ESG business. In relation to the reverse supply chain management and environmental service business, the Group will blend in more green and smart elements into its core business, leveraging on its extensive experience in the construction field and professional certifications such as internationally recognised environmental, quality and safety management systems, the Group will further integrate environmental protection and smart technologies in its infrastructure, with a view to strengthening its unique core competitiveness in the green construction field, creating broader development opportunities for the Group and bringing sustainable revenue growth to the Group and its shareholders.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 March 2023 amounted to approximately HK\$401.4 million, representing a decrease of approximately HK\$190.5 million, or 32.2% as compared to approximately HK\$591.9 million for the year ended 31 March 2022. The decrease in total revenue was mainly attributable to (i) decrease in revenue from superstructure building works of approximately HK\$218.9 million; (ii) increase in revenue from RMAA works of approximately HK\$0.2 million; and (iii) increase in reverse supply chain management and environmental-related service from the acquired subsidiaries of approximately HK\$28.2 million. The decrease in revenue recognised by the Group for the year ended 31 March 2023 was substantially due to the revenue recognised from four sizeable projects for superstructure building works awarded since 2020, of which the construction works was at the completion stage during the year ended 31 March 2023.

Gross Profit and Gross Profit Margin

The gross profit of the Group for the year ended 31 March 2023 amounted to approximately HK\$21.4 million, representing a decrease of approximately HK\$5.4 million, or approximately 20.2% as compared to approximately HK\$26.8 million for the year ended 31 March 2022. The overall gross profit margin for the year ended 31 March 2023 increased to approximately 5.3% as compared to approximately 4.5% for the year ended 31 March 2022. The decrease in gross profit and was attributable to the decrease in the revenue of the Group as discussed above. The increase in gross profit margin was mainly due to gross profit generated from the acquired subsidiaries with a profitable margin, resulting an overall increase in gross profit margin for the year ended 31 March 2023.

Other Income, Gains and Losses

The other income, gains and losses of the Group for the year ended 31 March 2023 amounted to a loss of approximately HK\$2.7 million, representing a decrease of approximately HK\$3.0 million or 878.4% as compared to a gain of approximately HK\$0.3 million for the year ended 31 March 2022. The decrease was mainly attributable to the net effect of: (i) increase in the government subsidies on payroll expense of the Group, while the Group had to commit not reduce employee head count below prescribed levels for a specific period; (ii) increase in interest income from fixed deposit with licensed bank in Hong Kong for the year ended 31 March 2023; and (iii) increase in loss on disposal of property, plant and equipment during the year ended 31 March 2023. 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 2023 amounted to approximately HK\$56.0 million, representing an increase of approximately HK\$30.1 million or 116.2% as compared to approximately HK\$25.9 million for the year ended 31 March 2022. The significant increase was mainly attributed to the increase in salaries and benefits of employees and directors, and depreciation and amortisation.

Loss Attributable to Owners of the Company

The Group reported loss attributable to owners of the Company for the year ended 31 March 2023 increased by approximately HK\$18.7 million to approximately HK\$38.1 million, as compared to that of approximately HK\$19.4 million for the year ended 31 March 2022. The main reasons for the increase in net loss were primarily attributable to the combined effect of the reason as stated in the section “FINANCIAL REVIEW” above.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2023, the Group had cash and cash equivalents, and pledged bank deposits amounting to approximately HK\$87.9 million (2022: HK\$87.2 million).

Current ratio (total current assets: total current liabilities) decreased from approximately 1.7 as at 31 March 2022 to approximately 1.3 as at 31 March 2023, mainly due to decrease in deposit, prepayments and other receivables and contract assets. Gearing ratio was 25.8% as at 31 March 2023 (2022: Nil).

The capital structure of the Group consisted of equity of approximately HK\$188.4 million (2022: approximately HK\$155.9 million) and debts of approximately HK\$48.7 million as at 31 March 2023 (2022: Nil).

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 2023. Surplus cash is generally placed in short term deposits with licensed bank in Hong Kong.

FOREIGN EXCHANGE EXPOSURE

The Group only operates in Hong Kong and mainly earns revenue and incurs costs in Hong Kong dollars and US dollars. Foreign exchange exposure of the Group is minimal so long as the Hong Kong SAR Government’s policy to link the Hong Kong dollars to the US dollars remains in effect. The Board is of the view that the Group’s foreign exchange rate risks are insignificant during the year ended 31 March 2023.

CAPITAL EXPENDITURES

Total capital expenditure for the year ended 31 March 2023 was approximately HK\$9.6 million (2022: approximately HK\$7.5 million) on acquisition of property, plant and equipment. Capital expenditure was funded by internal resources.

CONTINGENT LIABILITIES AND CLAIMS

The Group had no material contingent liabilities and claims as at 31 March 2023.

CAPITAL COMMITMENTS

As at 31 March 2023, there were no significant capital commitments for the Group (2022: Nil).

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 2023.

Save as disclosed in Note 21 to the consolidated financial statements in this announcement, there were no acquisitions or disposals of subsidiaries, associates and joint ventures by the Group during the year ended 31 March 2023.

CHARGES ON ASSETS

As at 31 March 2023, the Group had bank facilities which pledged by the bank deposits as a security for issuance of a non-interest bearing surety bond for construction contract of the Group.

SEGMENT INFORMATION

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2023, the Group employed a total of 51 employees (including executive Directors) compared to a total of 72 employees as at 31 March 2022. The total salaries and related costs (including Directors' remuneration) for the year ended 31 March 2023 were approximately HK\$45.4 million (2022: approximately HK\$37.9 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

No dividend was paid or proposed for ordinary shareholders of the Company during 2023, nor has any dividend been proposed since the end of the reporting period (2022: Nil).

EVENTS AFTER THE REPORTING PERIOD

On 21 March 2023, the Company and the ultimate holding company of the Company entered into the subscription and debt capitalisation agreement pursuant to which the parties conditionally agreed that the ultimate holding company shall subscribe for, and the Company shall allot and issue, 103,650,000 capitalisation shares at the capitalisation price to settle the promissory notes. The transaction has not yet completed as at 31 March 2023 and has been subsequently completed on 15 May 2023.

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 2023.

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 2023 and up to the date of this announcement.

COMPETING INTERESTS

The Directors confirm that neither the controlling shareholders of the Company 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 2023 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 2023 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 2023.

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 four independent non-executive Directors namely Mr. Zhang Jue, Mr. Hau Wing Shing Vincent, Mr. Wan Simon and Mr. Lam John Cheung-wah 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 2023 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 figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Baker Tilly Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Baker Tilly Hong Kong Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Baker Tilly Hong Kong 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 <https://goldenponder.com.hk/> and the Stock Exchange's website at www.hkexnews.hk. The annual report of the Group for the year ended 31 March 2023 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 2023.

By order of the Board
Golden Ponder Holdings Limited
Kwok Chun Sing
Chairman

Hong Kong, 23 June 2023

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Kwok Chun Sing, Mr. Tang Chi Kin and Mr. Zhan Zhi Hao and four independent non-executive Directors, namely Mr. Hau Wing Shing Vincent, Mr. Wan Simon, Mr. Zhang Jue and Mr. Lam John Cheung-wah.