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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 2021

FINANCIAL HIGHLIGHTS

- The Group recorded a revenue amounted to approximately HK\$210.7 million for the year ended 31 March 2021, representing a decrease of approximately HK\$72.4 million or 25.6% compared to approximately HK\$283.1 million for the year ended 31 March 2020.
- Gross profit for the year ended 31 March 2021 was approximately HK\$3.1 million, representing a decrease of approximately 84.6% compared to approximately HK\$20.1 million for the year ended 31 March 2020. The gross profit margin for the year ended 31 March 2021 was approximately 1.5%.
- Loss attributable to owners of the Company for the year ended 31 March 2021 was approximately HK\$12.3 million (year ended 31 March 2020: approximately HK\$2.1 million).
- Basic and diluted loss per share for the year ended 31 March 2021 was approximately HK1.54 cents whereas the basic and diluted loss per share was approximately HK0.26 cents for the corresponding year in 2020.
- The Board does not recommend the payment of final dividend for the year ended 31 March 2021 (year ended 31 March 2020: HK1.0 cent per share).

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 2021 together with the comparative figures for the corresponding year of 2020 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	<i>5</i>	210,660	283,148
Cost of services		<u>(207,513)</u>	<u>(263,062)</u>
Gross profit		3,147	20,086
Other income, gains and losses	<i>6</i>	3,403	1,755
Reversal/(provision) of loss allowance of trade receivables and contract assets, net		38	(3,000)
Administrative and other expenses		(20,622)	(19,627)
Finance costs	<i>7</i>	<u>(30)</u>	<u>(149)</u>
Loss before income tax credit/(expense)	<i>8</i>	(14,064)	(935)
Income tax credit/(expense)	<i>9</i>	<u>1,750</u>	<u>(1,116)</u>
Loss and total comprehensive expense for the year attributable to owners of the Company		<u>(12,314)</u>	<u>(2,051)</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>(1.54)</u>	<u>(0.26)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		1,294	1,661
Right-of-use assets		483	1,641
Deposits	<i>13</i>	17,899	9,304
Deferred tax assets		1,725	–
		<u>21,401</u>	<u>12,606</u>
Current assets			
Trade receivables	<i>12</i>	10,126	44,584
Deposits, prepayments and other receivables	<i>13</i>	27,644	40,795
Contract assets		84,597	75,247
Tax recoverable		1,425	2,729
Cash and cash equivalents		88,960	108,991
		<u>212,752</u>	<u>272,346</u>
Current liabilities			
Trade and retention money payables	<i>14</i>	52,117	84,377
Accruals and other payables		13,557	10,523
Contract liabilities		–	30
Lease liabilities		522	1,230
		<u>66,196</u>	<u>96,160</u>
Net current assets		<u>146,556</u>	<u>176,186</u>

		2021	2020
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets less current liabilities		167,957	188,792
Non-current liabilities			
Lease liabilities		<u>—</u>	<u>521</u>
NET ASSETS		<u>167,957</u>	<u>188,271</u>
Capital and reserves			
Share capital	<i>15</i>	8,000	8,000
Reserves		<u>159,957</u>	<u>180,271</u>
TOTAL EQUITY		<u>167,957</u>	<u>188,271</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. GENERAL INFORMATION

The Company was 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 Offices F and G, Floor 23, Maxgrand Plaza, No. 3 Tai Yau Street, San Po Kong, Kowloon, Hong Kong.

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 2020

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 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest Rate Benchmark Reform
Amendments to HKFRS 16	COVID-19-Related Rent Concessions

These new or amended HKFRSs has no 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 except for the amendments to HKFRS 16 “COVID-19-Related Rent Concessions”. Impact on the applications of these amended HKFRSs are summarised below.

Amendments to HKFRS 16 “COVID-19-Related Rent Concessions” (“Amendments to HKFRS 16”)

Effective 1 June 2020, HKFRS 16 “Leases” (“HKFRS 16”) was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the novel coronavirus (“COVID-19”) pandemic and satisfy the following criteria:

- (a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) The reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) There is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in HKFRS 16 in accounting for the concession.

The Group has applied the practical expedient for all rent concessions that meet the criteria. In accordance with the transitional provisions, the Group has applied the amendment retrospectively, and has not restated prior period figure. As the rent concessions have arisen during the current financial period, there is no retrospective adjustment to opening balance of retained earnings at 1 April 2020 on initial application of the amendment.

Accounting for the rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs. The effect of applying the practical expedient is disclosed in note 6 to the consolidated financial statements.

(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 ^{5 & 7}
Amendments to HKAS 1	Disclosure of Accounting Policies ⁵
Amendments to HKAS 8	Definition of Accounting Estimates ⁵
Amendments to HKAS 16	Proceeds before Intended Use ³
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ³
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ¹
HKFRS 17	Insurance Contracts ⁵
Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41	Annual Improvements to HKFRSs 2018-2020 ³
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁴
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁶
Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021 ²

¹ Effective for annual periods beginning on or after 1 January 2021

² Effective for annual periods beginning on or after 1 April 2021

³ Effective for annual periods beginning on or after 1 January 2022

⁴ Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022

⁵ Effective for annual periods beginning on or after 1 January 2023

⁶ The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

⁷ As a consequence of the amendments to HKAS 1, Interpretation 5 “Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause” was revised in October 2020 to align the corresponding wording with no change in conclusion.

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) Basic of measurement

The consolidated financial statements have been prepared under the historical cost basis.

(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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Customer A	105,431	77,531
Customer B	68,728	N/A *
Customer C	N/A *	112,635
Customer D	N/A *	79,633

* 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong		
Superstructure building works	210,198	260,453
RMAA works	462	22,695
	<u>210,660</u>	<u>283,148</u>
Timing of revenue recognition		
Over time	<u>210,660</u>	<u>283,148</u>

6. OTHER INCOME, GAINS AND LOSSES

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Bank interest income	675	1,488
Government grant (<i>note a</i>)	3,143	50
Rent concession (<i>note b</i>)	157	–
Sundry income	–	221
Bad debts	(550)	–
Write-off of property, plant and equipment	(22)	(4)
	<u>3,403</u>	<u>1,755</u>

Note (a): Government subsidies obtained is mainly relating to supporting the payroll of the Group's employees. 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.

Note (b): The Group has received a rent forgiveness from landlord due to the COVID-19 pandemic. As disclosed in note 2(a) to the consolidated financial statements, 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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest expenses on lease liabilities	<u>30</u>	<u>149</u>

8. LOSS BEFORE INCOME TAX CREDIT/(EXPENSE)

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Material costs (included in cost of services)	15,269	14,064
Auditor's remuneration	500	500
Depreciation of property, plant and equipment	531	511
Depreciation of right-of-use assets	1,158	1,233
Employee benefit expenses (including directors' remuneration)		
– Wages and salaries	28,987	28,462
– Contributions to defined contribution retirement plans	889	921
– Others	96	158
	29,972	29,541
Machinery rental expenses	5,345	4,664
Professional fee	3,052	3,236
Short-term lease expenses	480	299
(Reversal)/provision of loss allowance:		
– trade receivables	(56)	2,849
– contract assets	18	151
Write-off of property, plant and equipment	<u>22</u>	<u>4</u>

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 comprehensive income during the reporting period represents:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current income tax – Hong Kong profits tax		
Charge to profit or loss	–	(1,430)
Over provision in prior years	<u>25</u>	<u>314</u>
	25	(1,116)
Deferred tax		
Recognition of unrecognised tax losses	<u>1,725</u>	<u>–</u>
Total income tax credit/(expense) for the year	<u><u>1,750</u></u>	<u><u>(1,116)</u></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 2021, the Board of Directors does not declare any dividend to the shareholders of the Company.

The final dividend of HK1.0 cent per share for the year ended 31 March 2020 was declared and approved by the shareholders of the Company at the annual general meeting of the Company held on 18 August 2020, which was paid on 18 September 2020.

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	
	2021	2020
Loss per share		
Loss for the purposes of basic loss per share (<i>HK\$'000</i>)	<u>12,314</u>	<u>2,051</u>
Number of share		
Weighted average number of ordinary shares for the purposes of basic loss per share	<u>800,000,000</u>	<u>800,000,000</u>

For the year ended 31 March 2021, the calculation of basic loss per share is based on the loss attributable to owners of the Company of approximately HK\$12,314,000 (2020: approximately HK\$2,051,000) and the weighted average number of 800,000,000 (2020: 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 2021 and 2020.

12. TRADE RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	10,294	47,433
Less: loss allowance	<u>(168)</u>	<u>(2,849)</u>
	<u>10,126</u>	<u>44,584</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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Less than one month	9,276	20,693
More than one month but less than three months	–	1,975
More than three months but less than one year	–	8,823
More than one year but less than two years	<u>850</u>	<u>13,093</u>
	<u>10,126</u>	<u>44,584</u>

13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current		
Deposits	<u>17,899</u>	<u>9,304</u>
Current		
Deposits	10,346	36,550
Prepayments	16,782	3,122
Other receivables	<u>516</u>	<u>1,123</u>
	<u>27,644</u>	<u>40,795</u>

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 2021 and 2020.

14. TRADE AND RETENTION MONEY PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables (<i>note i</i>)	38,964	60,520
Retention money payables (<i>note ii</i>)	<u>13,153</u>	<u>23,857</u>
	<u>52,117</u>	<u>84,377</u>

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

	2021	2020
	HK\$'000	HK\$'000
Less than one month	24,662	34,197
More than one month but less than three months	7,536	16,867
More than three months but less than one year	4,768	3,060
More than one year but less than two years	1,998	6,396
	<u>38,964</u>	<u>60,520</u>

Note ii: 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.

15. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
As at 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	<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 2019, 31 March 2020, 1 April 2020 and 31 March 2021	<u>800,000,000</u>	<u>8,000</u>

16. 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within one year	<u>502</u>	<u>70</u>

17. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The principal activities of the Group are the provision of superstructure building and 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 2021 amounted to approximately HK\$210.7 million, representing a decrease of approximately HK\$72.4 million, or 25.6% compared to approximately HK\$283.1 million for the year ended 31 March 2020. The decrease in total revenue was mainly attributable to decrease from superstructure building work of approximately HK\$50.2 million and RMAA works of approximately HK\$22.2 million, respectively.

Superstructure building works

During the year ended 31 March 2021, there were 6 (2020: 5) superstructure building works projects contributing revenue of approximately HK\$210.2 million (2020: approximately HK\$260.4 million) to this business segment.

RMAA works

During the year ended 31 March 2021, there were 3 (2020: 13) RMAA works projects contributing revenue of approximately HK\$0.5 million (2020: approximately HK\$22.7 million) to this business segment. The decrease in the number of RMAA works projects awarded was mainly due to (a) intensified competition in the industry faced by the Group; and (b) the decrease in the number of projects which are available for tendered during the year ended 31 March 2021.

OUTLOOK

The global outbreak of the COVID-19 pandemic in January 2020 has severely buffeted the Hong Kong's business and investment environment and the construction industry of Hong Kong has no exceptions. Coupled with the impacts of the Sino-U.S. trade tensions, the prospects of the investment in the construction industry has been dimming with uncertain economic conditions. Therefore, the Board has considered and estimated that the Group's profit and profit margin will be significantly affected due to the significant reduction in the number of projects available for tender under fierce competitions.

During the year ended 31 March 2021 and up to the date of this announcement, the Group was successfully awarded several sizeable building construction contracts and it is expected to contribute revenue in second half of 2021. 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 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 and RMAA works. 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 2021 amounted to approximately HK\$210.7 million, representing a decrease of approximately HK\$72.4 million, or 25.6% compared to approximately HK\$283.1 million for the year ended 31 March 2020. The decrease in total revenue was mainly attributable to the decrease in revenue from superstructure building works of approximately HK\$50.2 million and the decrease in revenue from RMAA works of approximately HK\$22.2 million. The decrease in revenue recognised by the Group for the year ended 31 March 2021 was substantially due to (a) certain on-going projects were at their ending phase while the relevant revenues had already been recognised in prior years which resulted in reduction in revenue contributions; (b) there were three projects for superstructure building works had been newly awarded which a lower amount of work done were performed at preliminary stage and yet to contribute sizeable revenue; (c) there were only three newly awarded projects for the RMAA works with the total contract amounts of only approximately HK\$0.2 million contributed for the year ended 31 March 2021; and (d) an amount of HK\$2.0 million was incurred for a project due to unforeseeable additional works which resulted in reduction in revenue contribution.

Gross Profit and Gross Profit Margin

The gross profit of the Group for the year ended 31 March 2021 amounted to approximately HK\$3.1 million, representing a decrease of approximately HK\$17.0 million, or approximately 84.6% compared to approximately HK\$20.1 million for the year ended 31 March 2020. The overall gross profit margin for the year ended 31 March 2021 decreased to approximately 1.5% as compared to approximately 7.1% for the year ended 31 March 2020. Such decrease in gross profit was attributable to the decrease in the revenue of the Group and the Group's gross profit margin as discussed above. The decline in gross profit margin was mainly due to certain service costs have been incurred in the variation order works of certain works done from construction projects, which are still pending the formal contracts or agreements to be endorsed by customers, resulting in gross loss for the year ended 31 March 2021.

Other Income, Gains and Losses

The other income, gains and losses of the Group for the year ended 31 March 2021 amounted to approximately HK\$3.4 million, representing an increase of approximately HK\$1.6 million or 93.9% compared to approximately HK\$1.8 million for the year ended 31 March 2020, which was mainly due to (i) a series of government subsidies in relation to COVID-19-related subsidies which was mainly for the purpose of subsidising the payrolls of certain businesses amid of pandemic; (ii) the one-off 25% rent concession of the office premise; while the abovementioned positives were offset by (iii) increase in bad debt. For the details of other income, gains and losses, please refer to 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 2021 amounted to approximately HK\$20.6 million, representing an increase of approximately HK\$1.0 million or 5.1% compared to approximately HK\$19.6 million for the year ended 31 March 2020. The increase was mainly due to the net off effect of: (i) increase in salary and directors' remuneration of approximately HK\$1.6 million; and offset by (ii) decrease in miscellaneous expenses of approximately HK\$0.6 million.

Loss attributable to owners of the Company

The Group reported loss attributable to owners of the Company for the year ended 31 March 2021 increased by approximately HK\$10.2 million to HK\$12.3 million, as compared to that of approximately HK\$2.1 million for the year ended 31 March 2020. The main reasons for the increase in net loss were disclosed in the section "FINANCIAL REVIEW" above.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2021, the Group had a total cash and cash equivalents of approximately HK\$89.0 million (31 March 2020: approximately HK\$109.0 million).

Current ratio (Total current assets: total current liabilities) increased from approximately 2.8 as at 31 March 2020 to approximately 3.2 as at 31 March 2021, mainly due to decrease in trade and retention money payables. Gearing ratio was nil as at 31 March 2021 and 2020.

The capital structure of the Group consisted of equity of approximately HK\$168.0 million (31 March 2020: approximately HK\$188.3 million) and debts (lease liabilities) of approximately HK\$0.5 million as at 31 March 2021 (31 March 2020: approximately HK\$1.8 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 2021.

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 2021.

CAPITAL EXPENDITURES

Total capital expenditure for the year ended 31 March 2021 was approximately HK\$0.2 million (2020: approximately HK\$0.2 million) on acquisition of property, plant and equipment. Capital expenditure was funded by internal resources.

CONTINGENT LIABILITIES AND CLAIMS

Save as disclosed in note 17 to the consolidated financial statements in this announcement, the Group had no other contingent liabilities and claims as at 31 March 2021.

CAPITAL COMMITMENTS

As at 31 March 2021, 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 2021.

There were no acquisitions or disposals of subsidiaries, associates and joint ventures by the Group during the year ended 31 March 2021.

CHARGES ON ASSETS

As at 31 March 2021, 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 on the Main Board of the Stock Exchange on 22 August 2018 (the “Listing”) 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 (the “Prospectus”). As at 31 March 2021, the Group had used up approximately HK\$76.7 million of the Net Proceeds.

An analysis of the utilisation of the Net Proceeds from the date of Listing up to 31 March 2021 is set out below:

	Planned use of Net Proceeds stated in the Prospectus <i>HK\$ million</i>	Actual use of Net Proceeds Up to 31 March 2021 <i>HK\$ million</i>	Unutilised Amount Up to 31 March 2021 <i>HK\$ million</i>	Expected timeline for full utilisation of the unutilised Net Proceeds
To take out surety bonds for contracts we have secured or plan to secure	54.1	54.1	–	N/A
To finance our upfront cost and working capital requirement for one superstructure building project awarded to us	9.4	9.4	–	N/A
To expand our workforce and strengthen our manpower resources	4.8	3.0	1.8	on or before 31 December 2021
To repay bank borrowings	10.2	10.2	–	N/A
	<u>78.5</u>	<u>76.7</u>	<u>1.8</u>	

As at the date of this announcement, the unutilised Net Proceeds were placed as interest-bearing deposits with licensed bank in Hong Kong.

The Directors regularly evaluate the Group's business objectives and may change or modify plans against the changing market condition to ascertain the business growth of the Group. During the year ended 31 March 2021, the Directors considered that no modification of the intended use of proceeds described in the Prospectus was required.

The unutilised Net Proceeds of approximately HK\$1.8 million as at 31 March 2021 were planned to be used for expanding our workforce and strengthening our manpower resources. However, due to the delay in schedule of new projects, the unutilised Net Proceeds are expected to be utilised for same specific use by 31 December 2021, subject to change in works progress of newly awarded projects.

The expected timeline for the use of unutilised Net Proceeds is made based on the best estimation of the Company taking into account, among others, prevailing and future market conditions and business developments and need, and therefore is subject to change.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2021, the Group employed a total of 66 employees (including executive Directors) compared to a total of 62 employees as at 31 March 2020. The total salaries and related costs (including Directors' remuneration) for the year ended 31 March 2021 were approximately HK\$30.0 million (2020: approximately HK\$29.5 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 2021 (2020: HK1.0 cent per share).

EVENTS AFTER THE REPORTING PERIOD

There is no other material subsequent event undertaken by the Company or the Group after 31 March 2021 and up to the date of this announcement.

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 2021.

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 2021 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 2021 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 2021 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 2021.

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. Szeto Cheong Mark, 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 2021 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 2021 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 2021 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 2021.

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

Hong Kong, 23 June 2021

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Chan Kam Tong and Mr. Chan Kam Ming, and three independent non-executive Directors, namely Mr. Hau Wing Shing Vincent, Mr. Szeto Cheong Mark and Mr. Wan Simon.