CHING LEE HOLDINGS LIMITED
正利控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3728)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019

FINANCIAL RESULTS

The board of Directors (the "Board") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2019 together with the comparative audited figures for the year ended 31 March 2018, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2019

	Notes	**2019** **HK$'000**	2018 HK$'000
Revenue	*4*	**843,659**	870,888
Cost of revenue		**(756,447)**	(775,406)
Gross profit		**87,212**	95,482
Other income and gains	*5*	**1,725**	936
Administrative and other operating expenses		**(65,034)**	(68,993)
Expected credit loss on financial assets		**(2,483)**	–
Finance costs	*7*	**(7,068)**	(2,483)
Share of results of an associate		**877**	–
Profit before income tax	*6*	**15,229**	24,942
Income tax	*8*	**(4,203)**	(5,240)
Profit and total comprehensive income for the year		**11,026**	19,702
Earnings per share:			
— Basic (HK cents)	*10*	**1.09**	1.97
— Diluted (HK cents)		**1.09**	1.97

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	**2019** **HK$'000**	2018 *HK$'000*
Non-current assets			
Property, plant and equipment		**42,442**	42,883
Intangible asset		**790**	–
Interest in an associate		**13,110**	–
Deposit for acquisition of interest in an associate		**–**	2,500
Financial assets at fair value through profit or loss		**4,332**	–
Available-for-sale financial asset		**–**	2,884
Total non-current assets		**60,674**	48,267
Current assets			
Trade and other receivables	*11*	**78,378**	141,750
Pledged deposits		**–**	674
Contract assets		**201,629**	–
Amounts due from customers of contract work		**–**	112,717
Amount due from an associate		**12,906**	–
Financial assets at fair value through profit or loss		**2,784**	–
Taxation recoverable		**1,901**	–
Pledged bank deposits		**15,022**	25,002
Bank balances and cash		**69,097**	52,365
Total current assets		**381,717**	332,508
Current liabilities			
Trade and other payables	*12*	**133,952**	185,029
Contract liabilities		**1,012**	–
Amounts due to customers of contract work		**–**	199
Obligations under finance leases		**721**	688
Bank borrowings, secured		**192,438**	95,248
Provision of taxation		**369**	246
Total current liabilities		**328,492**	281,410
Net current assets		**53,225**	51,098
Total assets less current liabilities		**113,899**	99,365

	Note	2019 HK$'000	2018 HK$'000
Non-current liabilities			
Obligations under finance leases		**1,403**	2,124
Deferred tax liabilities		**644**	993
Total non-current liabilities		**2,047**	3,117
Net assets		**111,852**	96,248
Capital and reserves			
Share capital	*13*	**10,130**	10,000
Reserves		**101,722**	86,248
Total equity		**111,852**	96,248

1. GENERAL INFORMATION

Ching Lee Holdings Limited (the "Company") is a limited liability company incorporated in the Cayman Islands on 16 November 2015. Its shares are listed on Main Board of the Stock Exchange. The address of its registered office and principal place of business are disclosed in the corporate information section in the annual report.

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are provision of construction and consultancy works and project management services in Hong Kong.

The directors of the Company consider the Company's ultimate parent is JT Glory Limited, a company incorporated in the British Virgin Islands.

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

(a) Adoption of new/revised HKFRSs — effective 1 April 2018

Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)

Annual Improvements to HKFRSs 2014–2016 Cycle — Amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, removing transition provision exemptions relating to accounting periods that had already passed and were therefore no longer applicable.

The adoption of these amendments has no impact on these financial statements as the periods to which the transition provision exemptions related have passed.

Annual Improvements to HKFRSs 2014–2016 Cycle — Amendments to HKAS 28, Investments in Associates and Joint Ventures

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 28, Investments in Associates and Joint Ventures, clarifying that a venture capital organisation's permissible election to measure its associates or joint ventures at fair value is made separately for each associate or joint venture.

The adoption of these amendments has no impact on these financial statements as the Group is not a venture capital organisation.

Amendments to HKFRS 2 — Classification and Measurement of Share-Based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The adoption of these amendments has no impact on these financial statements as the Group does not have any cash-settled share-based payment transaction and has no share-based payment transaction with net settlement features for withholding tax.

HKFRS 9 — Financial Instruments

(i) Classification and measurement of financial instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 April 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment; and (3) hedge accounting. The adoption of HKFRS 9 from 1 April 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the consolidated financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at fair value through profit or loss ("FVTPL"), where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held-to-maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised cost"); (ii) financial assets at fair value through other comprehensive income ("FVOCI"); or (iii) FVTPL. The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed; and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivative is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to be achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Group's financial assets as follows:

FVTPL	FVTPL is subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss.
Amortised cost	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

As at 1 April 2018, an unlisted equity investment was reclassified from available-for-sale financial asset at cost to FVTPL. This unquoted equity instrument has no quoted price in an active market. As a result, financial asset with carrying amount of HK$2,884,000 was reclassified from available-for-sale financial asset to FVTPL. The carrying amount of this investment approximates its fair value as at 1 April 2018.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 April 2018:

Financial assets	**Original classification under HKAS 39**	**New classification under HKFRS 9**	**Carrying amount as at 1 April 2018 under HKAS 39** *HK$'000*	**Carrying amount as at 1 April 2018 under HKFRS 9** *HK$'000*
Unlisted equity investment *(Note 2(a)(i))*	Available-for-sale, at cost	FVTPL	2,884	2,884
Trade and other receivables	Loans and receivables	Amortised cost	76,785	76,785
Contract assets (comprising amounts due from customers of contract work and retention receivables)	Not applicable ("N/A")	Recognised under HKFRS 15 and subject to impairment provisions under HKFRS 9	177,682	177,682
Pledged deposits	Loans and receivables	Amortised cost	674	674
Pledged bank deposits	Loans and receivables	Amortised cost	25,002	25,002
Bank balances and cash	Loans and receivables	Amortised cost	52,365	52,365

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("ECLs") model". HKFRS 9 requires the Group to recognise ECLs for trade receivables, financial assets at amortised costs and contract assets earlier than HKAS 39. Cash and cash equivalents are subject to ECLs model but the impairment is immaterial for the current period.

Under HKFRS 9, the loss allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; or (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables and contract assets using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-month ECLs. The 12-month ECLs are the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment of trade receivables and contract assets

As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECLs which adopts a life time ECLs for all trade receivables and contract assets. To measure the ECLs, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The Group has performed a detailed analysis and has considered all reasonable and supportable information, including historical credit loss experience, shared credit risk characteristics and the number of days past due, adjusted for forward-looking factors and specific consideration to the debtors and the economic environment, for estimation of ECLs on its trade receivables and contract assets upon the adoption of HKFRS 9. The adoption of ECLs model does not have material impact on the carrying amount of the Group's trade receivables and contract assets and no loss allowance was recognised on 1 April 2018.

Impairment of other receivables

Other financial assets at amortised cost of the Group includes other receivables, pledged deposits, pledged bank deposits and bank balances and cash. No impairment is recognised as the amount of additional impairment measured under the ECLs model is insignificant.

(iii) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the consolidated statement of financial position as at 31 March 2018, but are recognised in the consolidated statement of financial position on 1 April 2018. This means that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in reserves as at 1 April 2018. Accordingly, the information presented for 2018 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The determination of the business model within which a financial asset is held has been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9 (the "DIA").

If an investment in a debt investment had low credit risk at the DIA, the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations. HKFRS 15 has established a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The Group has recognised the cumulative effect if any of initially applying HKFRS 15 as an adjustment to the opening balance of retained profits at the date of initial application (i.e. 1 April 2018). As a result, the financial information presented for 2018 has not been restated.

The adoption of HKFRS 15 has no material impact on the adjustments to the opening balance of the retained profits as at 1 April 2018. Upon the adoption of HKFRS 15, amounts previously recognised as "Amounts due from customers of contract work" and "retention receivables" have been reclassified to "Contract assets", "Amount due to customers of contract work" have been reclassified to "Contract liabilities".

The following tables summarised the impact of adopting HKFRS 15 on the Group's consolidated statement of financial position as at 31 March 2019. There was no material impact on the Group's consolidated statement of comprehensive income and consolidated statement of cash flows for the year ended 31 March 2019:

Impact on the consolidated statement of financial position as at 31 March 2019

	HK$'000
Assets	
Current assets	
Trade and other receivables	(70,542)
Contract assets	201,629
Amounts due from customers of contract work	(131,087)
Total current assets	–
Total assets	–
Liabilities	
Current liabilities	
Contract liabilities	1,012
Amounts due to customers of contract work	(1,012)
Total current liabilities	–
Total liabilities	–

Details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Group's various services are set out below:

Service	**Nature of the goods or services, satisfaction of performance obligations and payment terms**	**Nature of change in accounting policy and impact on 1 April 2018**
Provision of Construction Works	The Group recognises revenue from Construction Works over time when the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. The Group measures progress towards complete satisfaction of a performance obligation at the end of the reporting period using input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation (i.e. contract costs incurred to date) relative to the total expected inputs to the satisfaction of that performance obligation (i.e. total estimated contract costs), that best depict the Group's performance in transferring control of goods or services. Credit terms granted to customers vary from contract to contract, which are generally within 30 days from the date of issuance of the interim certificate.	HKFRS 15 did not result in significant impact on the Group's accounting policies. However, upon the adoption of HKFRS 15, the Group has to make reclassification from amounts due from customers of contract work and retention receivables to contract assets since under HKFRS 15, if there is any satisfied performance obligation but where the entity does not have an unconditional right to consideration, an entity should recognise a contract asset. Upon the adoption of HKFRS 15, the Group has also made reclassification from amounts due to customers of contract work to contract liabilities.

Amendments HKFRS 15 — Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The adoption of these amendments has no impact on these financial statements as the Group had not previously adopted HKFRS 15 and took up the clarifications in this, its first, year.

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

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

HKFRS 16	Leases[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3, Business Combinations[1]
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 11, Joint Arrangements[1]
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 12, Income Taxes[1]
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 23, Borrowing Costs[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2020
3 The amendments were originally intended to be effective for periods beginning on or after 1 January 2017. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

3. SEGMENT REPORTING

The executive directors of the Company, who are the chief operating decision-makers of the Group, review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports reviewed by the executive directors of the Company that are used to make strategic decisions.

Management regularly reviews the operating results from a project-based perspective. The reportable operating segment derives revenue primarily from provision of construction and consultancy works. Business segment information is not considered necessary.

As the executive directors consider the Group's revenue and results are all derived from provision of construction and consultancy works and project management services in Hong Kong and no consolidated assets of the Group are located outside Hong Kong, geographical segment information is not considered necessary.

Information about major customers

Revenue from major customers, each of them accounted for 10% or more of the Group's revenue, are set out below:

	2019	2018
	HK$'000	*HK$'000*
Customer I	**242,498**	276,279
Customer II	**127,055**	N/A[1]
Customer III	**109,547**	156,093
Customer IV	**N/A[1]**	137,369

[1] The corresponding revenue did not contribute over 10% of the total revenue of the Group for the respective period.

4. REVENUE

Revenue, which is also the Group's turnover, represents construction work income. Revenue recognised from the principal activities during the year is as follows:

	2019	2018
	HK$'000	*HK$'000*
Revenue recognised over time:		
Substructure building work services	**–**	1,696
Superstructure building work services	**416,508**	534,785
Repair, maintenance, alteration and addition services	**427,151**	334,407
	843,659	870,888

5. OTHER INCOME AND GAINS

	2019	2018
	HK$'000	*HK$'000*
Bank interest income	**66**	30
Sale of scrap materials	**–**	9
Gain on disposal of property, plant and equipment, net	**–**	707
Changes in fair value of financial assets at FVTPL	**1,465**	–
Others	**194**	190
	1,725	936

6. PROFIT BEFORE INCOME TAX

This is arrived at after charging the following:

	2019	2018
	HK$'000	*HK$'000*
Auditor's remuneration	**1,260**	1,200
Depreciation in respect of:		
— Owned assets	**5,500**	7,353
— Leased assets	**845**	492
	6,345	7,845
Employee benefit expenses (including directors' emoluments)		
— Salaries, allowances and other benefits	**83,468**	69,787
— Share-based payment expenses	**3,560**	1,500
— Contribution to defined contribution retirement plan	**2,407**	2,014
	89,435	73,301
Operating lease payments in respect of land and buildings and car parks	**767**	866

7. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest on bank borrowings	**6,967**	2,405
Interest element of finance lease payments	**101**	78
	7,068	2,483

8. INCOME TAX

The amounts of income tax in the consolidated statement of comprehensive income represent:

	2019	2018
	HK$'000	*HK$'000*
Current tax		
— Hong Kong Profits Tax	**4,236**	5,620
— Under provision for prior years	**316**	118
Deferred tax	**(349)**	(498)
	4,203	5,240

Hong Kong profits tax is calculated at two-tiered rates on the estimated assessable profits arising in Hong Kong at 8.25% on assessable profits up to HK$2 million and 16.5% on any part of assessable profits over HK$2 million (2018: 16.5% on the estimated assessable profits).

The two-tiered profits tax rates regime is applicable to a nominated qualifying entity in the Group for its annual period beginning on or after 1 April 2018.

9. DIVIDEND

	2019	2018
	HK$'000	*HK$'000*
Dividend declared and paid	**4,052**	6,000

The board of directors declared an interim dividend of HK$0.004 (2018: HK$0.006) per share, which was paid during the year. The board of directors does not recommend the payment of final dividend in respect of the years ended 31 March 2019 and 2018.

10. EARNINGS PER SHARE

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

	2019	2018
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**11,026**	19,702

	2019	2018
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,011,575,342**	1,000,000,000
Effect of dilutive potential ordinary shares:		
— Share options *(Note)*	**N/A**	401,560
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,011,575,342**	1,000,401,560

Note: For the year ended 31 March 2019, basic earnings per share amount equals to dilutive earnings per share amount because the exercise price of the Company's share options was higher than the average market price for shares.

11. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**40,513**	57,011
Retention receivables	**–**	64,965
Deposits, prepayments and other receivables	**40,348**	19,774
Less: Expected credit loss	**(2,483)**	–
	78,378	141,750

Movements in the expected credit loss in respect of trade and other receivables during the year are as follows:

	2019 *HK$'000*	2018 *HK$'000*
At beginning of year	**–**	–
Expected credit loss recognised during the year	**2,483**	–
At end of year	**2,483**	–

The ageing analysis of trade receivables, based on invoice date, as at the end of reporting period is as follows:

	2019 *HK$'000*	2018 *HK$'000*
Within 30 days	**35,460**	57,011
31–60 days	**5,053**	–
	40,513	57,011

12. TRADE AND OTHER PAYABLES

	2019 *HK$'000*	2018 *HK$'000*
Trade payables	**87,808**	135,456
Bills payable	**–**	6,134
Trade and bills payables *(Note)*	**87,808**	141,590
Retention payables	**32,507**	34,677
Other payables, accruals and deposits received	**13,637**	8,762
	133,952	185,029

Note: The Group's bills payables are repayable within 120 days. For other trade payables, the credit period granted by suppliers and contractors is normally 30 to 60 days.

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

	2019 *HK$'000*	2018 *HK$'000*
Within 30 days	**65,236**	105,935
31–60 days	**14,604**	22,334
61–90 days	**3,434**	3,975
Over 90 days	**4,534**	3,212
	87,808	135,456

13. SHARE CAPITAL

The share capital as at 31 March 2019 and 2018 represented the issued share capital of the Company as detailed below:

Ordinary shares of HK$0.01 each	*Number*	*HK$'000*
Authorised		
At 1 April 2017, 31 March 2018, 1 April 2018 and 31 March 2019	10,000,000,000	100,000
Issued and fully paid		
At 1 April 2017, 31 March 2018 and 1 April 2018	1,000,000,000	10,000
Issue of shares *(Note)*	13,000,000	130
At 31 March 2019	1,013,000,000	10,130

Note: During the year, 13,000,000 shares were issued to the vendor of New Bright Engineering Limited in respect of the partial consideration for the acquisition of 30% equity interest in New Bright Engineering Limited.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

We are a main contractor in Hong Kong principally engaged in providing (i) substructure building works services; (ii) superstructure building works services; and (iii) repair, maintenance, alteration and addition for an existing structure ("RMAA") work services.

In general, substructure and superstructure building works refer to building works in relation to the parts of the structure below or above the ground level respectively, while RMAA works are for existing structures. The scope of our substructure building works projects consisted of demolition and hoarding, site formation and foundation works. The scope of our superstructure building works projects consisted of development and redevelopment of educational, residential, and commercial buildings, and the scope of our RMAA works consisted of improvement, fitting-out works, renovation works, restoration works and external works.

The Group's revenue for the year ended 31 March 2019 was recorded at approximately HK$843.7 million which represented a slight decrease of approximately HK$27.2 million or 3.2% from approximately HK$870.9 million for the year ended 31 March 2018.

	Year ended 31 March		Increase/
	2019	2018	(Decrease)
	HK$'000	*HK$'000*	%
Substructure building work services	**–**	1,696	–
Superstructure building work services	**416,508**	534,785	(22.1)
RMAA work services	**427,151**	334,407	27.7
	843,659	870,888	(3.1)

(i) Substructure building works services

For the year ended 31 March 2019, there was no revenue recorded in this segment (2018: approximately HK$1.7 million). The decrease by approximately HK$1.7 million was mainly due to the completion of substructure building work projects in FY2018 and subsequently no additional substructure building work projects were engaged during the year ended 31 March 2019.

(ii) Superstructure building works services

For the year ended 31 March 2019, revenue recorded in this segment amounted to approximately HK$416.6 million (2018: approximately HK$534.8 million). The decrease by approximately HK$118.3 million was mainly due to the completion/substantial completion of four superstructure projects during the year ended 31 March 2019.

(iii) RMAA works services

For the year ended 31 March 2019, revenue recorded in this segment amounted to approximately HK$427.2 million (2018: approximately HK$334.4 million). The increase by approximately HK$92.7 million was mainly due to more RMAA projects were engaged and with the commencement of three new RMAA projects during the year ended 31 March 2019.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 March 2019 recorded at approximately HK$843.7 million which represented a slight decrease of approximately HK$27.2 million or 3.1% from approximately HK$870.9 million for the year ended 31 March 2018. The decrease in total revenue was mainly due to a decrease from superstructure building works services and substructure building work services amount to approximately HK$118.3 million and HK$1.7 million respectively. The decrease was offset by increase in RMAA works services of approximately HK$92.7 million.

Gross Profit and Gross Profit Margin

Our gross profit decreased by approximately HK$8.3 million or 8.7%, from approximately HK$95.5 million for the year ended 31 March 2018 to approximately HK$87.2 million for the year ended 31 March 2019. During the year ended 31 March 2019, the gross profit margin was approximately 10.3%, which is slightly lower than the gross profit margin of prior year of approximately 11.0%.

Other Income and Gains

Other Income and Gains increased by HK$0.8 million or 84.3% from approximately HK$0.9 million for the year ended 31 March 2018 to approximately HK$1.7 million for the year ended 31 March 2019. The increase was mainly due to change in fair value of financial asset at FVTPL of approximately HK$1.5 million for the year ended 31 March 2019.

Administrative and Other Operating Expenses

Administrative and Other Operating Expenses decreased by approximately HK$4.0 million or 5.7% from approximately HK$69 million for the year ended 31 March 2018 to approximately HK$65.0 million for the year ended 31 March 2019.

Administrative and other operating expenses mainly consist of staff cost (including salaries, allowances, other benefits and contribution to defined contribution retirement plan), legal & professional fee, business development cost, donations, depreciation, share-based payment expense and others. The decrease was mainly attributable by (i) decrease in legal and professional fee of approximately HK$7.9 million as there is a litigation of a breach of the Buildings Ordinance in FY2018. (ii) decrease in donations of approximately HK$1.2 million. The decrease was offset by (i) the increase of share-based expenses of approximately HK$2.1

million; (ii) increase in staff Salaries of approximately HK$1.1 million with more staffs recruited during the year ended 31 March 2019 (iii) increase in long service payment provision of approximately HK$0.6 million, (iv) increase in consultancy fee of approximately HK$0.5 million and (v) increase in others of HK$0.8 million.

Finance Costs

Finance Costs increased by approximately HK$4.6 million or 184.7% from approximately HK$2.5 million for the year ended 31 March 2018 to approximately HK$7.1 million for the year ended 31 March 2019. It was mainly due to the increase in bank borrowing from approximately HK$95.2 million to approximately HK$192.4 million as at 31 March 2019.

Income Tax

Income Tax decreased by approximately HK$1.0 million or 19.8% from approximately HK$5.2 million for the year ended 31 March 2018 to approximately HK$4.2 million for the year ended 31 March 2019.

Profit and Total Comprehensive Income for the Year Attributable to the Owners of the Company

Profit and total comprehensive income for the year attributable to the owners of the Company decreased by approximately HK$8.7 million or 44.0% from approximately HK$19.7 million for the year ended 31 March 2018 to approximately HK$11.0 million for the year ended 31 March 2019.

Such decrease was primarily attributable to the increase in finance cost and the expected credit loss on financial assets.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2019, the Group had total assets of approximately HK$442.4 million, which is financed by total liabilities and shareholders' equity of approximately HK$330.5 million and HK$111.9 million, respectively. The Group's current ratio remained stable at approximately 1.2 at 31 March 2018 and 31 March 2019.

GEARING RATIO

The gearing ratio of the Group as at 31 March 2019 was approximately 174% (31 March 2018: approximately 101.9%), which is calculated based on the total obligations under finance lease and total bank borrowings divided by total equity as at the respective reporting date.

CAPITAL EXPENDITURE

Total capital expenditure for the year ended 31 March 2019 was approximately HK$5.9 million, which was mainly used in the purchase of property, furniture and equipment.

CONTINGENT LIABILITIES

At the end of the reporting periods, there were no significant contingent liabilities for the Group.

COMMITMENTS

At the end of the reporting periods, there were no significant capital commitments for the Group.

CHARGES ON GROUP ASSETS

Assets with a carrying value of approximately HK$75.9 million were pledged as securities for the Group's banking facilities.

SEGMENT INFORMATION

Segmental information is presented for the Group as disclosed on note 3 to the consolidated financial statements.

FOREIGN EXCHANGE EXPOSURE

The Group was not exposed to foreign exchange risk during the year ended 31 March 2019.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year. Interest for the current bank borrowings were mainly on floating rate basis and the bank borrowings were denominated in Hong Kong dollars, hence, there is no significant exposure to foreign exchange rate fluctuations.

CAPITAL STRUCTURE

The Share of the Company were successfully transferred from the GEM Board to the Main Board of the Stock Exchange on 18 September 2017. On 10 May 2018, the Company has allotted and issued 13,000,000 Consideration Shares at an issue price of HK$0.39 per Consideration Share as part of the consideration in accordance with the terms and conditions of the Share Purchase Agreement of the acquisition of 30% of New Bright Engineering Limited. There has been no other change in the capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares.

As at 31 March 2019, the Company's issue share capital was HK$10,130,000 and the number of its issued ordinary share was 1,013,000,000 of HK$0.01 each.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have plans for material investments or capital assets during the year ended 31 March 2019.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

On 10 May 2018, the Company completed an acquisition of 30% of New Bright Engineering Limited and it has become an associate of the Company. New Bright Engineering Limited is registered electrical contractor in Hong Kong and is principally engaged in air-conditioning and electrical engineering installation and alteration works.

Save as the above, during full year ended 31 March 2019, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2019, the Group employed a total of 199 employees (31 March 2018: 151 employees). The staff costs of our Group (including salaries, allowances, other benefits and contribution to defined contribution retirement plan) for the year ended 31 March 2019 were approximately HK$89.4 million (For the year ended 2018: approximately HK$73.3 million).

The remuneration package for our employees generally includes salary and bonuses. Our employees also receive welfare benefits, including exam leave, retirement benefits, occupational injury insurance, medical insurance and other miscellaneous items. We conduct annual review of the performance of our employees for determining the level of bonus, salary adjustment and promotion of our employees. Our executive Directors will also conduct research on the remuneration packages offered for similar positions in the Hong Kong construction main contracting industry in order to keep our remuneration packages at a competitive level. We have also adopted the Share Option Scheme which is designed to provide incentives and rewards to our employees.

SIGNIFICANT INVESTMENTS HELD

Except for investment in its subsidiaries and investment in associate, the Group did not hold any significant investments during the year ended 31 March 2019.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group believes that the risk management practices are important and use its best effort to ensure it is sufficient to mitigate the risks present in our operations and financial position as efficiently and effectively as possible.

I. Our revenue is mainly derived from projects which are not recurring in nature and any significant decrease in the number of our projects would affect our operations and financial results;

II. We depend on our suppliers for concrete, steel and other construction materials, and any shortage or delay of supply, or deterioration in the quality, of the same could materially and adversely affect our operations, and we may not be able to identify an alternative source of stable supply with acceptable quality and price;

III. We may be involved in construction and/or labour disputes, legal and other proceedings arising from our operations from time to time and may face significant legal liabilities as a result;

IV. We determine our tender price based on the estimated time and costs to be involved in a project, yet the actual time and costs incurred may deviate from our estimate due to unexpected circumstances, thereby adversely affecting our operations and financial results;

V. We rely on our Board members and senior management staff, and their departure would adversely affect our operations and financial results;

VI. Our works are labour intensive. If we or our subcontractors experience any shortage of labour, industrial actions, strikes or material increase in labour costs, our operations and financial results would be adversely affected;

VII. Expiry, withdrawal, revocation, downgrading and/or failure to renew any of our various registrations and certifications would adversely affect our operations and financial results; and

VIII. There is no guarantee that we would not be subject to any claims in relation to defects of our works, which may result in further costs to make good the defects, and/or deduction of the retention monies to be released and/or claims from our customers against us.

USE OF PROCEEDS

The net proceeds from the Listing in after deducting the underwriting fees, the Stock Exchange trading fee and SFC transaction levy for the New Shares and estimated listing expenses in connection with the Placing, were approximately HK$42.5 million.

The actual net proceeds from the issue of new shares of the Company under the Placing was different from the estimated net proceeds of approximately HK$39.0 million as set out in the Prospectus.

The Group adjusted the use of proceeds in the same manner and in the same proportion as shown in the Prospectus, which is (i) approximately 40.1% of the net proceeds, representing approximately HK$17.0 million to reserve more capital to satisfy our potential customers' requirement for surety bond, (ii) approximately 24.8% of the net proceeds, representing approximately HK$10.5 million to expand our workforce, and arrange and sponsor our engineering staff to attend external technical seminars and occupational health and safety courses, (iii) approximately 7.7% of the net proceeds, representing approximately HK$3.3 million to acquire machinery, (iv) approximately 17.4% of the net proceeds, representing approximately HK$7.4 million to reduce our gearing ratio, and (v) approximately 10% of the net proceeds, representing approximately HK$4.3 million for working capital and other general corporate purposes. As at 19 June 2018, the Company has announced to revise the remaining unutilized net proceeds of $16.3 million from "To reserve more capital to satisfy our potential customers' requirement for surety bond" to "To invest in property development projects".

An analysis of the unutilized net proceeds up to 31 March 2019 is set out below:

	Revised allocation of unutilized amount as at 19 June 2018 *HK$ million*	**Actual use of net proceeds up to 31 March 2019** *HK$ million*
To invest in property development project	16.3	2.9
	16.3	2.9

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2019.

DIVIDEND

The board of directors declared an interim dividend of HK$0.004 per share, which was paid during the year. The Directors do not recommend the payment of final dividend in respect of the year end 31 March 2019 (31 March 2018: nil).

AUDIT COMMITTEE

The Company has established an audit committee with the written terms of reference in compliance with the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules. The Group's consolidated financial statements for the year ended 31 March 2019 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2019 comply with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as a code of conduct regarding directors' securities transactions. All the directors have confirmed, following specific enquiry by the Company that they have complied with the required standard as set out in the Model Code for the year ended 31 March 2019 and up to the date of this results announcement.

CORPORATE GOVERNANCE PRACTICE

Pursuant to the code provision A.2.1 of the CG Code, the roles of Chairman and CEO should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established.

Mr. Ng Choi Wah currently assumes the role of both chairman of the Company and chief executive of the Company. In view that Mr. Ng has been assuming day-to-day responsibilities in operating and managing our Group since 1998 and the rapid development of our Group, the Board believes that with the support of Mr. Ng's extensive experience and knowledge in the business of the Group, vesting the roles of both Chairman and chief executive officer of our Company in Mr. Ng strengthens the solid and consistent leadership and thereby allows for efficient business planning and decision which is in the best interest to our Group. Mr. Ng delegates the role and responsibilities including operations, management, business development and strategy planning of the Group to other Executive Directors. The Board will review the need of appointing suitable candidate to assume the role of chief executive when necessary.

In the opinion of the Board, the Company has complied with the principles and code provisions in the CG as set out in Appendix 14 to the Listing Rules with the exception for code provision A.2.1 as disclosed above for the year ended 31 March 2019.

SCOPE OF WORK OF BDO LIMITED

The 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 2019 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 Engagements 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.

PUBLICATION OF ANNUAL RESULTS AND DESPATCH OF ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company (www.chingleeholdings.com). The annual report for the year ended 31 March 2019 containing all the information required by the Listing Rules will be despatched to the Company's shareholders and available on the above websites in due course.

By Order of the Board
Ching Lee Holdings Limited
Ng Choi Wah
Chairman

Hong Kong, 24 June 2019

As at the date of this announcement, the executive Directors are Mr. Ng Choi Wah, Mr. Lui Yiu Wing and Mr. Lam Ka Fai, and the independent non-executive Directors are Dr. Wai Wing Hong Onyx, Mr. Tong Hin Sum Paul and Mr. Chau Kam Wing Donald.