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Ching Lee Holdings Limited

正利控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3728)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO USE OF PROCEEDS DISCLOSED IN THE ANNUAL REPORTS AND INTERIM REPORT AND CHANGE IN USE OF PROCEEDS

Reference is made to the annual report for the year ended 31 March 2019 published by Ching Lee Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on 3 July 2019 (the “**FY2019 Annual Report**”), the interim report for the six months ended 30 September 2019 published on 28 November 2019 (the “**FY2020 Interim Report**”) and the annual report for the year ended 31 March 2020 published on 20 July 2020 (the “**FY2020 Annual Report**”). Unless otherwise stated, capitalised terms used herein shall have the same meanings as defined in the FY2019 Annual Report, FY2020 Interim Report and FY2020 Annual Report.

Further to the information disclosed in the FY2019 Annual Report, FY2020 Interim Report and the FY2020 Annual Report, the Company wishes to provide the Shareholders and the potential investors with the following supplementary information:

USE OF PROCEEDS FROM THE SHARE OFFER

As disclosed in the FY2019 Annual Report, FY2020 Interim Report and the FY2020 Annual Report, the total net proceeds (the “**Net Proceeds**”) from the share offer (the “**Share Offer**”) through the listing of the shares of the Company (the “**Listing**”) on the GEM of The Stock Exchange of Hong Kong Limited on 29 March 2016 (the “**Listing Date**”) was approximately HK\$42.5 million. On 19 June 2018, the Group changed the remaining unutilised net proceeds of approximately HK\$16.3 million to investment in property development projects. As at 31 March 2020, the unutilised net proceeds from the Share Offer (the “**Unutilised Net Proceeds**”) was approximately HK\$13.4 million.

A table shows the actual use of the net proceeds from 19 June 2018 up to 31 March 2019, 30 September 2019 and 31 March 2020 and the Unutilised Net Proceeds as at 31 March 2019, 30 September 2019 and 31 March 2020.

	Revised allocation of unutilised amount as at 19 June 2018 <i>HK\$ million</i>	Actual use of Net Proceeds up to 31 March 2019 <i>HK\$ million</i>	Unutilised Net Proceeds as at 31 March 2019 <i>HK\$ million</i>	Actual use of Net Proceeds up to 30 September 2019 <i>HK\$ million</i> <i>(Note)</i>	Unutilised Net Proceeds as at 30 September 2019 <i>HK\$ million</i>	Actual use of Net Proceeds up to 31 March 2020 <i>HK\$ million</i>	Unutilised Net Proceeds as at 31 March 2020 <i>HK\$ million</i>
To invest in property development project	16.3	2.9	13.4	2.9	13.4	2.9	13.4
	<u>16.3</u>	<u>2.9</u>	<u>13.4</u>	<u>2.9</u>	<u>13.4</u>	<u>2.9</u>	<u>13.4</u>

Note: The actual use of net proceeds up to 30 September 2019 stated in the FY2020 Interim Report of HK\$2.6 million is typo and the actual figure should be HK\$2.9 million.

CHANGE IN USE OF PROCEEDS

The Group kept searching for feasible property development opportunities in order to fully utilise the remaining net proceeds and generate a promising profit to the Group since 19 June 2018 and approximately HK\$2.9 million was utilised. In view of the lack of the feasible opportunities and recent business environment in Hong Kong, the Board of directors has resolved to change the use of Unutilised Net Proceeds of approximately HK\$13.4 million as working capital to support the ordinary operation of the Group in order to provide buffer for the Group to commence the new projects and further cope with the future economic uncertainty in Hong Kong, which is expected to fully utilise by 31 March 2021.

The Board of directors believes that the change in the use of proceeds will not have any material adverse effect on the existing business and operation of the Group.

By order of the Board
Ching Lee Holdings Limited
Mr. NG Choi Wah
Chairman

Hong Kong, 4 September 2020

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.