



# Ching Lee Holdings Limited

## 正利控股有限公司

(Incorporated in the Cayman Islands with limited liability)

**Stock Code: 3728**

2020  
Interim Report

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors:

Mr. Ng Choi Wah (*Chairman*)  
Mr. Lui Yiu Wing  
Mr. Lam Ka Fai

### Independent non-executive Directors:

Dr. Wai Wing Hong Onyx  
Mr. Tong Hin Sum Paul  
Mr. Chau Kam Wing Donald

## AUDIT COMMITTEE

Mr. Chau Kam Wing Donald (*Chairman*)  
Dr. Wai Wing Hong Onyx  
Mr. Tong Hin Sum Paul

## REMUNERATION COMMITTEE

Dr. Wai Wing Hong Onyx (*Chairman*)  
Mr. Ng Choi Wah  
Mr. Chau Kam Wing Donald

## NOMINATION COMMITTEE

Mr. Ng Choi Wah (*Chairman*)  
Dr. Wai Wing Hong Onyx  
Mr. Tong Hin Sum Paul

## COMPANY SECRETARY

Mr. Tsui Wing Tak (*Certified Public  
Accountants*)

## AUTHORISED REPRESENTATIVES

Mr. Ng Choi Wah  
Mr. Lui Yiu Wing

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 203, 2nd Floor  
Hang Bong Commercial Centre  
28 Shanghai Street  
Jordan  
Kowloon  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Codan Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited  
4-4A Des Voeux Road Central  
Hong Kong

The Hongkong and Shanghai Banking  
Corporation Limited  
HSBC Main Building  
1 Queen's Road Central  
Hong Kong

Dah Sing Bank, Limited  
Dah Sing Financial Centre  
108 Gloucester Road  
Hong Kong

## COMPANY WEBSITE

[www.chingleeholdings.com](http://www.chingleeholdings.com)  
(information of this website does not  
form part of this report)

## STOCK CODE

3728

# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the “**Board**”) of Ching Lee Holdings Limited (our “**Company**”, together with our subsidiaries, our “**Group**”), I have the pleasure to present to you the unaudited interim results for the six months ended 30 September 2020.

## OVERVIEW

The total revenue of the Group increased by approximately HK\$96.5 million or 23.0% from approximately HK\$419.4 million for the six months ended 30 September 2019 to approximately HK\$515.9 million for the six months ended 30 September 2020. In general, the increased in revenue was resulted by the greater demand for the Group’s contracting business and favourable market condition. Basic earnings per share for the six months ended 30 September 2020 was HK1.34 cents as compared with HK1.13 cents per share for the six months ended 30 September 2019.

## FORWARD

Despite the escalating tensions between China and the US, the outbreak of the coronavirus (“**COVID-19**”) since early 2020 has also caused an unprecedented impact on the global economy, the economic growth of Hong Kong is slowing down with the uncertainty in the general operating environment. Unavoidably, the projects of the Group has been affected in various aspects, including but not limited to suspension of the site works and shortage of raw materials, however, with the appropriate measures and proactive review of project executions by our management, it is believed the Group would overcome the difficult times and move forward cautiously.

The Group will continuously focus on its core businesses in providing (i) substructure building work services, (ii) superstructure building work services, and (iii) Repair, maintenance, alteration and addition for an existing structure (“**RMAA**”) work as a main contractor in Hong Kong; and, at the same time, explore new opportunities as well as new merger and acquisition targets that will benefit the shareholders as a whole. The Group will remain prudent while keep exploring the opportunities in property development projects in the coming future.

## APPRECIATION

On behalf of the Board, I wish to take this opportunity to express my sincere gratitude to all our customers, shareholders and business partners for their continuous care and support. I would also like to thank all of our employees for their commitment and loyalty they have shown throughout the years.

By Order of the Board  
**Ng Choi Wah**  
*Chairman*

Hong Kong, 25 November 2020

## FINANCIAL HIGHLIGHTS

- The Group recorded a revenue amounted to approximately HK\$515.9 million for the six months ended 30 September 2020, representing an increase of approximately 23.0% or HK\$96.5 million as compared with the six months ended 30 September 2019.
- The profit and total comprehensive income of the Company is approximately HK\$13.6 million for the six months ended 30 September 2020, representing an increase of approximately HK\$2.2 million or 19.3% as compared with the six months ended 30 September 2019.
- The basic and diluted earnings per share for the six months ended 30 September 2020 is HK1.34 cents, as compared with the corresponding period in 2019 of HK1.13 cents.
- The board of directors of the Company has resolved to declare an interim dividend of HK0.35 cents per share for the six months ended 30 September 2020 (six months ended 30 September 2019: HK0.3 cents per share).

## INTERIM RESULTS

The board of Directors (the “Board”) of the Company is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2020 together with the unaudited comparative figures for the corresponding period in 2019, as follows:

### UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Notes	Six months ended 30 September	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	3	515,898	419,440
Cost of revenue		(478,628)	(372,807)
Gross profits		37,270	46,633
Other income and gains	4	6,810	1,559
Administrative and other operating expenses		(26,843)	(31,263)
Finance costs		(2,955)	(3,913)
Share of profit of an associate		1,089	642
Profit before income tax		15,371	13,658
Income tax	5	(1,749)	(2,251)
Profit and total comprehensive income for the period		13,622	11,407
Earnings per share	7		
— Basic (HK Cents)		1.34	1.13
— Diluted (HK Cents)		1.34	1.13

# UNAUDITED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2020

	Notes	As at	
		30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		42,609	41,271
Intangible asset		790	790
Interest in an associate		14,228	14,940
Financial asset at fair value through profit or loss		4,560	4,560
Rental Deposits		144	144
<b>Total non-current assets</b>		<b>62,331</b>	<b>61,705</b>
<b>Current assets</b>			
Trade and other receivables	8	111,290	93,183
Contract assets		216,948	266,729
Amount due from an associate		14,756	14,916
Financial assets at fair value through profit or loss		2,784	2,784
Taxation recoverable		–	421
Pledged bank deposit		25,208	25,053
Bank balances and cash		88,115	56,591
<b>Total current assets</b>		<b>459,101</b>	<b>459,677</b>



	Notes	As at	
		30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
<b>Current liabilities</b>			
Trade and other payables	9	219,561	237,718
Contract liabilities		7,679	4,211
Lease liabilities		1,625	2,271
Bank borrowings, secured		156,239	152,437
Provision of taxation		1,406	43
<b>Total current liabilities</b>		<b>386,510</b>	<b>396,680</b>
<b>Net current assets</b>		<b>72,591</b>	<b>62,997</b>
<b>Total assets less current liabilities</b>		<b>134,922</b>	<b>124,702</b>
<b>Non-current liabilities</b>			
Lease liabilities		3,215	3,544
Deferred tax liabilities		141	175
<b>Total non-current liabilities</b>		<b>3,356</b>	<b>3,719</b>
<b>Net assets</b>		<b>131,566</b>	<b>120,983</b>
<b>Capital and reserves</b>			
Share capital		10,130	10,130
Reserves		121,436	110,853
<b>Total equity</b>		<b>131,566</b>	<b>120,983</b>

# UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Share Capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Share option reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
<b>At 1 April 2020 (audited)</b>	10,130	78,435	(28,965)	5,060	56,323	120,983
Profit and total comprehensive income for the period	-	-	-	-	13,622	13,622
Dividend declared and paid	-	-	-	-	(3,039)	(3,039)
<b>At 30 September 2020 (unaudited)</b>	10,130	78,435	(28,965)	5,060	66,906	131,566
<b>At 1 April 2019 (audited)</b>	10,130	78,435	(28,965)	5,060	47,192	111,852
Profit and total comprehensive income for the period	-	-	-	-	11,407	11,407
<b>At 30 September 2019 (unaudited)</b>	10,130	78,435	(28,965)	5,060	58,599	123,259

# UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Net cash generated from/(used in) operating activities	38,777	(8,846)
Net cash used in investing activities	(3,640)	(3,690)
Net cash (used in)/generated from financing activities	(3,613)	6,776
Net increase/(decrease) in cash and cash equivalents	31,524	(5,760)
Cash and cash equivalents at beginning of the period	56,591	69,097
Cash and cash equivalents at ending of the period	88,115	63,337

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

## 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 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.

## 2.1 BASIS OF PREPARATION

The interim condensed consolidation financial information for the six months ended 30 September 2020 is unaudited and has been prepared in accordance with Hong Kong Accounting Standards (“**HKAS**”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). The unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 March 2020.

The unaudited interim condensed consolidated financial information has been prepared under the historical cost convention and is presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of Material

The adoption of the above revised standards has had no significant financial effect on the Group's unaudited interim condensed consolidated financial information.

## 3. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable for services rendered by the Group to outside customers, less discount.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

- (i) Substructure building work services — demolition and hoarding, site formation and foundation works
- (ii) Superstructure building work services — development and redevelopment of educational, residential, and commercial buildings
- (iii) RMAA work services — improvement, fitting-out works, renovation works, restoration works and external works

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Substructure building work services	11,336	18,806
Superstructure building work services	383,514	264,624
RMAA work services	121,048	136,010
	515,898	419,440

#### 4. OTHER INCOME AND GAINS

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Bank interest income	23	60
HKSAR Government wage subsidies	5,553	–
Miscellaneous Income	1,234	1,499
Total	6,810	1,559

#### 5. INCOME TAX

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
<b>Current tax</b>		
Hong Kong profit tax	1,783	2,427
Deferred tax	(34)	(176)
	1,749	2,251

Under the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

For the relevant period, Hong Kong Profit Tax is calculated in accordance with the two-tiered profits tax rates regime for the qualifying corporation and the remaining corporations are calculated at a flat rate of 16.5%.

#### 6. DIVIDEND

The directors of the Company has resolved to declare an interim dividend of HK0.35 cents per share for the six months ended 30 September 2020 (six months ended 30 September 2019: an interim dividend of HK0.3 cents per share).

## 7. EARNINGS PER SHARE

The calculation of the basic earnings per share attribute to the owners of the company is based on the following data:

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
<b>Earnings</b>		
Earnings for the purpose of basic earnings per share (Profit for the period attributable to owners of the Company)	13,622	11,407
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,013,000,000	1,013,000,000

Diluted earnings per share amount was the same as basic earnings per share amount as there were no potential dilutive ordinary shares outstanding for the six months ended 30 September 2019 and 2020.

## 8. TRADE AND OTHER RECEIVABLES

	As at	
	30 September 2020 HK\$'000	31 March 2020 HK\$'000
Trade receivables	87,533	69,663
Deposits, prepayments and other receivables	27,384	27,147
Less: Expected credit loss	(3,483)	(3,483)
	111,434	93,327
Less: Rental deposits under non-current assets	(144)	(144)
	111,290	93,183

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

	As at	
	30 September 2020 HK\$'000	31 March 2020 HK\$'000
Within 30 days	55,708	38,805
31–60 days	23,628	23,011
61–90 days	–	–
Over 90 days	8,197	7,847
	87,533	69,663



## 9. TRADE AND OTHER PAYABLES

	As at	
	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Trade payables	149,859	167,585
Retention payables	57,839	58,555
Other payables, accruals and deposits received	11,863	11,578
	<b>219,561</b>	<b>237,718</b>

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

	As at	
	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Within 30 days	124,030	130,415
31–60 days	11,518	26,583
61–90 days	5,103	4,472
Over 90 days	9,208	6,115
	<b>149,859</b>	<b>167,585</b>

As at 30 September 2020, retention payables of HK\$13,805,000 (31 March 2020: HK\$3,346,000) were expected to be settled beyond twelve months after the end of the reporting period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW AND PROSPECT

The Group is a main contractor in Hong Kong principally engaged in providing (i) substructure building work services; (ii) superstructure building work services; and (iii) RMAA work services.

In general, substructure and superstructure building work 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, the scope of our RMAA works consisted of improvement, fitting-out works, renovation works, restoration works and external works.

## OVERVIEW

The total revenue of the Group increased by approximately HK\$96.5 million or 23.0% from approximately HK\$419.4 million for the six months ended 30 September 2019 to approximately HK\$515.9 million for the six months ended 30 September 2020. In general, the increase in revenue was mainly due to a significant increase in superstructure building work services with commencement of new superstructure projects. Basic earnings per share for the six months ended 30 September 2020 was HK1.34 cents as compared with HK1.13 cents per share for the six months ended 30 September 2019.

## FORWARD

Despite the escalating tensions between China and the US, COVID-19 since early 2020 has also caused an unprecedented impact on the global economy, the economic growth of Hong Kong is slowing down with the uncertainty in the general operating environment. Unavoidably, the projects of the Group has been affected in various aspects, including but not limited to suspension of the site works and shortage of raw materials, however, with the appropriate measures and proactive review of project executions by our management, it is believed the Group would overcome the difficult times and move forward cautiously.

The Group will continuously focus on its core businesses in providing (i) substructure building work services, (ii) superstructure building work services, and (iii) RMAA work as a main contractor in Hong Kong; and, at the same time, explore new opportunities as well as new merger and acquisition targets that will benefit the shareholders as a whole. The Group will remain prudent while keep exploring the opportunities in property development projects in the coming future.

## FINANCIAL REVIEW

### Revenue

The Group's revenue for the six months ended 30 September 2020 recorded at approximately HK\$515.9 million which represented an increase of approximately HK\$96.5 million or 23.0% from approximately HK\$419.4 million for the six months ended 30 September 2019. The increase in total revenue was mainly due to an increase from superstructure building work services of approximately HK\$118.9 million, net off with a decrease from substructure building work services and RMAA work services of approximately HK\$7.5 million and HK\$14.9 million respectively.

### Gross Profits and Gross Profit Margin

Our gross profits decreased by approximately HK\$9.3 million or 20.0% from approximately HK\$46.6 million for the six months ended 30 September 2019 to approximately HK\$37.3 million for the six months ended 30 September 2020. Our overall gross profit margin for the six months ended 30 September 2020 decreased to 7.2% as compared to 11.1% for the six months ended 30 September 2019. The decrease was mainly due to a significant increase of the superstructure building work services for the six months ended 30 September 2020 when compare to the six months ended 30 September 2019 and the gross profit margin of superstructure building work service is relatively lower than the other services provided by the Group.

### Other Income and Gains

Other income and gains increased by approximately HK\$5.2 million or 325.0% from approximately HK\$1.6 million for the six months ended 30 September 2019 to approximately HK\$6.8 million for the six months ended 30 September 2020. The increase was mainly due to the HKSAR Government wage subsidies of approximately HK\$5.6 million for the support of Hong Kong's economy.

### Administrative and Other Operating Expenses

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 costs, donations, depreciation, and others. The administrative and other operating expenses decreased by approximately HK\$4.5 million or 14.1% from approximately HK\$31.3 million for the six months ended 30 September 2019 to approximately HK\$26.8 million for the six months ended 30 September 2020. The decrease is mainly due to (i) a decrease in the legal and professional fees, (ii) a decrease in advertising and marketing expenses and (iii) a decrease in entertainment and oversea travelling expenses.

## Finance Costs

Finance costs mainly represent the interest on bank borrowings. Finance costs decreased by HK\$0.9 million or 23.1% from approximately HK\$3.9 million for the six months ended 30 September 2019 to approximately HK\$3.0 million for the six months ended 30 September 2020. The decrease was mainly due to the decrease in average bank borrowing during the six months ended 30 September 2020 as compared with the corresponding period in 2019.

## Income Tax Expenses

Income tax expenses decreased by approximately HK\$0.5 million or 22.3% to approximately HK\$1.7 million for the six months ended 30 September 2020. The Group is exempt from the payment of profits tax in respect of the wage subsidy received under the Employment Support Scheme for the six months ended 30 September 2020. Regarding the tax deduction, the Group can claim deduction of employees' wages in accordance with sections 16 and 17 of the Inland Revenue Ordinance, irrespective of whether any portion is funded by the subsidy.

## PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

Profit and total comprehensive income attributable to the owners of the Company increased by approximately HK\$2.2 million or 19.3% from approximately HK\$11.4 million for the six months ended 30 September 2019 to approximately HK\$13.6 million for the six months ended 30 September 2020.

Such increase was primarily attributable to the net effect of (i) the increase in other income and gain, (ii) the decrease of administrative and other operating expenses and (iii) the decrease in gross profit for the six months ended 30 September 2020.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2020, the Group had total assets of approximately HK\$521.5 million, which is financed by total liabilities and shareholders' equity of approximately HK\$389.9 million and HK\$131.6 million, respectively. The Group's current ratio at 30 September 2020 remained stable at approximately 1.2 as compared to 31 March 2020.

## GEARING RATIO

The gearing ratio of the Group as at 30 September 2020 was approximately 122.4% (31 March 2020: approximately 130.8%), which is calculated based on the Group's total interest-bearing debt of approximately HK\$161.1 million (31 March 2020: HK\$158.3 million) and the Group's total equity of approximately HK\$131.6 million (31 March 2020: HK\$121.0 million).

## TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the six months. 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.

## CHARGES ON GROUP ASSETS

Assets with a carrying value of approximately HK\$46.0 million were pledged as securities for the Group's banking facilities.

## FOREIGN EXCHANGE EXPOSURE

The Group was not exposed to foreign exchange risk during the six months ended 30 September 2020.

## CAPITAL STRUCTURE

The shares of the Company were successfully transferred from the GEM 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 30 September 2020, the Company's issued share capital was HK\$10,130,000 and the number of its issued ordinary shares was 1,013,000,000 of HK\$0.01 each.

## COMMITMENTS

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

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 September 2020, the Group did not have other plans for material investments or capital assets.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During six months ended 30 September 2020, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company.

## CONTINGENT LIABILITIES

As at 30 September 2020, the Group did not have any material contingent liabilities (31 March 2020: Nil).

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2020, the Group employed a total of 132 employees (31 March 2020: 146 employees). The staff costs of our Group (including salaries, allowances, other benefits and contribution retirement plan) for the six months ended 30 September 2020 were approximately HK\$30.3 million (For the six months ended 30 September 2019: approximately HK\$39.2 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 an associate, the Group did not hold any significant investments during the six months ended 30 September 2020.

## USE OF PROCEEDS

The net proceeds from the Listing, 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".

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

	Revised allocation of unutilised amount as at 19 June 2018 HK\$ million	Actual use of Net Proceeds up to 31 March 2020 HK\$ million	Unutilised Net Proceeds as at 31 March 2020 HK\$ million	Revised allocation of unutilised amount as at 4 September 2020 HK\$ million	Actual use of Net Proceeds up to 30 September 2020 HK\$ million	Unutilised Net Proceeds as at 30 September 2020 HK\$ million
To invest in property development project	16.3	2.9	13.4	–	–	–
Working capital (Note)	–	–	–	13.4	8.4	5.0
	16.3	2.9	13.4	13.4	8.4	5.0

Note: 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.

## OTHER INFORMATION

### DISCLOSURE OF INTEREST

#### A. Directors' and Chief executives' interest and short position in shares, underlying shares and debentures

As at 30 September 2020, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were otherwise required, to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules (the "Model Code"), are set out below:

#### Long Positions in shares of the Company or any of its associated corporation

Name of our Directors/ chief executive	Number of ordinary shares held	Interests in Share Option (Note 2)	Total	Approximate percentage of shareholding interests in our Company (%) (Note 3)
<b>Executive Directors</b>				
Ng Choi Wah ("Mr. Ng")	694,940,000 (Note 1)	10,000,000	704,940,000	69.59%
Lui Yiu Wing	900,000	3,000,000	3,900,000	0.38%
Lam Ka Fai	–	3,000,000	3,000,000	0.30%
<b>Independent non-executive Directors</b>				
Wai Wing Hong Onyx	–	1,000,000	1,000,000	0.10%
Tong Hin Sum Paul	–	1,000,000	1,000,000	0.10%
Chau Kam Wing Donald	–	1,000,000	1,000,000	0.10%
<b>Chief executive</b>				
Tse Lai Han Henry	–	6,000,000	6,000,000	0.59%



Note 1 645,000,000 Shares are registered in the name of JT Glory Limited, the entire issued share capital of which is legally and beneficially owned by Mr. Ng. Under the SFO, Mr. Ng is deemed to be interested in all Shares held by JT Glory Limited. Another 49,940,000 shares are owned by Mr. Ng through the Bank directly.

Note 2 These represent the interests of share options granted to the Directors under the share option scheme adopted by the Company on 21 November 2017 to subscribe for shares.

Note 3 These percentages were compiled based on the total number of issued shares (i.e. 1,013,000,000) as at 30 September 2020.

**Short positions in shares of the Company or any of its associated corporation**

As at 30 September 2020, there is no short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO).

## B. Substantial Shareholders' and Other Persons' interests and short positions in the shares and underlying shares of the Company

So far as the Directors are aware, as at 30 September 2020, other than the director and chief executive of the Company, the following persons/entities have an interest or a short position in the shares or the underlying shares of the Company as recorded in the register of the Company required to be kept under section 336 of the SFO:

### Long Position in shares of the Company

Name	Capacity/ Nature of interest	Number of Ordinary Shares held	Interests in share option (Note 3)	Approximate percentage of shareholding interests in our Company (Note 4)
Mr. Ng	Interest in a controlled corporation	645,000,000	–	63.67%
	Beneficial owner	49,940,000	10,000,000	5.92%
JT Glory Limited	Beneficial owner	645,000,000 (Note 1)	–	63.67%
Ms. Cheung Yuk Sheung ("Ms. Cheung")	Interest of spouse	645,000,000 (Note 2)	–	63.67%
	Beneficial owner	–	2,500,000	0.25%

Note 1 JT Glory Limited is wholly-owned by Mr. Ng. Under the SFO, Mr. Ng is deemed to be interested in all the Shares held by JT Glory Limited.

Note 2 Ms. Cheung is the spouse of Mr. Ng. Under the SFO, Ms. Cheung is deemed to be interested in all the Shares held by Mr. Ng.

Note 3 These represent the interests of share options granted to the Directors under the share option scheme adopted by the Company on 21 November 2017 to subscribe for shares.

Note 4 These percentages were compiled based on the total number of issued shares (i.e. 1,013,000,000) as at 30 September 2020.

### Short positions in shares of the Company

As at 30 September 2020, there is no short positions of every person, other than a director and chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

## COMPETING BUSINESS AND CONFLICT OF INTERESTS

The Director are not aware of any business or interest of the Directors nor the controlling shareholders of the Company nor any of their respective associate (as defined in the Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the six months ended 30 September 2020.

## 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 six months ended 30 September 2020.

## CORPORATE GOVERNANCE PRACTICE

Pursuant to the code provision A.2.1 of the 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 currently assumes the role of both chairman 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 Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 to the Listing Rules with the exception for code provision A.2.1 as disclosed above for the six months ended 30 September 2020.

## RESULTS AND DIVIDEND

The Group's results for the six months ended 30 September 2020 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 6 to 10.

On 25 November 2020, the board of directors of the Company has resolved to declare an interim dividend of HK0.35 cents per share for the six months ended 30 September 2020 (six months ended 30 September 2019: HK0.3 cents per share).

## SHARE OPTION SCHEME

The Company adopted a share option scheme on 10 March 2016. On 21 November 2017, the Group announced the granting of a total of 32,500,000 share options to selected employees and directors under the Share Option Scheme. The exercise price of the granted options is HK\$0.40 per share. No share options were exercised or forfeited during the six months 30 September 2020.

### (A) PURPOSE OF THE SHARE OPTION SCHEME

The purpose of the Share Option Scheme enables our Company to grant Options to the Eligible Persons as incentives or rewards for their contributions to our Group.

### (B) PARTICIPANTS

The Board may, at its discretion, invite any Eligible Persons to take up Options.

### (C) TOTAL NUMBER OF SHARES AVAILABLE FOR ISSUE UNDER THE SHARE OPTION SCHEME

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme shall not in aggregate exceed 10% of all the Shares in issue as at the Date of Listing (i.e. a total of 100,000,000 Shares representing 10% of the issued share capital of the Company as at the date of this report).

### (D) MAXIMUM ENTITLEMENT OF EACH PARTICIPANT

The total number of Shares issued and to be issued upon exercise of options granted to each participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of the Company, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of share options in excess of this limit is subject to shareholders' approval in general meeting.

## **(E) TERM OF SUBSCRIPTION OF SHARES UPON EXERCISE OF THE OPTIONS**

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant.

## **(F) MINIMUM PERIOD FOR WHICH AN OPTION MUST BE HELD BEFORE IT CAN BE EXERCISED**

The Board may in its absolute discretion set a minimum period for which an option must be held before an option can be exercised.

## **(G) TIME OF ACCEPTANCE AND THE AMOUNT PAYABLE ON ACCEPTANCE OF THE OPTION**

An offer for the grant of options must be accepted within twenty eight days from the date on which the option is granted. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.

## **(H) BASIS FOR DETERMINATION THE EXERCISE PRICE**

The exercise price for any share under the Share Option Scheme shall be a price determined by the Board and notified to each grantee (in the letter containing the offer of the grant of the option) and shall not be less than the highest of:

- (i) the closing price per Share as stated in the Stock Exchange's daily quotations sheet on the date of grant;
- (ii) the average closing price per Share as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share at the date of grant.

## (I) THE REMAINING LIFE OF THE SCHEME

Approximately 7 years (expiring on 20 November 2027).

On 21 November 2017, the Group announced the granting of a total of 32,500,000 share options to selected employee and directors under the Share Option Scheme. The exercise price of the granted options is HK\$0.40 per share. No share options were exercised or forfeited during the six months ended 30 September 2020.

Details of the share options under the Share Option Scheme during the year ended 30 September 2020 were as follows:

Name	Date of Grant	Exercisable period	Exercise price of share option	Outstanding as at 1 April 2020	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Number of Shares subject to outstanding options at 30 September 2020	Approximate percentage of the issued shares of the Company
Ng Choi Wah	21 November 2017	21 November 2018 to 20 November 2027	HK\$0.40 per share	10,000,000	-	-	-	-	10,000,000	0.99%
Lui Yiu Wing	21 November 2017	21 November 2018 to 20 November 2027	HK\$0.40 per share	3,000,000	-	-	-	-	3,000,000	0.30%
Lam Ka Fai	21 November 2017	21 November 2018 to 20 November 2027	HK\$0.40 per share	3,000,000	-	-	-	-	3,000,000	0.30%
Tse Lai Han Henry	21 November 2017	21 November 2018 to 20 November 2027	HK\$0.40 per share	6,000,000	-	-	-	-	6,000,000	0.59%
Wai Wing Hong Onyx	21 November 2017	21 November 2018 to 20 November 2027	HK\$0.40 per share	1,000,000	-	-	-	-	1,000,000	0.10%
Tong Hin Sum Paul	21 November 2017	21 November 2018 to 20 November 2027	HK\$0.40 per share	1,000,000	-	-	-	-	1,000,000	0.10%
Chau Kam Wing Donald	21 November 2017	21 November 2018 to 20 November 2027	HK\$0.40 per share	1,000,000	-	-	-	-	1,000,000	0.10%
Cheung Yuk Sheung	21 November 2017	21 November 2018 to 20 November 2027	HK\$0.40 per share	2,500,000	-	-	-	-	2,500,000	0.25%
Other senior management and employees	21 November 2017	21 November 2018 to 20 November 2027	HK\$0.40 per share	5,000,000	-	-	-	-	5,000,000	0.49%

## AUDIT COMMITTEE

Our audit committee currently consists of all three of our independent non-executive Directors, namely Dr. Wai Wing Hong Onyx, Mr. Tong Hin Sum Paul and Mr. Chau Kam Wing Donald. Mr. Chau Kam Wing Donald who has the appropriate accounting and financial related management expertise, is the chairman of the audit committee.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control procedures and financial reporting matters including the review of the Group's unaudited interim financial statements for the six months ended 30 September 2020.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 10 December 2020 to Friday, 11 December 2020, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on Wednesday, 9 December 2020.

Dividend cheques will be dispatched to shareholders on or about Monday, 21 December 2020.

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

Hong Kong, 25 November 2020

*As at the date of this report, 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.*