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CHONG KIN GROUP HOLDINGS LIMITED

創建集團（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1609)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

FINANCIAL HIGHLIGHTS

- Revenue of the Group from continuing operations for the six months ended 30 September 2022 amounted to approximately HK\$246.0 million (for the six months ended 30 September 2021: approximately HK\$67.3 million).
- Profit attributable to the owners of the Company for the six months ended 30 September 2022 amounted to approximately HK\$16.3 million (for the six months ended 30 September 2020: loss attributable to the owners of the Company approximately HK\$44.0 million).
- Basic earnings per share for the six months ended 30 September 2022 amounted to approximately HK cents 1.49 (for the six months ended 30 September 2020: loss per share of approximately HK cents 4.02).
- The Directors of the Company do not recommend the declaration of any interim dividend for the six months ended 30 September 2022.

The board (the “**Board**”) of directors (the “**Directors**”) of Chong Kin Group Holdings Limited (the “**Company**”) is pleased to present the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2022 (the “**Reporting Period**”) together with the comparative figures for the corresponding period in 2021.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2022

		Six months ended	
		30 September	
		2022	2021
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
			(Restated)
Continuing operations			
Revenue	6	245,974	67,296
Cost of services		<u>(211,111)</u>	<u>(56,472)</u>
Gross profit		34,863	10,824
Other income	7	5,346	6
Administrative and other operating expenses		(9,229)	(11,488)
Impairment losses of financial assets		(9,304)	(5,956)
Finance costs	8	<u>(159)</u>	<u>(161)</u>
Profit (loss) before taxation	9	21,517	(6,775)
Income tax expense	10	<u>(5,223)</u>	<u>(1,198)</u>
Profit (loss) for the period from continuing operations		16,294	(7,973)
Discontinued operations			
Loss for the period from discontinued operations	13	<u>–</u>	<u>(36,980)</u>
Profit (loss) for the period		<u>16,294</u>	<u>(44,953)</u>

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2022

	Six months ended	
	30 September	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited) (Restated)
Profit (loss) for the period	<u>16,294</u>	<u>(44,953)</u>
Other comprehensive (expense) income for the period, net of tax		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	<u>(250)</u>	<u>4,263</u>
Total comprehensive income (expense) for the period	<u>16,044</u>	<u>(40,690)</u>
Profit (loss) for the period attributable to:		
Owners of the Company		
Profit (loss) from continuing operations	16,294	(7,973)
Loss from discontinued operations	<u>–</u>	<u>(35,994)</u>
Profit (loss) attributable to owners of the Company	<u>16,294</u>	<u>(43,967)</u>
Non-controlling interests		
Profit (loss) from continuing operations	–	–
Loss from discontinued operations	<u>–</u>	<u>(986)</u>
Loss attributable to owners of non-controlling interests	<u>–</u>	<u>(986)</u>
	<u>16,294</u>	<u>(44,953)</u>

		Six months ended	
		30 September	
		2022	2021
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
			(Restated)
Total comprehensive income (expense)			
attributable to:			
Equity shareholders of the Company		16,044	(40,017)
Non-controlling interests		–	(673)
		<u>16,044</u>	<u>(40,690)</u>
Earnings (loss) per share attributable to			
owners of the Company			
	11		
From continuing and discontinued operations			
– Basic and diluted		<u>1.49</u>	<u>(4.02)</u>
From continuing operations			
– Basic and diluted		<u>1.49</u>	<u>(0.73)</u>
From discontinued operations			
– Basic and diluted		<u>–</u>	<u>(3.29)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	<i>Notes</i>	As at 30 September 2022 <i>HK\$'000</i> (Unaudited)	As at 31 March 2022 <i>HK\$'000</i> (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	14	1,493	1,909
Right-of-use assets		<u>5,382</u>	<u>7,697</u>
		<u>6,875</u>	<u>9,606</u>
CURRENT ASSETS			
Financial assets at fair value through profit or loss		17	2,061
Loan and interest receivables		189,514	162,906
Trade and other receivables	15	290,199	272,566
Contract assets		78,742	55,715
Cash and bank balances		<u>172,685</u>	<u>200,372</u>
		<u>731,157</u>	<u>693,620</u>
CURRENT LIABILITIES			
Trade and other payables	16	111,413	87,535
Contract liabilities		8,731	16,747
Lease liabilities		3,491	4,028
Current income tax liabilities		<u>12,903</u>	<u>7,680</u>
		<u>136,538</u>	<u>115,900</u>
NET CURRENT ASSETS		<u>594,619</u>	<u>577,630</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>601,494</u>	<u>587,236</u>
NON-CURRENT LIABILITY			
Lease liabilities		<u>2,148</u>	<u>3,934</u>
NET ASSETS		<u>599,346</u>	<u>583,302</u>

		As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
Capital and reserves			
Share capital	18	10,954	10,954
Reserves		588,392	572,348
		<hr/>	<hr/>
Equity attributable to owners of the Company		599,346	583,302
Non-controlling interests		–	–
		<hr/>	<hr/>
TOTAL EQUITY		599,346	583,302
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 31 May 2016 as an exempted company with limited liability and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited on 17 October 2016. The address of the registered office of the Company is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands and the principal place of business of the Company is Room 6808, 68th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

The principal activities of the Company and its subsidiaries (the “**Group**”) are provision of concrete placing services and other ancillary services in Hong Kong and provision of loan finance business in Hong Kong. Its parent and ultimate holding company is Prestige Rich Holdings Limited (“**Prestige Rich**”), a company incorporated in the British Virgin Islands, Mr. Zhang Jinbing is the owner and sole director of Prestige Rich. As at 30 September 2022, the directors consider the ultimate controlling shareholder of the Company to be Mr. Zhang Jinbing.

2 BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 September 2022 have been prepared in accordance with the Hong Kong Accounting Standard (“**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 condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2022.

The condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), unless otherwise stated. The condensed consolidated financial statements were approved for issue by the Board of Directors on 18 November 2022.

The accounting policies adopted in preparation of condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 March 2022, except for the adoption of new standards effective as of 1 April 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time during the six months ended 30 September 2022, but do not have an impact on the condensed consolidated financial statements of the Group. Details of any changes in accounting policies are set out in note 3.

3 ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKAS 16	Proceeds before Intended Use
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 9	Fees in the “10 per cent” test for derecognition of financial liabilities
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim results announcement. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 FINANCIAL RISK MANAGEMENT

The Group's activities exposed it to a variety of financial risks: interest rate risk, credit risk and liquidity risk.

The condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2022.

There have been no changes in the risk management policies since year end.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2022.

6 REVENUE AND SEGMENT INFORMATION

Revenue

(i) Analysis of revenue

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
Continuing operations		
Concrete placing services and other ancillary services	<u>242,220</u>	<u>63,296</u>
Revenue from contracts with customers	242,220	63,296
Loan interest income	<u>3,754</u>	<u>4,000</u>
Total revenue	<u>245,974</u>	<u>67,296</u>

(ii) *Disaggregation of revenue from contracts with customers*

Segment	Six months ended 30 September 2022		Six months ended 30 September 2021	
	Concrete placing HK\$'000	Total HK\$'000	Concrete placing HK\$'000	Total HK\$'000
Geographical markets				
Hong Kong	242,220	242,220	63,296	63,296
Total	<u>242,220</u>	<u>242,220</u>	<u>63,296</u>	<u>63,296</u>
Major products/service				
Concrete placing services and other ancillary services	242,220	242,220	63,296	63,296
Total	<u>242,220</u>	<u>242,220</u>	<u>63,296</u>	<u>63,296</u>
Timing of revenue recognition				
At a point in time	–	–	–	–
Over time	242,220	242,220	63,296	63,296
Total	<u>242,220</u>	<u>242,220</u>	<u>63,296</u>	<u>63,296</u>

Concrete placing services and other ancillary services

Revenue from the provision of construction services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services. A certain percentage of payments is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

Segment information

Information reported to the chief executive of the Company, being the chief operating decision maker ("CODM") of the Group, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

For the six months ended 30 September 2022, the Group's operating and reportable segments were: (i) provision of concrete placing services and other ancillary services in Hong Kong ("**Concrete Placing**"); and (ii) provision of loan finance in Hong Kong ("**Loan finance**"). The CODM considers the Group has two operating and reportable segments which are based on the internal organisation and reporting structure. This was the basis upon which the Group was organised.

For the six months ended 30 September 2021, the Group's operating and reportable segments were: (i) Concrete Placing in Hong Kong; (ii) sales of new energy vehicles and provision of logistics related services and car leasing services and provision of finance leasing services in Mainland China (“**NEV and Logistics and finance leasing services**”); (iii) remittances and foreign currency exchange services in the United Kingdom and provision of loan finance in Hong Kong (“**Remittance and foreign currency exchange services and money lending**”); and (iv) Real estate development in Grenada. The CODM considers the Group had four operating and reportable segments which were based on the internal organisation and reporting structure. This was the basis upon which the Group was organised.

During the year ended 31 March 2022, the operating segments, including (i) NEV and Logistics and finance leasing services; (ii) Remittance and foreign currency exchange services; and (iii) Real estate development were disposed and discontinued. The segment information reported does not include any amounts for these discontinued operations, which are described in detail in Note 13.

(i) Segment revenue and results

An analysis of the Group's revenue and results by operating and reportable segments is as follows:

	Continuing operations		
	Concrete placing HK\$'000	Loan finance HK\$'000	Total HK\$'000
For the six months ended 30 September 2022 (Unaudited)			
Revenue from external customers	242,220	3,754	245,974
Segment profit	28,125	3,754	31,879
Unallocated other income			5,346
Unallocated expenses			(6,245)
Impairment losses			(9,304)
Finance costs			(159)
Profit before taxation			21,517

	Continuing operations			Discontinued operations			Subtotal	Total
	Concrete placing <i>HK\$'000</i>	Loan finance <i>HK\$'000</i>	Subtotal <i>HK\$'000</i>	NEV and Logistics and finance leasing services <i>HK\$'000</i>	Remittances and foreign currency exchange services <i>HK\$'000</i>	Real estate development <i>HK\$'000</i>		
For the six months ended 30 September 2021 (Unaudited) (Restated)								
Revenue from external customers	<u>63,296</u>	<u>4,000</u>	<u>67,296</u>	<u>11,631</u>	<u>45</u>	<u>-</u>	<u>11,676</u>	<u>77,972</u>
Segment profit (loss)	<u>5,508</u>	<u>4,000</u>	9,508	(5,150)	(17,568)	(645)	(23,363)	(13,855)
Unallocated other income			6	6,719	542	-	7,261	7,267
Unallocated expenses			(10,172)	(13,248)	(3,920)	(3,455)	(20,623)	(30,795)
Impairment losses			(5,956)	-	-	-	-	(5,956)
Share of results of an associate			-	(73)	-	-	(73)	(73)
Finance costs			(161)	(182)	-	-	(182)	(343)
Loss before taxation			<u>(6,775)</u>	<u>(11,934)</u>	<u>(20,946)</u>	<u>(4,100)</u>	<u>(36,980)</u>	<u>(43,755)</u>

Segment revenue represents the revenue derived by each segment from external customers. There was no revenue derived from transactions with other operating segments of the Group.

Segment profit/(loss) represents the profit/(loss) earned/(incurred) by each segment without allocation of certain administrative and other operating expenses, other income, impairment losses, finance costs, unallocated income and expenses. This is the measure reported to CODM for the purpose of resource allocation and performance assessment.

All the segment revenue reported above is from external customers.

(ii) *Segment assets and liabilities*

An analysis of the Group's assets and liabilities by operating and reportable segment is as follows:

Segment assets

	Continuing operations		
	Concrete placing <i>HK\$'000</i>	Loan finance <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended 30 September 2022 (Unaudited)			
ASSETS			
Segment assets	<u>255,345</u>	<u>191,490</u>	446,835
Unallocated corporate assets			<u>291,197</u>
Consolidated total assets			<u>738,032</u>
LIABILITIES			
Segment liabilities	<u>76,362</u>	<u>31</u>	76,393
Unallocated corporate liabilities			<u>62,293</u>
Consolidated total liabilities			<u>138,686</u>
For the year ended 31 March 2022 (Audited)			
ASSETS			
Segment assets	<u>196,590</u>	<u>185,840</u>	382,430
Unallocated corporate assets			<u>320,796</u>
Consolidated total assets			<u>703,226</u>
LIABILITIES			
Segment liabilities	<u>55,695</u>	<u>347</u>	56,042
Unallocated corporate liabilities			<u>63,882</u>
Consolidated total liabilities			<u>119,924</u>

7 OTHER INCOME

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited) (Restated)
Government grants (<i>Note</i>)	4,620	–
Gain on disposal of financial assets	657	–
Others	69	6
	<u>5,346</u>	<u>6</u>

Note: During the six months ended 30 September 2022, the Group recognised government grants in respect of COVID-19-related subsidies, which relates to Employment Support Scheme provided by the Hong Kong Government.

8 FINANCE COSTS

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited) (Restated)
Interest on lease liabilities	159	161
	<u>159</u>	<u>161</u>

9 PROFIT (LOSS) BEFORE TAXATION

Profit (loss) before taxation is arrived at after charging:

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited) (Restated)
Cost of inventories recognised as an expense	136,220	3,854
Depreciation of property, plant and equipment	481	470
Depreciation of right-of-use assets	1,940	1,416
Impairment losses of financial assets:		
– Impairment of trade and other receivables	9,304	4,830
Staff costs, including directors' remuneration	77,961	53,511
	<u>77,961</u>	<u>53,511</u>

10 INCOME TAX EXPENSE

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualified group entity in Hong Kong are taxed at 8.25%, and profits above HK\$2 million are taxed at 16.5%. The profits of the other group entities in Hong Kong are taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved in the implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for both periods.

The Group's subsidiary in the Grenada is subject to Corporation Tax in the Grenada ("Corporation Tax"). Corporation Tax is calculated at 10% of the estimated assessable profits for the both periods.

Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction.

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
Current tax – Hong Kong Profits Tax		
Provision for the period	5,223	1,198
Deferred taxation	<u>–</u>	<u>–</u>
Income tax expense	<u>5,223</u>	<u>1,198</u>

11 EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) From continuing and discontinued operations

The calculation of the basic and diluted earnings (loss) per share is based on the following data:

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit (loss) attributable to owners of the Company	<u>16,294</u>	<u>(43,967)</u>

	Number of shares	
	Six months ended	
	30 September	
	2022	2021
	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>1,095,388</u>	<u>1,094,271</u>

(b) From continuing operations

The calculation of the basic and diluted earnings (loss) per share is based on the following data:

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit (loss) attributable to owners of the Company	16,294	(7,973)
	Number of shares	
	Six months ended	
	30 September	
	2022	2021
	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	1,095,388	1,094,271

(c) From discontinued operations

The calculation of the basic and diluted loss per share is based on the following data:

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company	–	(35,994)
	Number of shares	
	Six months ended	
	30 September	
	2022	2021
	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	1,095,388	1,094,271

12 DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 September 2022 (30 September 2021: Nil).

13 DISCONTINUED OPERATIONS

The loss for the period from the discontinued operations is analysed as follows:

	Six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
Loss from discontinued operations		
– NEV and Logistics and finance leasing services	–	(11,934)
– Remittances and foreign currency exchange services	–	(20,946)
– Real estate development	–	(4,100)
	<u>–</u>	<u>(4,100)</u>
	<u>–</u>	<u>(36,980)</u>

The Group's discontinued operations for the period ended 30 September 2021 represented the businesses involving (a) sale of new energy vehicles (“NEVs”), leasing of NEVs and provision of logistics operated by Stand East Investment Limited and its subsidiaries (“**Stand East Group**”) and the provision of finance leasing services operated by Blossom Field Trading Develop Limited, Hua Yao Industrial (Shenzhen) Limited and Hua Yao Finance Lease (Shenzhen) Limited (“**Hua Yao Group**”); (b) remittances and foreign currency exchange services operated by Newport Service (UK) Limited (“**Newport UK**”); and (c) real estate development operated by Hartman Education Service Limited and its subsidiary (“**Hartman Group**”), which were disposed during the year ended 31 March 2022.

(a) NEV and Logistics and finance leasing services

On 22 October 2021, the Group entered into a sale and purchase agreement to dispose of the entire equity interest in Stand East Group and Hua Yao Group at a total consideration of HK\$180,000,000. The Stand East Group and Hua Yao Group represented the whole NEV and Logistics and finance leasing services segment of the Group upon the completion of the disposal, the Group's NEV and Logistics and finance leasing services would be discontinued. The disposal was completed on 4 November 2021, the date on which the control of Stand East Group and Hua Yao Group was passed to the acquirer.

(b) Remittances and foreign currency exchange services

On 15 December 2021, the Group entered into a sale and purchase agreement to dispose of the entire equity interest in Newport UK at a total consideration of HK\$11,000,000. Newport UK represented the whole remittances and foreign currency exchange services segment of the Group upon completion of the disposal, the Group's segment on remittances and foreign currency exchange services would be discontinued. The disposal was completed on 17 December 2021, the date on which the control of Newport UK was passed to the acquirer.

(c) Real estate development

On 28 February 2022, the Group through its direct wholly-owned subsidiary, Kingdom Honour Holdings Limited, entered into a disposal agreement with an independent third party in relation to the disposal of entire equity interest in Hartman Group at a total consideration of approximately HK\$638,000. Upon the completion of the disposal, the Group's segment on real estate development would be discontinued. The disposal was completed on 28 February 2022, the date on which the control of Hartman Group was passed to the acquirer.

The result of the discontinued operations of Stand East Group and Hua Yao Group, Newport UK and Hartman Group for the period from 1 April 2021 to 30 September 2021, which have been included in consolidated profit or loss, are as follows:

	Discontinued operations			Total <i>HK\$'000</i>
	NEV and Logistics and finance leasing services <i>HK\$'000</i>	Remittances and foreign currency exchange services <i>HK\$'000</i>	Real estate development <i>HK\$'000</i>	
Revenue	11,631	45	–	11,676
Cost of sales	(9,066)	(49)	–	(9,115)
Gross profit	2,565	(4)	–	2,561
Other income	6,630	542	–	7,172
Other gains and losses, net	–	–	–	–
Selling and distribution expenses	(1,389)	–	–	(1,389)
Administrative and operating expenses	(13,928)	(3,925)	(7,714)	(25,567)
(Impairment losses) reversal of impairment loss of financial assets	(5,557)	(17,559)	3,614	(19,502)
Share of results of an associate	(73)	–	–	(73)
Finance costs	–	–	–	–
Loss before taxation from discontinued operations	(11,752)	(20,946)	(4,100)	(36,798)
Income tax expense	(182)	–	–	(182)
Loss for the period from discontinued operations	<u>(11,934)</u>	<u>(20,946)</u>	<u>(4,100)</u>	<u>(36,980)</u>

14 PROPERTY, PLANT AND EQUIPMENT

During the reporting period, the Group acquired HK\$63,000 of property, plant and equipment (30 September 2021: Nil) but did not dispose any property, plant and equipment (30 September 2021: Nil).

15 TRADE AND OTHER RECEIVABLES

	As at 30 September 2022 <i>HK\$'000</i> (Unaudited)	As at 31 March 2022 <i>HK\$'000</i> (Audited)
Trade receivables	139,706	110,957
Retention receivables	<u>23,169</u>	<u>18,072</u>
Trade receivables, net	162,875	129,029
Other receivables, deposits and prepayments	<u>127,324</u>	<u>143,537</u>
Total trade and other receivables	<u><u>290,199</u></u>	<u><u>272,566</u></u>

Notes:

- (a) Credit terms granted to customers vary from contract to contract. The credit period granted to customers is 0 to 45 days from payment application date generally.
- (b) The ageing analysis of trade receivables based on the invoice date and net of loss allowance, is as follows:

	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
0-90 days	126,287	129,029
91-180 days	36,588	-
181-365 days	-	-
	<u>162,875</u>	<u>129,029</u>

16 TRADE AND OTHER PAYABLES

	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
Trade payables	47,032	24,958
Accruals and other payables	64,381	62,577
	<u>111,413</u>	<u>87,535</u>

Note: The ageing analysis of trade payables based on the date of receipt of goods, is as follows:

	As at 30 September 2022 HK\$'000 (Unaudited)	As at 31 March 2022 HK\$'000 (Audited)
0-90 days	39,325	24,958
91-180 days	7,707	-
181-365 days	-	-
Over 1 year	-	-
	<u>47,032</u>	<u>24,958</u>

17 SHARE CAPITAL

	Number of ordinary shares	Nominal amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2021, 1 April 2022 and 30 September 2022	2,000,000,000	20,000
Issued and fully paid:		
At 1 April 2021 (Audited)	1,087,486,000	10,875
Shares issued in share subscriptions arrangement (<i>Note ii</i>)	7,902,000	79
At 31 March 2022 (Audited), 1 April 2022 and 30 September 2022 (Unaudited)	1,095,388,000	10,954

Notes:

- (i) All the shares issued ranked *pari passu* in all respects with the then existing shares in issue.
- (ii) On 9 June 2021 and 17 June 2021, pursuant to subscription agreements dated 26 April 2021 between the Company and independent subscribers, the Company issued shares amounting to an aggregate of 7,902,000 new ordinary shares of HK\$0.01 each at a price of HK\$5.8 per share to the independent subscribers. Details of the share subscription were contained in the Company's announcements dated 26 April 2021 and 30 April 2021.

18 RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in making financial or operational decisions. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

The emoluments of the directors and the senior executives (representing the key management personnel), were as follows:

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries, allowances and other benefits	780	543

19 CONTINGENT LIABILITIES

The Group, in the ordinary course of its business, is involved in various claims, suits, investigations, and legal proceedings that arise from time to time. Although the Group does not expect that the outcome in any of these legal proceedings, individually or collectively, will have a material adverse effect on its financial position or results of operations, litigation is inherently unpredictable. Therefore, the Group could incur judgements or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the six months ended 30 September 2022 (the “**1H2022**”, “**Reporting Period**”), Chong Kin Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”, “**we**”, “**us**”) is principally engaged in operating segments as follows: (i) provision of concrete placing and other ancillary services (the “**Concrete Placing**”) as a subcontractor for both public and private sector projects, including building and infrastructure related projects (“**Concrete Placing Business**”); (ii) provision of loan finance business in Hong Kong (“**Loan finance**”).

During 1H2022, the Group continued to operate the Concrete Placing Business under a more efficient streamlined mode of operation to manage the profit margin, in a way of adopting a more asset-light strategy, by means of adjusting manpower and leasing of machineries according to the progress of the construction projects, to cater for the Concrete Placing Business of the Group.

As of 30 September 2022, Chong Kin Construction Engineering Limited, an indirect wholly-owned subsidiary of the Company engaging in Concrete Placing Business, has been awarded 22 construction projects (which include 12 projects in the public sector), with total contract sum of approximately HK\$999 million, of which 21 projects have been commenced the construction work and generated revenue during the Reporting Period. After the end of the Reporting Period and up to the date of this announcement, the Group has been further awarded 1 construction project with aggregate contract sum of approximately HK\$16 million, and it is expected that project will start generating revenue for the Group in next half of the financial year.

As at the date of this announcement, the Group had also submitted tenders for five construction projects. The Group has been also in active discussions with various main contractors with a view to entering into more construction projects in the foreseeable future. The Group will continue to utilise its resources to actively provide concrete-related work to the public and private sectors in Hong Kong. The Group will also explore opportunities to expand value-added services for other concrete-related projects and continue to optimise the operating model of the Group’s Concrete Placing Business.

FINANCIAL REVIEW

Revenue

The revenue of the Group from continuing operations for the Reporting Period increased by 265.5% to approximately HK\$246.0 million, compared to approximately HK\$67.3 million for the six months period 30 September 2021 (the “**Previous Period**”). The increase in revenue was mainly attributable from increase in revenue from Concrete Placing services segment.

The revenue from the Concrete Placing service segment was approximately HK\$242.2 million for the Reporting Period, compared to that of approximately HK\$63.3 million for the Previous Period, representing an increase of 282.7%. The increase in revenue was due to the increase in project amount and the number of projects on hand.

Gross Profit and Gross Profit Margin

The overall gross profit from continuing operations of the Group for the Reporting Period was approximately HK\$34.9 million compared to that of approximately gross profit of HK\$10.8 million for the Previous Period. The gross profit margin for the Reporting Period was approximately 14.2%, as compared to gross profit margin of 16.1% for the Previous Period.

Other Income

Other income mainly comprises government grants. During the Reporting Period, other income amounted to approximately HK\$5.3 million as compared to approximately HK\$0.01 million for the Previous Period. The increase in other income was mainly attributable to increase in government grants and subsidies.

Administrative and Other Operating Expenses

The administrative and other operating expenses of the Group for the Reporting Period decreased by 20.0% to approximately HK\$9.2 million compared to that of approximately HK\$11.5 million for the Previous Period. The administrative and other operating expenses comprised mainly employee related costs, including the salaries of directors and staffs, employer’s contributions for social insurance and pension funds and employment related expenditure, legal and professional fees, and depreciations of property, plant and equipment and right-of-use assets. The decrease in administrative and other operating expenses was mainly attributable to decrease in legal and professional fees of approximately HK\$1.5 million in the Reporting Period as compared to the Previous Period.

Impairment Losses of Financial Assets

Impairment losses of financial assets was mainly attributable from trade and other receivables, which increased by 55.0% from approximately HK\$6.0 million for the Previous Period to approximately HK\$9.3 million for the Reporting Period. A credit rating analysis of the underlying debtors and borrowers was adopted by reviewing the historical default rates, past-due status and ageing information of the grouped debtors and borrowers and the forward-looking information of the Group’s receivables at the end of the Reporting Period.

Finance Costs

Finance costs of the Group for the Reporting Period remained steady with approximately HK\$0.2 million for both Reporting and Previous Periods. The finance costs mainly comprised of interest on lease liabilities.

Income Tax Expense

Income tax expenses primarily consists of current income tax from Hong Kong subsidiaries.

Income tax expense of the Group for the Reporting Period amounting to approximately HK\$5.2 million compared to that of income tax expenses approximately HK\$1.2 million for the Previous Period.

Profit (Loss) for the Period from Continuing Operations

As a combined result of the factors discussed above, the Group's net profit for the period from continuing operations for the Reporting Period was approximately HK\$16.3 million as compared to a net loss for the period from continuing operations of approximately HK\$8.0 million for the Previous Period.

Interim Dividend

The Board was resolved not to declare an interim dividend for the six months ended 30 September 2022 (Previous Period: Nil).

PROSPECTS

Looking ahead, the epidemic situation gradually stabilising in Hong Kong, social distancing measures were relaxed and various measures were launched by the government to assist the affected industries and the public, resulting in local economic activities seeing some revival. With the projects of Lantau Tomorrow Vision and North West New Territories – Development Proposals for Hung Shui Kiu by the Government of the Hong Kong Special Administrative Region coming through, the management is hopeful that Hong Kong economy will resume its upward momentum. The management will continue to adhere to the strategy of focusing on construction projects to maintain the profit margin to safeguard on our shareholders' interests. The management remains confident to remain resilient in the construction industry as we are well-positioned in the market.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity, Financial Resources and Capital Structure

The Group has funded the liquidity and capital requirements primarily through capital contributions from shareholders, bank and other borrowings, internally generated cash flow and net proceeds received from the issue of the Company's shares.

As at 30 September 2022, the Group had cash and cash equivalents amounted to approximately HK\$172.7 million (31 March 2022: HK\$200.4 million).

As at 30 September 2022, the Group had loan and interest receivables amounting to approximately HK\$189.5 million (31 March 2022: HK\$162.9 million).

The Group had no borrowings as at 30 September 2022 (31 March 2022: HK\$nil).

The approach of the Board to manage liquidity is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation.

Gearing Ratio

Gearing ratio is calculated by dividing all interest-bearing debts by total equity at the period end date and expressed as a percentage, interest-bearing debts are defined to include borrowings and payables not incurred in the ordinary course of business. The gearing ratio of the Group as at 30 September 2022 was 0.9% (31 March 2022: 1.4%).

Pledge of Assets

As at 30 September 2022 and 31 March 2022, the Group had no pledge assets.

Capital Expenditure

The Group's capital expenditures principally consist of expenditures on properties under development.

During the Reporting Period, the Group incurred capital expenditures of approximately HK\$0.1 million.

Capital Commitments

The Group had no other capital commitments as at 30 September 2022 and 31 March 2022.

FOREIGN EXCHANGE RISK

The Group operates in several jurisdictions and is exposed to foreign exchange risk that comes from holding assets and liabilities in multi currencies and guaranteeing customers a forex rate on their money transfers for a limited period of time. Asset and liability foreign exchange risks come mainly from the United States Dollars. Foreign exchange risk comes from future commercial transactions and recognised assets and liabilities. The forex risk in relation to customer money transfer is actively monitored, the Group continuously monitors its foreign exchange position and, when necessary, will hedge foreign exchange exposure arising from contractual commitments.

In addition, as the reports of the Group is in Hong Kong Dollars, a strengthening of the Hong Kong Dollar against other currencies will also have a negative impact on the reported earnings of the Group that relate to its income earned in geographies outside Hong Kong.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2022, the Group had 229 employees (31 March 2022: 293) situated mainly in Hong Kong. The related staff costs including directors' emoluments for the Reporting Period amounted to approximately HK\$78.0 million (Previous Period: HK\$61.8 million).

The Group offers its employees competitive salary packages, as well as contribution to defined retirement plans, the employees are remunerated in line with the prevailing market terms and individual performance, with the remuneration package and policies reviewed on a regular basis. Discretionary bonuses may be rewarded to employees after assessment of the performance of the Group and that of the individual employee.

The emoluments of the Directors and senior management have been reviewed by the remuneration committee of the Company, having regard to the Company's operating results and individual performance and subject to the approval by the Board.

LEGAL PROCEEDINGS

There are small claims and legal proceedings for or against several subsidiaries of the Company in relation to the ordinary course of its business, the relevant amounts are duly considered and the Group does not expect that the outcome in these legal proceedings, individually or collectively, will have a material adverse effect on its financial position or results of operations.

Save as disclosed above, the Group have no significant legal proceedings.

UPDATE ON THE LISTING STATUS

Trading in the shares (the “**Shares**”) of the Company on The Stock Exchange of Hong Kong Limited (“**The Stock Exchange**”) has been suspended since 13 May 2022.

On 4 June 2021, the Company received a letter from The Stock Exchange in relation to its decision (the “**Decision**”) on Rule 14.06B of the Rules Governing the Listing of Securities on The Stock Exchange (the “**Listing Rules**”) Listing Rules, under which The Stock Exchange considered that the Company’s principal business had been changed to the provision of logistics related services including new energy vehicle sales and leasing, road freight transportation and the provision of finance leasing services of its new energy vehicles (the “**NEV and Logistics and Finance Leasing Business**”) after the disposal of Chong Kin Group Limited by the Company to the former controlling shareholder of the Company in January 2021 (the “**Disposal**”), and all of which took place within 27 months. Further, the NEV and Logistics and Finance Leasing Business did not meet the new listing requirements under Rule 8.05 of the Listing Rules.

The Stock Exchange considered that the Disposal was part of a series of transactions and arrangements which constituted an attempt to achieve the listing of the NEV and Logistics and Finance Leasing Business and a means to circumvent the new listing requirements under Chapter 8 of the Listing Rules. Therefore, the Disposal, the acquisitions of the NEV and Logistics and Finance Leasing Business by the Company in October 2018 and April 2019 (collectively, the “**Previous Acquisitions**”) and the related acquisition of a total of 1,847 new energy vehicles in December 2018 should be treated as if they were one transaction and constitute a reverse takeover under Rule 14.06 of the Listing Rules. The Company had sought a review of the Decision from the Listing Committee.

On 3 September 2021, the Company received the decision (the “**Listing Committee’s Decision**”) of the Listing Committee upholding the Decision and that the Listing Committee arrived at the decision that the Disposal and the Previous Acquisitions should be treated as if they were one transaction and constituted a reverse takeover under Rule 14.06B of the Listing Rules. The Company had sought a review of the Listing Committee’s Decision from the Listing Review Committee.

On 1 December 2021, the Company received a letter from the Listing Review Committee setting out its decision that the Listing Review Committee decided that the Company’s situation was materially different from its position at the time of the Listing Committee’s Decision and that it would be appropriate to first have a considered decision of the Listing Committee in respect of the changed circumstances, before the Listing Review Committee makes any conclusive and binding decision on its review. The Listing Review Committee therefore exercised its discretion to remit the matter back to the Listing Committee for a rehearing (the “**Rehearing**”) on an expedited basis.

On 14 February 2022, the Company received the decision of the Listing Committee (the “**LC Rehearing Decision**”) upholding the Decision and that the Listing Committee arrived at the decision that the Disposal and the Previous Acquisitions of the NEV and Logistics and Finance Leasing Business should be treated as if they were one transaction and constituted a reverse takeover under Rule 14.06B of the Listing Rules. The Company had sought a review of the LC Rehearing Decision from the Listing Review Committee.

On 12 May 2022, the Company received a letter that the Listing Review Committee decided to uphold the LC Rehearing Decision and to suspend trading in the Shares under Rule 6.01(4) of the Listing Rules (the “**LRC Decision**”). The Company had sought leave from the Court of First Instance of the High Court of Hong Kong (the “**High Court**”) for a judicial review (the “**Application**”) of the LRC Decision.

On 16 May 2022, the High Court dismissed the Application by the Company.

On 2 June 2022, the Company received a letter from The Stock Exchange, setting out the guidance for the resumption of trading in the shares of the Company (the “**Resumption Guidance**”) as follows:

- (i) to comply with the requirements under Rule 14.54 of the Listing Rules; and
- (ii) to announce all material information for the Company’s shareholders and investors to appraise the Company’s position.

At the direction of The Stock Exchange, trading in the Shares has been suspended with effect from 9:00 a.m. on 13 May 2022. For details, please refer to the announcements of the Company dated 7 June 2021, 5 September 2021, 2 December 2021, 14 February 2022, 13 May 2022, 17 May 2022, 2 June 2022 and 12 August 2022.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures during the Reporting Period.

SIGNIFICANT INVESTMENTS

The Group did not hold any significant investments during the Reporting Period.

CONTINGENT LIABILITIES

Save as disclosed in the section headed “Legal Proceedings”, the Group had no material contingent liabilities as at 30 September 2022 (31 March 2022: Nil).

USE OF NET PROCEEDS FROM THE SUBSCRIPTION OF NEW SHARES

Reference is made to the announcement of the Company dated 7 December 2020 relating to the subscription of new ordinary shares of HK\$0.01 each (the “**Share**”) of the Company, the Company and no less than six subscribers (the “**Subscribers A**”) entered into the subscription agreements, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers A have conditionally agreed to subscribe for an aggregate of 109,726,000 new Shares of the Company under general mandate (the “**Subscription I**”) at the subscription price of HK\$2.3 per Share. The net proceeds after deducted from professional fees and other related expenses (“**Net Proceeds**”) from the Subscription I were approximately HK\$252.22 million, on such basis, the net price of each Share under Subscription I is approximately HK\$2.299.

Reference is also made to the announcement of the Company dated 26 April 2021 and 30 April 2021 relating to the subscription of Share of the Company under general mandate (the “**Subscription II**”). The Company and 10 independent subscribers (the “**Subscribers B**”), entered into the subscription agreements, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers B have conditionally agreed to subscribe for 45,490,000 new shares of the Company at the subscription price of HK\$5.80 per Share. As at 30 September 2022, 7,902,000 new shares have been issued under the Subscription II, the Net Proceeds from the Subscription II were approximately HK\$45.8 million, on such basis, the net price of each Share is approximately HK\$5.80.

As disclosed in the announcement of the Company dated 17 December 2021, following the termination of the sale and purchase agreement dated 26 November 2021 for the acquisition of a land parcel in Grenada (the “**Termination**”), the overall plan about the intended use of proceeds from Subscription I and Subscription II has been updated on 17 December 2021 (“**Updated UOP Plan**”). The total net proceeds applied by the Group during the period from the respective completion dates up to 30 September 2022 are as follows:

	Originally planned use of proceeds <i>HK\$'000</i>	Actual use of proceeds before the Update UOP Plan <i>HK\$'000</i>	Refund from Termination <i>HK\$'000</i>	Updated UOP Plan <i>HK\$'000</i>	Actual use of proceed after the Updated UOP Plan <i>HK\$'000</i>	Unused amount <i>HK\$'000</i>	Expected timeline for utilising the remaining net proceeds <i>(Note)</i>
Subscription I							
Land project in Grenada	227,000	(182,830)	156,000	(200,170)	–	–	
Concrete Placing Business	–	–	–	120,000	(3,924)	116,076	End of year 2023
Loan Finance Business	–	–	–	60,000	(26,608)	33,392	End of year 2023
General working capital	25,220	(25,220)	–	20,170	–	20,170	End of year 2023
Sub-total	<u>252,220</u>	<u>(208,050)</u>	<u>156,000</u>	<u>–</u>	<u>(30,532)</u>	<u>169,638</u>	
Subscription II							
Potential investment and future opportunities	41,249	–	–	(41,249)	–	–	
Concrete Business	–	–	–	41,249	(41,249)	–	End of year 2023
General working capital	<u>4,583</u>	<u>(4,583)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	
Sub-total	<u>45,832</u>	<u>(4,583)</u>	<u>–</u>	<u>–</u>	<u>(41,249)</u>	<u>–</u>	
Total	<u>298,052</u>	<u>(212,633)</u>	<u>156,000</u>	<u>–</u>	<u>(71,781)</u>	<u>169,638</u>	

Note: The expected timeline for utilising the remaining net proceeds is based on the best estimation of the Company taking into account, among others, prevailing and future market conditions and business development and needs, and therefore is subject to change.

Any net proceeds that were not applied immediately have been placed at the short-term deposits with licensed banks in order to generate higher returns.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, neither the Company, nor any of its subsidiaries repurchased, redeemed or sold any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as a code of conduct of the Company for the Directors' securities transactions. In response to a specific enquiry by the Company, all Directors have confirmed that they had fully complied with the requirements as set out in the Model Code during the Reporting Period and up to the date of this announcement.

DIRECTOR'S INTERESTS IN COMPETING BUSINESS

During the Reporting Period and up to the date of this announcement, the Directors confirm that none of the controlling shareholders of the Company or the Directors and their respective close associates (as defined in the Listing Rules) is interested in any business which competes or is likely to compete, directly or indirectly, with the Group's business apart from the business operated by the Group.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

It is the belief of the Board that good corporate governance plays a vital part in maintaining the success of the Company. The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value accountability. The Company has complied with the applicable code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules save and except for Code Provision A.2.1 throughout the Reporting Period.

AUDIT COMMITTEE

The Company established the audit committee (the "**Audit Committee**") with terms of reference in compliance with Rules 13.21 of the Listing Rules and code provision C.3 of the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee is to serve as a focal point for communication among the Directors, the external auditors and the management relate to financial reporting, risk management, internal controls and auditing. The Audit Committee also assists the Board in fulfilling its responsibilities by providing an independent review of the financial reports, ensuring the effectiveness of the Company's internal control and risk management system. The Audit Committee currently comprises three independent non-executive Directors with Mr. Tam Ping Kuen Daniel as the chairman and the other members are Ms. Chen Weijie and Mr. Zhao Hangen.

REVIEW OF THE INTERIM FINANCIAL RESULTS

The interim financial results of the Group for the Reporting Period are unaudited but have been reviewed and approved by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules, and adequate disclosures have been made.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement is available for viewing on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.chongkin.com.hk). The interim report of the Company for the Reporting Period containing all information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board
Chong Kin Group Holdings Limited
Zhang Jinbing
Chairman

Hong Kong, 18 November 2022

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Zhang Jinbing and Mr. Leung Chi Kwong Joe; and three independent non-executive Directors, namely Mr. Tam Ping Kuen Daniel, Ms. Chen Weijie and Mr. Zhao Hangen.