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## Ching Lee Holdings Limited

正利控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 3728)**

### ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023

#### FINANCIAL RESULTS

The board of Directors (the “**Board**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 March 2023 together with the comparative audited figures for the year ended 31 March 2022, as follows:

#### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 March 2023*

	<i>Notes</i>	<b>2023</b> <i>HK\$’000</i>	2022 <i>HK\$’000</i>
Revenue	4	<b>708,782</b>	536,502
Cost of revenue		<b>(637,111)</b>	(512,265)
Gross profit		<b>71,671</b>	24,237
Other income and gains or losses, net	5	<b>1,635</b>	3,911
Administrative and other operating expenses		<b>(52,583)</b>	(45,271)
Expected credit loss on financial assets, net		<b>(1,353)</b>	(1,883)
Finance costs	7	<b>(6,333)</b>	(3,340)
Share of results of an associate		<b>1,521</b>	1,523
<b>Profit/(loss) before income tax</b>	6	<b>14,558</b>	(20,823)
Income tax	8	<b>(2,740)</b>	2,662
<b>Profit/(loss) and total comprehensive income for the year</b>		<b>11,818</b>	(18,161)
Earnings/(loss) per share:			
— Basic and Diluted (HK cents)	10	<b>1.17</b>	(1.79)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 March 2023*

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		<b>34,356</b>	34,710
Intangible asset		<b>790</b>	790
Interest in an associate		<b>14,204</b>	12,683
Financial assets at fair value through profit or loss		<b>26,403</b>	9,197
Deposit paid for acquisition of financial assets	<i>11</i>	–	2,430
Rental deposits	<i>11</i>	<b>262</b>	–
Deferred tax assets		<b>279</b>	2,864
		<hr/>	<hr/>
Total non-current assets		<b>76,294</b>	62,674
<b>Current assets</b>			
Trade and other receivables	<i>11</i>	<b>94,334</b>	56,110
Contract assets		<b>323,011</b>	142,257
Amount due from an associate		<b>6,404</b>	6,398
Taxation recoverable		–	1,894
Financial asset at fair value through profit or loss		<b>368</b>	–
Pledged bank deposits		<b>25,000</b>	25,211
Bank balances and cash		<b>57,000</b>	27,255
		<hr/>	<hr/>
Total current assets		<b>506,117</b>	259,125
<b>Current liabilities</b>			
Trade and other payables	<i>12</i>	<b>313,760</b>	138,825
Contract liabilities		<b>11,676</b>	8,036
Lease liabilities		<b>1,731</b>	1,269
Bank borrowings, secured		<b>136,834</b>	68,472
Provision of taxation		<b>130</b>	–
		<hr/>	<hr/>
Total current liabilities		<b>464,131</b>	216,602
		<hr/>	<hr/>
<b>Net current assets</b>		<b>41,986</b>	42,523
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>118,280</b>	105,197
		<hr/>	<hr/>

	<i>Note</i>	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Lease liabilities		<u>1,726</u>	<u>461</u>
Total non-current liabilities		<u>1,726</u>	<u>461</u>
<b>Net assets</b>		<u><b>116,554</b></u>	<u>104,736</u>
<b>Capital and reserves</b>			
Share capital	13	<b>10,130</b>	10,130
Reserves		<u>106,424</u>	<u>94,606</u>
<b>Total equity</b>		<u><b>116,554</b></u>	<u>104,736</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2023

## 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 “**Construction Works**”).

The directors of the Company consider the Company’s ultimate parent is JT Glory Limited, a company incorporated in the British Virgin Islands (“**BVI**”).

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

### (a) Adoption of amended HKFRSs

The Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) has issued a number of amended HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

None of these amended HKFRSs has a material impact on the Group’s results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

**(b) New or amended HKFRSs that have been issued but are not yet effective**

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

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (Revised) <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants (“ <b>2022 Amendments</b> ”) <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
HKFRS 17	Insurance Contracts and the related Amendments <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>3</sup> No mandatory effective date yet determined but available for adoption

### 3. SEGMENT REPORTING

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

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

The Group's revenue and results are all derived from provision of construction and consultancy works and project management services in Hong Kong and no consolidated assets of the Group are located outside Hong Kong.

#### Information about major customers

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Customer I	141,709	N/A <sup>1</sup>
Customer II	91,735	N/A <sup>1</sup>
Customer III	84,221	N/A <sup>1</sup>
Customer IV	N/A <sup>1</sup>	186,606
Customer V	N/A <sup>1</sup>	117,396

<sup>1</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group for the respective period.

#### 4. REVENUE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Revenue from contract with customers by major services:</b>		
Substructure building works services	22,801	20,320
Superstructure building works services	614,593	497,126
Repair, maintenance, alteration and addition services	71,388	19,056
	<u>708,782</u>	<u>536,502</u>

#### 5. OTHER INCOME AND GAINS OR LOSSES, NET

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bank interest income	17	2
Dividend income from financial assets at fair value through profit or loss	4,655	–
Government subsidies ( <i>Note</i> )	2,259	–
Subsidies from an industry association in relation to provision of Construction Works	729	837
Gain on disposal of property, plant and equipment	4	–
Insurance compensation	–	180
Changes in fair value of financial assets at fair value through profit or loss	(6,426)	1,853
Others, nets	397	1,039
	<u>1,635</u>	<u>3,911</u>

*Note:* For the year ended 31 March 2023, government grants of HK\$2,259,000 was obtained from Employment Support Scheme (“ESS”) under the Anti-epidemic Fund launched by the Hong Kong SAR Government supporting the payroll of the Group's employees. Under the ESS, the Group had to commit to spend these grants on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time. The Group does not have any unfulfilled obligations relating to this program as at 31 March 2023. The Hong Kong SAR Government did not offer government grant under ESS for the year 2022.

## 6. PROFIT/(LOSS) BEFORE INCOME TAX

This is arrived at after charging the following:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Auditor's remuneration	1,200	1,000
Depreciation in respect of:		
— Owned assets	372	373
— Leased assets	3,958	4,043
	<u>4,330</u>	<u>4,416</u>
Employee benefit expenses (including directors' emoluments)		
— Salaries, allowances and other benefits	57,804	49,724
— Contribution to defined contribution retirement plan	1,819	1,428
	<u>59,623</u>	<u>51,152</u>
Short-term leases expenses:		
— Buildings	1,416	1,255
— Equipment	10,892	3,334

## 7. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on bank borrowings	6,103	3,149
Interest on lease liabilities	230	191
	<u>6,333</u>	<u>3,340</u>

## 8. INCOME TAX

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax		
— Hong Kong Profits Tax	130	—
— Under/(over)-provision for prior years	25	(79)
Deferred tax	2,585	(2,583)
	<u>2,740</u>	<u>(2,662)</u>



Hong Kong profits tax is calculated at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year with tax relief of ceiling of HK\$6,000 per case, except for one subsidiary of the Group which is qualifying entity under the two-tiered profits tax regime. Under which, two-tiered rates on the estimated assessable profits arising in Hong Kong at 8.25% on assessable profits up to HK\$2 million and 16.5% on any part of assessable profits over HK\$2 million.

The two-tiered profits tax rates regime is applicable to a nominated qualifying entity in the Group.

## 9. DIVIDEND

The board of directors did not declare an interim dividend during the years. The board of directors did not recommend the payment of any final dividend for the years ended 31 March 2023 and 2022.

## 10. EARNINGS/(LOSS) PER SHARE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Earnings/(loss)</b>		
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share	<u>11,818</u>	<u>(18,161)</u>
	2023	2022
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	1,013,000,000	1,013,000,000
Effect of dilutive potential ordinary shares:		
— Share options ( <i>Note</i> )	<u>N/A</u>	<u>N/A</u>
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	<u>1,013,000,000</u>	<u>1,013,000,000</u>

*Note:* For the years ended 31 March 2023 and 2022, the computation of diluted earnings/(loss) per share does not assume the exercise of the Company's share options because the exercise price of the Company's share options was higher than the average market price for shares.

## 11. TRADE AND OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	65,422	26,961
Less: Expected credit loss	<u>(647)</u>	<u>(868)</u>
	<u>64,775</u>	<u>26,093</u>
Deposits	2,194	5,024
Dividend receivable	727	–
Other receivables ( <i>Note</i> )	<u>6,912</u>	<u>10,852</u>
	9,833	15,876
Less: Expected credit loss	<u>(4,724)</u>	<u>(3,994)</u>
	<u>5,109</u>	<u>11,882</u>
	69,884	37,975
Prepayments	<u>24,712</u>	<u>20,565</u>
	<u>94,596</u>	<u>58,540</u>
Less: Deposit paid for acquisition of financial assets under non-current assets	–	(2,430)
Less: Rental deposits under non-current assets	<u>(262)</u>	<u>–</u>
	<u><u>94,334</u></u>	<u><u>56,110</u></u>

*Note:* As at 31 March 2022, included in other receivables was an amount of approximately HK\$4,220,000 (2023: HK\$Nil) due from the ultimate holding company of the Group. The amount due is unsecured, interest-free and repayable on demand.

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At beginning of year	868	–
Expected credit loss recognised during the year	296	868
Written off during the year	<u>(517)</u>	<u>–</u>
At end of year	<u><u>647</u></u>	<u><u>868</u></u>

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

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At beginning of year	<b>3,994</b>	3,617
Expected credit loss recognised during the year	<u>730</u>	<u>377</u>
At end of year	<u><b>4,724</b></u>	<u>3,994</u>

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

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	<b>38,921</b>	11,866
31–60 days	<b>25,854</b>	4,945
61–90 days	–	–
91–180 days	–	–
181–365 days	<u>–</u>	<u>9,282</u>
	<u><b>64,775</b></u>	<u>26,093</u>

## 12. TRADE AND OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables ( <i>Note</i> )	243,897	81,802
Retention payables	55,102	44,461
Other payables, accruals and deposits received	14,761	12,562
	<u>313,760</u>	<u>138,825</u>

*Note:* The credit period granted by suppliers and contractors is normally 30 to 60 days.

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	150,759	34,836
31–60 days	49,031	18,108
61–90 days	24,651	6,906
91–180 days	10,685	8,602
181–365 days	1,158	6,359
Over 365 days	7,613	6,991
	<u>243,897</u>	<u>81,802</u>

## 13. SHARE CAPITAL

The share capital as at 31 March 2023 and 2022 represented the issued share capital of the Company as detailed below:

<b>Ordinary shares of HK\$0.01 each</b>	<i>Number</i>	<i>HK\$'000</i>
<b>Authorised</b>		
At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	10,000,000,000	100,000
<b>Issued and fully paid</b>		
At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	1,013,000,000	10,130

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

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

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

The Group’s revenue for the year ended 31 March 2023 was recorded at approximately HK\$708.8 million which represented an increase of approximately HK\$172.3 million or 32.1% from approximately HK\$536.5 million for the year ended 31 March 2022.

	Year ended 31 March		Increase %
	2023 <i>HK\$’000</i>	2022 <i>HK\$’000</i>	
Substructure building works services	<b>22,801</b>	20,320	12.2
Superstructure building works services	<b>614,593</b>	497,126	23.6
RMAA works services	<b>71,388</b>	19,056	274.6
	<b><u>708,782</u></b>	<b><u>536,502</u></b>	32.1

#### (i) Substructure building works services

For the year ended 31 March 2023, revenue recorded in this segment amounted to approximately HK\$22.8 million (2022: approximately HK\$20.3 million). The increase by approximately HK\$2.5 million was mainly due to a project with larger size was awarded as compared to the year ended 31 March 2022.

## **(ii) Superstructure building works services**

For the year ended 31 March 2023, revenue recorded in this segment amounted to approximately HK\$614.6 million (2022: approximately HK\$497.1 million). The increase by approximately HK\$117.5 million was mainly due to the increase in number of new projects commenced for the year ended 31 March 2023.

## **(iii) RMAA works services**

For the year ended 31 March 2023, revenue recorded in this segment amounted to approximately HK\$71.4 million (2022: approximately HK\$19.1 million). The increase by approximately HK\$52.3 million was mainly due to the projects with substantial work progress during the year ended 31 March 2023.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue for the year ended 31 March 2023 recorded at approximately HK\$708.8 million which represented an increase of approximately HK\$172.3 million or 32.1% from approximately HK\$536.5 million for the year ended 31 March 2022. The increase in total was mainly due to an increase from superstructure building works services and RMAA works services amount to approximately HK\$117.5 million and HK\$52.3 million respectively.

### **Gross Profit and Gross Profit Margin**

Our gross profit increased by approximately HK\$47.4 million or 195.7%, from approximately HK\$24.2 million for the year ended 31 March 2022 to approximately HK\$71.7 million for the year ended 31 March 2023. During the year ended 31 March 2023, the gross profit margin was approximately 10.1%, which is higher than the gross profit margin of prior year of approximately 4.5%. The increase was mainly due to the increase in number of new projects and effective cost control compared to the year ended 31 March 2022.

### **Other Income and Gains or Losses, net**

Other income and gains or losses, net decreased by approximately HK\$2.3 million or 58.2% from approximately HK\$3.9 million for the year ended 31 March 2022 to approximately HK\$1.6 million for the year ended 31 March 2023. The decrease was mainly due to the changes in fair value of financial assets at fair value through profit or loss ("FVTPL"), offset by the dividend income from financial assets at FVTPL and government subsidies.

## **Administrative and Other Operating Expenses**

Administrative and other operating expenses increased by approximately HK\$7.3 million or 16.2% from approximately HK\$45.3 million for the year ended 31 March 2022 to approximately HK\$52.6 million for the year ended 31 March 2023.

Administrative and other operating expenses mainly consist of employee benefit expense (including salaries, allowances, other benefits and contribution to defined contribution retirement plan), legal & professional fee, business development cost, depreciation and others. The increase was mainly attributable by (i) the increase in employee benefit expense of approximately HK\$3.3 million, (ii) the increase in written off of contract assets of approximately HK\$2.7 million and (iii) the increase in legal and professional fee of approximately HK\$1.1 million.

## **Finance Costs**

Finance Costs increased by approximately HK\$3.0 million or 89.6% from approximately HK\$3.3 million for the year ended 31 March 2022 to approximately HK\$6.3 million for the year ended 31 March 2023, which was mainly due to an increase in average bank borrowings and interest rate during the year ended 31 March 2023.

## **Income Tax**

Income tax changed from approximately HK\$2.7 million tax credit for year ended 31 March 2022 to approximately HK\$2.7 million tax expense for the year ended 31 March 2023.

## **Profit/(Loss) and Total Comprehensive Income for the Year Attributable to the Owners of the Company**

The Group recognized net profit of approximately HK\$11.8 million for the year ended 31 March 2023 as opposed to the net loss of approximately HK\$18.2 million for the year ended 31 March 2022.

The turn around from loss to profit was mainly due to the increase in revenue due to the increase in number of new projects in superstructure building works services and RMAA works services and effective cost control compared to the year ended 31 March 2022.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 March 2023, the Group had total assets of approximately HK\$582.4 million, which is financed by total liabilities and shareholders' equity of approximately HK\$465.9 million and HK\$116.6 million, respectively. The Group's current ratio remained stable at approximately 1.2 and 1.1 at 31 March 2022 and 31 March 2023.

## **GEARING RATIO**

The gearing ratio of the Group as at 31 March 2023 was approximately 120.4% (31 March 2022: approximately 67.0%), which is calculated based on the total lease liabilities and total bank borrowings divided by total equity as at the respective reporting date.

## **CONTINGENT LIABILITIES**

At the end of 31 March 2023, there were no significant contingent liabilities for the Group.

## **COMMITMENTS**

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

## **CHARGES ON GROUP ASSETS**

Assets with a carrying value of approximately HK\$91.2 million were pledged as securities for the Group's banking facilities.

## **SEGMENT INFORMATION**

Segmental information is presented for the Group as disclosed on note 3 to this results announcement.

## **FOREIGN EXCHANGE EXPOSURE**

The Group was not exposed to foreign exchange risk during the year ended 31 March 2023.

## **TREASURY POLICY**

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



## **CAPITAL STRUCTURE**

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

As at 31 March 2023, the Company's issue share capital was HK\$10,130,000 and the number of its issued ordinary share was 1,013,000,000 of HK\$0.01 each.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

The Group did not have plans for material investments or capital assets during the year ended 31 March 2023.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

During the year ended 31 March 2023, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 March 2023, the Group employed a total of 143 employees (31 March 2022: 94 employees). The staff costs of our Group (including salaries, allowances, other benefits and contribution to defined contribution retirement plan) for the year ended 31 March 2023 were approximately HK\$59.6 million (31 March 2022: approximately HK\$51.2 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 associate, the Group did not hold any significant investments during the year ended 31 March 2023.

## **EVENTS AFTER THE REPORTING PERIOD**

There were no materials events after the reporting period.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

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

- I. Our revenue is mainly derived from projects which are not recurring in nature and any significant decrease in the number of our projects would affect our operations and financial results;
- II. We depend on our suppliers for concrete, steel and other construction materials, and any shortage or delay of supply, or deterioration in the quality, of the same could materially and adversely affect our operations, and we may not be able to identify an alternative source of stable supply with acceptable quality and price;
- III. We may be involved in construction and/or labour disputes, legal and other proceedings arising from our operations from time to time and may face significant legal liabilities as a result;
- IV. We determine our tender price based on the estimated time and costs to be involved in a project, yet the actual time and costs incurred may deviate from our estimate due to unexpected circumstances, thereby adversely affecting our operations and financial results;
- V. We rely on our Board members and senior management staff, and their departure would adversely affect our operations and financial results;
- VI. Our works are labour intensive. If we or our subcontractors experience any shortage of labour, industrial actions, strikes or material increase in labour costs, our operations and financial results would be adversely affected;

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

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

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2023.

## **DIVIDEND**

The board of directors did not declare an interim dividend during the years.

The board of directors did not recommend the payment of any final dividend for the year ended 31 March 2023 (2022: nil).

## **AUDIT COMMITTEE**

The Company has established an audit committee with the written terms of reference in compliance with the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 of the Listing Rules. The Group's consolidated financial statements for the year ended 31 March 2023 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2023 comply with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as a code of conduct regarding directors' securities transactions.

All the directors have confirmed, following specific enquiry by the Company that they have complied with the required standard as set out in the Model Code for the year ended 31 March 2023 and up to the date of this announcement.

## **CORPORATE GOVERNANCE PRACTICE**

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

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

In the opinion of the Board, the Company has complied with the principles and code provisions in the CG as set out in Appendix 14 to the Listing Rules with the exception for code provision C.2.1 as disclosed above for the year ended 31 March 2023.

## **SCOPE OF WORK OF BDO LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 March 2023 as set out in the preliminary announcement have been agreed by the Company's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

## **PUBLICATION OF ANNUAL RESULTS AND DESPATCH OF ANNUAL REPORT**

This annual results announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.chingleeholdings.com](http://www.chingleeholdings.com)). The annual report for the year ended 31 March 2023 containing all the information required by the Listing Rules will be despatched to the Company's shareholders and available on the above websites in due course.

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

Hong Kong, 23 June 2023

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