



CHINA COME RIDE NEW ENERGY GROUP LIMITED

中國來騎哦新能源集團有限公司

(Formerly known as KNK Holdings Limited 中國卓銀國際控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8039)

2022/2023

THIRD QUARTERLY REPORT

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid- sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “Directors”) of China Come Ride New Energy Group Limited (the “Company”, together with its subsidiaries, the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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The board of Directors (the “Board”) announces the unaudited condensed consolidated results of the Group for the nine months ended 31 December 2022 (“Period”) together with the comparative unaudited figures for the corresponding period in 2021.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 31 December 2022

	Note	Three months ended 31 December		Nine months ended 31 December	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue	4	5,064	6,701	28,579	27,073
Cost of services		(5,913)	(5,193)	(28,605)	(18,533)
Gross (loss)/profit		(849)	1,508	(26)	8,540
Other income		127	–	771	–
Administrative expenses		(2,530)	(2,233)	(7,306)	(6,701)
Finance costs		(6)	(15)	(25)	(411)
(Loss)/profit before tax		(3,258)	(740)	(6,586)	1,428
Income tax expenses	5	–	(19)	–	(64)
(Loss)/profit and total comprehensive (loss)/ income for the period attributable to owners of the Company		(3,258)	(759)	(6,586)	1,364
(Loss)/profit per share					
Basic (HK cents)	7	(0.66)	(0.15)	(1.34)	0.30

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2022

	Attributable to owners of the Company					
	Issued capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Fair value reserve (non- recycling) HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2022 (audited)	4,930	43,081	5,000	237	(44,740)	8,508
Loss and total comprehensive loss for the period	-	-	-	-	(6,586)	(6,586)
At 31 December 2022 (unaudited)	4,930	43,081	5,000	237	(51,326)	1,922

For the nine months ended 31 December 2021

	Attributable to owners of the Company					
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Fair value reserve (non- recycling) HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2021 (audited)	4,180	33,785	5,000	-	(45,128)	(2,163)
Profit and total comprehensive income for the period	-	-	-	-	1,364	1,364
Issue of shares by placing	750	9,525	-	-	-	10,275
Share issue expenses	-	(229)	-	-	-	(229)
At 31 December 2021 (unaudited)	4,930	43,081	5,000	-	(43,764)	9,247

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2022

1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability on 29 July 2015 under the Companies Law of the Cayman Islands and acts as an investment holding company. Its shares were listed on the GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 12 December 2016. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business is Unit E, 33rd Floor, Legend Tower, 7 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong.

The Group are principally engaged in the provision of comprehensive architectural and structural engineering consultancy service.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The Group’s unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinances. The unaudited condensed consolidated financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules.

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values.

Other than additional accounting policies resulting from the application of new and amendments to HKFRSs, the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the nine months ended 31 December 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2022.

3. SEGMENT REPORTING

The Group manages its operation by business lines in a manner consistent with the way in which information is reported internally to the Group's most senior executive management, being the chief operating decision maker, for the purposes of resource allocation and performance assessment. The management reviews the overall results and financial position of the Group as a whole. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

Information about geographical areas

All of the activities of the Group are carried out in Hong Kong and all of the Group's revenue for the nine months ended 31 December 2022 and 2021 are derived from Hong Kong. Accordingly, no analysis of geographical information is presented.

4. REVENUE

Revenue represents the contract revenue from provision of comprehensive architectural and structural engineering consultancy service, including licensing consultancy, alteration and addition works and minor works consultancy, inspection and certification and other architectural related consultancy.

5. INCOME TAX EXPENSES

	For the three months ended		For the nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current tax – Hong Kong Profits Tax				
Provision for the period	-	19	-	64

The provision for Hong Kong Profits tax for 2022 is calculated at 8.25% for the first HK\$2,000,000 and 16.5% on the remaining balance (2021: 8.25% for the first HK\$2,000,000 and 16.5% on the remaining balance) of estimated assessable profits for the period. Since there was no estimated assessable profits for the nine months ended 31 December 2022, no provision was made.

6. DIVIDEND

The Directors do not recommend the payment of any dividend for the nine months ended 31 December 2022 (2021: HK\$ nil).

7. (LOSS)/PROFIT PER SHARE

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

	For the three months ended 31 December		For the nine months ended 31 December	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
(Loss)/profit:				
(Loss)/profit for the purposes of basic and diluted earnings per share:				
(Loss)/profit for the period attributable to owners of the Company	(3,258)	(759)	(6,586)	1,364
Number of shares:				
Weighted average number of ordinary shares ('000)	493,000	493,000	493,000	455,000

Diluted (loss)/profit per share is the same as basic (loss)/profit per share as there were no potential ordinary shares during the nine months ended 31 December 2022 and 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is principally engaged in the provision of comprehensive architectural and structural engineering consultancy service. During the nine months ended 31 December 2022, the Group continued to focus on developing business opportunities with existing customers as well as working on those referrals from them. At the same time, the Group plans to expand the types of architectural-related services and new energy related business when opportunities arise.

The revenue of the Group was approximately HK\$28.6 million for the nine months ended 31 December 2022 (2021: approximately HK\$27.1 million), which represented 5.5% increase compared to the corresponding period in 2021. The loss for the nine months ended 31 December 2022 was approximately HK\$6.6 million (2021: net profit of approximately HK\$1.4 million). The reasons of turnaround in the operating results from profit to loss can be found under the Financial Review section below.

Going forward, while actively exploring new businesses opportunities and/or business diversification such as the new energy industry, and also plan to extend new business geographical coverage such as the mainland China. These strategic directions aim to capture new business opportunities in the market and contribute satisfactory long-term returns to our shareholders. Such achievements depend on whether the Group can attract competent professionals to join the Group.

In view of the current economic environment, the Group will seek to minimise risk exposure by bargaining better terms from sub-contractors, minimising expenses, securing projects and closely monitoring recoverability of the receivables to keep the operations of the Group as usual.

FINANCIAL REVIEW

Revenue

The Group's revenue is generated from the contract revenue from provision for comprehensive architectural and structural engineering consultancy service in Hong Kong, including licensing consultancy, alteration and addition works and minor works consultancy, inspection and certification and other architectural related consultancy.

The total revenue for the Period was approximately HK\$28.6 million (2021: HK\$27.1 million) which represents a HK\$1.5 million or 5.5% increase as compared to the corresponding period in 2021. Such increase was mainly attributable to the revenue contribution from projects with a relatively large contract sum.

The gross loss margin was approximately 0.1% (2021: gross profit margin approximately 31.5%). The gross loss margin was mainly due to the revenue contribution from projects with lower profit margin under current economic environments. In particular revenue contribution from projects with large contract sum but thin profit margin and increase in project direct costs during the nine months ended 31 December 2022 compared to the corresponding period in 2021.

Administrative Expenses

The total administrative expenses for the Period was approximately HK\$7.3 million (2021: HK\$6.7 million) representing an increase of HK\$0.6 million or 9% when compared to the corresponding period in 2021. Such increase was mainly due to the increase in costs on handling various compliance issues.

Income tax expenses

The income tax expenses for the Period was approximately HK\$nil (2021: HK\$64,000) as there was no estimated assessable profit for the Period.

(Loss)/profit for the period

The Group recorded a net loss attributable to owners of the Company of approximately HK\$6.6 million for the Period (2021: net profit of approximately HK\$1.4 million). Such turnaround in the operating results from profit to loss was mainly due to increase in project direct costs and administrative expenses.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the Period, the Group financed its operations by cash flow from operating activities. As at 31 December 2022, the Group had net current liabilities of approximately HK\$2.9 million (31 March 2022: net current assets HK\$3.3 million), including bank and cash balances of approximately HK\$3.8 million (31 March 2022: HK\$3.1 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 0.8 times as at 31 December 2022 (31 March 2022: 1.4 times). Such decrease was mainly due to the increase of trade and other payables.

The capital of the Group comprises ordinary shares only. Total equity attributable to owners of the Company amounted to approximately HK\$1.9 million as at 31 December 2022 (31 March 2022: approximately HK\$8.5 million).

EMPLOYEES AND REMUNERATION POLICY

Total staff and directors' remuneration for the Period was approximately HK\$12.8 million (2021: HK\$13.5 million). The Group's remuneration policies are formulated on the basis of performance, qualifications and experience of individual employee and with reference to the prevailing market conditions. Our remuneration packages comprise monthly fixed salaries and discretionary year-end bonuses based on individual performance, which are paid to employees as recognition of, and reward for, their contributions.

CHARGES ON THE GROUP'S ASSETS

The Group did not have any charge arranged with any financial institution in Hong Kong as at 31 December 2022 (2021: nil).

FOREIGN EXCHANGE EXPOSURE

The revenue and business costs of the Group were principally denominated in Hong Kong dollars, and thus the exposure to the risk of foreign exchange rate fluctuations for the Group was minimal. Hence, no financial instrument for hedging was employed.

CONTINGENT LIABILITIES

No material contingent liability had come to the attention of the Directors for the nine months ended 31 December 2022 and up to the date hereof.

EVENT AFTER THE REPORTING PERIOD

There was no significant event relevant to the business or financial performance of the Group that came to the attention of the Directors after the period ended 31 December 2022 and up to the date hereof.

LITIGATIONS

References are made to the announcements of the Company dated 13 July 2020, 21 July 2020, 31 August 2020 and 8 October 2020 in relation to, amongst others, the Alleged Bond and the Alleged Debt. The Company received the statement of claim in relation to the Writ on 8 December 2020 in which the Plaintiff claimed against the Company, inter alia, HK\$5,830,000 being the principal and interest of the Alleged Debt. Pursuant to the Order made by the Court, mediation was held on 13th October 2022. However, no settlement agreement had been reached in the said mediation. The Company's lawyer has reported to the Court the outcome of the hearing, and continue to contesting the claim in the legal proceedings for the time being.

Reference is also made to the announcement of the Company dated 31 August 2020 in relation to the claim against three ex-directors, namely Mr. Sun Xiao Li, Mr. Gu Jintai and Ms. Shi Lijie for breach of fiduciary duties. The writ was lodged at the Hong Kong Judiciary on 9 November 2020 for service out of jurisdiction through the PRC Judiciary on them at their last known PRC addresses. As advised by the legal advisers of the Company in respect of this litigation in June 2021, service of the writ to them through the PRC Judiciary was unsuccessful. The Company is considering the legal adviser's advice on application for substituted service of the writ to them, and has to locate their address first. However, there is no progress in locating the whereabouts of them as at the date of this report.

FUND RAISING ACTIVITIES AND USE OF PROCEEDS

Placing of new shares under general mandate

There was no fund raising activity during the Period.

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES IN SECURITIES

Long position in the Shares

Name	Capacity/ Nature of interests	Number of Shares interested	% of issued voting Shares
New Energy Business Cluster Company Limited (<i>Note</i>)	Beneficial owner	265,865,000	53.93%
Mr. Zhou Renchao ("Mr. Zhou") (<i>Note</i>)	Interest of a controlled corporation	265,865,000	53.93%

Note:

Mr. Zhou owns 85% equity interest of New Energy Business Cluster Company Limited with the remaining 15% equity interest owned by Mr. Cai Zhengfeng, which is interested in 265,865,000 shares of the Company, representing approximately 53.93% of the entire issued share capital of the Company.

Save as disclosed above, as at 31 December 2022, none of the Directors and chief executives of the Company (the "Chief Executives") had any interest or short positions in the ordinary shares of HK\$0.01 each in the Company ("Shares"), underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuer set out in rules 5.48 to 5.67 of the GEM Listing Rules (the "Model Code").

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY IN SECURITIES

So far as is known to the Directors and the Chief Executives, as at 31 December 2022, the interests and short positions of the persons or corporations (other than the Directors and the Chief Executives) in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO were as follows:

Long position in the Shares

Name	Capacity/ Nature of interests	Number of Shares interested	% of issued voting Shares
New Energy Business Cluster Company Limited (<i>Note</i>)	Beneficial owner	265,865,000	53.93%

Note:

Mr. Zhou owns 85% equity interest of New Energy Business Cluster Company Limited with the remaining 15% equity interest owned by Mr. Cai Zhengfeng, which is interested in 265,865,000 shares of the Company, representing approximately 53.93% of the entire issued share capital of the Company.

Save as disclosed above, as at 31 December 2022, there was no person or corporation (other than the Directors and the Chief Executives) who had any interest or short position in the Shares or underlying Shares as recorded in the register of interests required to be kept by the Company under section 336 of the SFO.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraph headed "Interests and Short Positions of the Directors and Chief Executives in Securities" in this report, at no time during the Period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

Save as disclosed above, at no time during the Period had the Directors and the Chief Executives (including their spouses and children under 18 years of age) held any interest in, or been granted, or exercised any rights to subscribe for the Shares (or warrants or debentures, if applicable) of the Company and its associated corporations (within the meaning of the SFO).

COMPETING INTERESTS

As at 31 December 2022, none of the Directors, substantial shareholders and their respective associates (as defined in the GEM Listing Rules) had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

COMPLIANCE WITH THE CORPORATE GOVERNANCE

Corporate Governance Code

The Company is committed to achieving high standards of corporate governance to safeguard the interests of the shareholders and enhance its corporate value. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code under Appendix 15 of the GEM Listing Rules (the "CG Code").

The Company had complied throughout the nine months ended 31 December 2022 with all the code provisions as set out in the CG Code except for the followings:

- (a) There is a deviation from code provision A.2.1 which requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. No chairman nor chief executive are appointed by the Company until Mr. Zhou Renchao was appointed the chairman of the Company on 1 September 2022. The executive Director, being Mr. Chung Yuk Lun, provides the Board with strong and consistent leadership to ensure that the Board works effectively and acts in the interest of the Company. At the same time, he is responsible for formulation of corporate strategy and business development. The daily operation and management of the Company is monitored by the executive Director as well as the senior management. All Directors (including the independent non-executive Directors), being experienced individuals, are encouraged to make active contributions to the Board's affairs and promoting a culture of openness and debate. Based on the above, the Board is of the view that although no chairman nor chief executive are appointed until 31 August 2022, the balance of power and authority of the Board is ensured and believes the current structure (with proper delegation authorities to the management and effective supervision by the Board and its committees) functions effectively.

The Company has complied with code provision A.2.1 after the appointment of Mr. Zhou as an executive Director and Chairman on 1 September 2022.

- (b) There is a deviation from rule 5.05(1) and rule 5.28 of the GEM Listing Rules after the resignation of Ms. Chan Yuk Chun and Ms. Mabel Lee as independent non-executive Director on 19 September 2022. The Company fails to meet the requirements of (i) having at least three independent non-executive Directors on the Board under rule 5.05(1) of the GEM Listing Rules; and (ii) having a minimum of three non-executive directors in the Audit Committee of the Company ("Audit Committee") under rule 5.28 of the GEM Listing Rules.

The Company has complied with rule 5.05(1) and rule 5.28 of the GEM Listing Rules after the appointment of Mr. Leung Tsun Yip and Ms. Lam Yuen Man Maria as independent non-executive Directors and members of the Audit Committee on 1 October 2022.

- (c) There is a deviation from rule 18.49 and 18.48A of the GEM Listing Rules which requires the Company to publish its audited results and annual report on or before 30 June 2022.

The Company has complied with rule 18.49 and 18.48A of the GEM Listing Rules after the publication of the audited results and the annual report on 19 August 2022.

Model Code for Securities Transactions by Directors

The Company has adopted the required standard of dealings set out in the Rules 5.48 to 5.67 of the GEM Listing Rules as its code of conduct for dealing in securities of the Company by the Directors. The Company had made specific enquiries to the Directors, and all of them had confirmed they had complied with the required standard of dealings as set out in the Model Code throughout the Period.

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

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

CHANGES IN INFORMATION OF DIRECTORS

The changes in Directors' information since the date of the 2022 Annual Report of the Company, which are required to be disclosed pursuant to rule 17.50A(1) of the GEM Listing Rules are set out below:

Change of Directors and positions held with board committees of the Company

Name/Positions	Appointment Date	Resignation Date
Ms. Chan Yuk Chun		
– Independent Non-executive Director	–	19 September 2022
– Chairman of Nomination Committee	–	19 September 2022
– Member of Audit Committee	–	19 September 2022
– Member of Remuneration Committee	–	19 September 2022
Ms. Mabel Lee		
– Independent Non-executive Director	–	19 September 2022
– Chairman of Remuneration Committee	–	19 September 2022
– Member of Audit Committee	–	19 September 2022
– Member of Nomination Committee	–	19 September 2022

Name/Positions	Appointment Date	Resignation Date
Mr. Zhou Renchao		
– Executive Director and Chairman	1 September 2022	–
Mr. Leung Tsun Ip		
– Independent Non-executive Director	1 October 2022	–
– Chairman of Nomination Committee	1 October 2022	–
– Member of Audit Committee	1 October 2022	–
– Member of Remuneration Committee	1 October 2022	–
Ms. Lam Yuen Man Maria		
– Independent Non-executive Director	1 October 2022	–
– Chairman of Remuneration Committee	1 October 2022	–
– Member of Audit Committee	1 October 2022	–
– Member of Nomination Committee	1 October 2022	–

REVIEW OF UNAUDITED INTERIM RESULTS

The condensed consolidated financial results of the Group for the Period has not been reviewed nor audited by the Company's auditor, ZHONGHUI ANDA CPA Limited (Registered Public Interest Entity Auditor), but has been reviewed by the Audit Committee of the Company, which comprises the three independent non-executive Directors of the Company.

By order of the Board
China Come Ride New Energy Group Limited
Zhou Renchao
Chairman

Hong Kong, 13 February 2022

As at the date of this report, the executive Directors are Mr. Zhou Renchao, Mr. Chung Yuk Lun and Mr. Cao Dayong; and the independent non-executive Directors are Ms. Lai Pik Chi, Peggy, Mr. Leung Tsun Ip and Ms. Lam Yuen Man Maria.