



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)

2023/2024

FIRST 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 the 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 three months ended 30 June 2023, together with the comparative unaudited figures for the corresponding period in 2022, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months period ended 30 June 2023

	Note	Three months ended 30 June	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	4	7,637	15,789
Cost of services		(4,729)	(14,543)
Gross profit		2,908	1,246
Other income		73	73
Administrative expenses		(2,232)	(1,601)
Finance costs		(2)	(11)
Profit/(loss) before tax		747	(293)
Income tax expenses	5	—	—
Profit/(loss) and total comprehensive income/(loss) for the period attributable to owners of the Company		747	(293)
Earnings/(loss) per share			
Basic (HK cents)	7	0.15	(0.06)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months period ended 30 June 2023

	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 2023 (audited)	4,930	43,081	5,000	237	(49,384)	3,864
Loss and total comprehensive loss for the period	-	-	-	-	747	747
At 30 June 2023 (unaudited)	4,930	43,081	5,000	237	(48,637)	4,611

For the three months period ended 30 June 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	-	-	-	-	(293)	(293)
At 30 June 2022 (unaudited)	4,930	43,081	5,000	237	(45,033)	8,215

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months period ended 30 June 2023

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 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, 33/F., 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 services.

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 on a basis consistent with the accounting policies adopted in the 2023 annual report and should be read in conjunction with the consolidated annual financial statements for the year ended 31 March 2023.

The presentation currency of the unaudited condensed consolidated financial statements is Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Group.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

The measurement basis used in the preparation of the unaudited condensed consolidated financial statements is the historical cost basis.

The preparation of unaudited condensed consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

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 three months period ended 30 June 2023 and 2022 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, alternation and addition works and minor works consultancy, inspection and certification and other architectural related consultancy.

5. INCOME TAX EXPENSES

The provision for Hong Kong Profits Tax for 2023 is calculated at 8.25% for the first HK\$2,000,000 and 16.5% on the remaining balance (2022: 8.25% for the first HK\$2,000,000 and 16.5% on the remaining balance) of estimated assessable profits for the period. The Group has unused tax losses available for offset against the estimated assessable profits for the three months ended 30 June 2023, no provision is made.

6. DIVIDENDS

The Directors do not recommend the payment of any dividend for the three months ended 30 June 2023 (2022: HK\$nil).

7. EARNINGS/(LOSS) PER SHARE

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

	For the three months ended	
	30 June	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings/(loss):		
Earnings/(loss) for the purposes of basic and diluted earnings per share:		
Earnings/(loss) attributable to owners of the Company (HK\$'000)	747	(293)
Number of shares:		
Weighted average number of ordinary shares ('000)	493,000	493,000
Basic earnings/(loss) per share (HK cents)	0.15	(0.06)

Diluted earnings/(loss) per share is the same as basic earnings/(loss) per share as there were no potential dilutive ordinary shares during the three months ended 30 June 2023 and 2022.

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 three months ended 30 June 2023, the Group has focused 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.

The revenue of the Group was approximately HK\$7.6 million for the three months ended 30 June 2023 (2022: approximately HK\$15.8 million), which decreased approximately HK\$8.2 million compared to the corresponding period in 2022. The net profit for the three months ended 30 June 2023 amounted to approximately HK\$0.7 million compared with loss of approximately HK\$0.3 million for the three months ended 30 June 2022. The reasons of such changes can be found under the Financial Review section below.

Going forward, while actively exploring new businesses opportunities, the Group also plans to extend its business reach and expand service coverage to lay a foundation for our long-term development. 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 we 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 services in Hong Kong, including licensing consultancy, alternation and addition works and minor works consultancy, inspection and certification and other architectural related consultancy.

The Group's total revenue for the three months ended 30 June 2023 was approximately HK\$7.6 million (2022: approximately HK\$15.8 million), which represents an approximately HK\$8.2 million or 51.9% decrease compared to the corresponding period in 2022. Such decrease was mainly attributable to the revenue contribution from a project with relatively small contract sum.

The gross profit margin was increased from approximately 7.9% in the three months ended 30 June 2022 to approximately 38.1% in the three months ended 30 June 2023. Such increase was mainly due to the revenue contribution from projects with higher profit margin during the three months ended 30 June 2023 compared to the corresponding period in 2022.

Administrative expenses

The total administrative expenses for the three months ended 30 June 2023 was approximately HK\$2.2 million (2022: approximately HK\$1.6 million). Such change was mainly due to the increase in (i) legal and professional fees on handling various compliance and legal issues and (ii) listing compliance fees.

Income tax expenses

The income tax expenses for the three months ended 30 June 2023 was HK\$nil (2022: HK\$nil). The Group has unused tax losses available for offset against the estimated assessable profits for the three months ended 30 June 2023, no provision is made.

Profit/(loss) for the period

The Group recorded a net profit attributable to owners of the Company of approximately HK\$0.7 million for the three months ended 30 June 2023 (2022: net loss approximately HK\$0.3 million). The turnaround from loss to profit was mainly attributed from the increase of gross profit for the three months ended 30 June 2023.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the three months ended 30 June 2023, the Group financed its operations by cash flow from operating activities. As at 30 June 2023, the Group had net current assets of approximately HK\$0.2 million (31 March 2023: net current liabilities approximately HK\$0.7 million), including cash of approximately HK\$6.1 million (31 March 2023: approximately HK\$4.0 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 1.0 times as at 30 June 2023 (31 March 2023: 0.9 times).

The capital of the Group comprises only ordinary shares. Total equity attributable to owners of the Company amounted to approximately HK\$4.6 million as at 30 June 2023 (31 March 2023: approximately HK\$3.9 million).

EMPLOYEE INFORMATION

Total staff and directors' remuneration for the three months ended 30 June 2023 was approximately HK\$3.1 million (2022: approximately HK\$5.8 million). The Group's remuneration policies are formulated on the basis of performance, qualifications and experience of individual employee and make 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 in 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 30 June 2023 (2022: nil).

FOREIGN EXCHANGE EXPOSURE

The revenue and business costs of the Group were principally denominated in Hong Kong dollars, and as such 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 in the three months ended 30 June 2023 and up to the date of this announcement.

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. The Company's lawyer is contesting the claim in the legal proceedings. The plaintiff and the Company have exchanged their respective witness statements, Mediation took place but was unsuccessful. Case Management Summons hearing is scheduled in 15 October 2024.

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 where about of them as at the date of this report.

EVENT AFTER THE REPORTING PERIOD

Up to the date of this announcement, there was no other significant event relevant to the business or financial performance of the Group that come to the attention of the Directors after the period ended 30 June 2023.

OTHER INFORMATION

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

As at 30 June 2023, the interests and short positions of the Directors and chief executives of the Company (the "Chief Executives") in the ordinary shares with a par value 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") were as follows:

Long Position in the Shares

Name of Directors	Capacity/ Nature of interests	Number of share held	Approximate percentage of issued share capital
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.

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 30 June 2023, 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:

Name of Directors	Capacity/ Nature of interests	Number of share held	Approximate percentage of issued share capital
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 30 June 2023, 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.

OTHER INTERESTS DISCLOSEABLE UNDER THE SFO

Save as disclosed above, so far as is known to the Directors, there was no other person who had interest or short position in the Shares and underlying Shares that is discloseable under Chapter 18 of the GEM Listing Rules.

SHARE OPTION SCHEME

The purpose of the share option scheme is to enable the Company to grant options to any employee, adviser, consultant, agent, contractors, client, supplier, customer and/or such other person, who in the sole discretion of the Board has contributed or may contribute to our Group (the "Eligible Participant"). The Company conditionally adopted a share option scheme (the "Scheme") on 21 November 2016 which has become effective since 12 December 2016 (the "Effective Date") whereby the Board are authorised, at their absolute discretion and subject to the terms of the Scheme, to grant options to subscribe for the shares of the Company to the Eligible Participant. The Scheme will be valid and effective for a period of ten years commencing from the Effective Date. Terms used below shall have the same meaning as those defined in the section "D. Share Option Scheme" in Appendix IV to the Prospectus.

An offer of the grant of option(s) shall be made to an Eligible Participant by letter in such form as the Board may from time to time determine requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the Scheme and shall remain open for acceptance by the Eligible Participant concerned until 5:00 p.m. on the 20th business days following the Offer Date provided that no such offer shall be open for acceptance after the Scheme Period or after the Scheme has been terminated.

An Option shall be deemed to have been granted and accepted when the duplicate of the offer letter as referred to above comprising acceptance of the Option duly signed by the Grantee together with a remittance in favour of our Company of HK\$1.00 or any other amount as determined by the Board by way of consideration for the grant thereof is received by our Company within the period open for acceptance referred to above. Such remittance shall in no circumstances be refundable.

The subscription price for the shares subject to Options will be a price determined by the Board and notified to each participant and shall be the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of the grant of option, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of offer of the grant of option; and (iii) the nominal value of a share.

As at the date of this report, the maximum number of shares available for issue under the Scheme is 41,800,000 shares, representing approximately 8.48% of the issued share capital of the Company as at 30 June 2023.

The Company may at any time refresh such limit, subject to the shareholders' approval and issue of a circular in compliance with the GEM Listing Rules, provided that the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under all the share option schemes of the Company does not exceed 30% of the shares in issue at the time of refreshment. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

The total number of shares issued and to be issued upon exercise of the options granted and to be granted to each Eligible Participant (including exercised, cancelled and outstanding options) under the Share Option Scheme and any other share option scheme of the Company in any 12-month period up to and including the date of offer of the grant of option shall not exceed 1% of the total number of shares in issue for the time being. Any further grant of options in excess of this limit is subject to shareholder's approval in general meeting.

As at the date of this report and since the adoption of the Scheme, no share option has been granted by the Company.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraphs headed “Interests and Short Positions of the Directors and Chief Executives in Securities” and “Share Option Scheme” in this report, at no time during the three months ended 30 June 2023 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 three months ended 30 June 2023 had the Directors and the Chief Executives (including their spouses and children under 18 years of age) 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 30 June 2023, none of the Directors, the substantial Shareholders and their respective associates (as defined in the GEM Listing Rules) had any interest in a business which competes or may compete, either directly or indirectly, with the business of the Group and none of them had or may have any other conflicts of interest with 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 in Appendix C1 to the GEM Listing Rules (the “CG Code”).

The Company had complied throughout the three months ended 30 June 2023 with all the code provisions as set out in the CG Code.

Model Code for Securities Transactions by Directors

The Company has adopted the required standard of dealings as set out in 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 of all the Directors and the Directors have confirmed they had complied with the required standard of dealings as set out in the Model Code throughout the three months ended 30 June 2023.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the three months ended 30 June 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF UNAUDITED FIRST QUARTERLY RESULTS

The condensed consolidated financial results of the Group for the three months ended 30 June 2023 has not been reviewed nor audited by the Company's auditor, McMillan Woods (Hong Kong) 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 and Executive Director

Hong Kong, 23 May 2024

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 Mr. Liu Jianting.