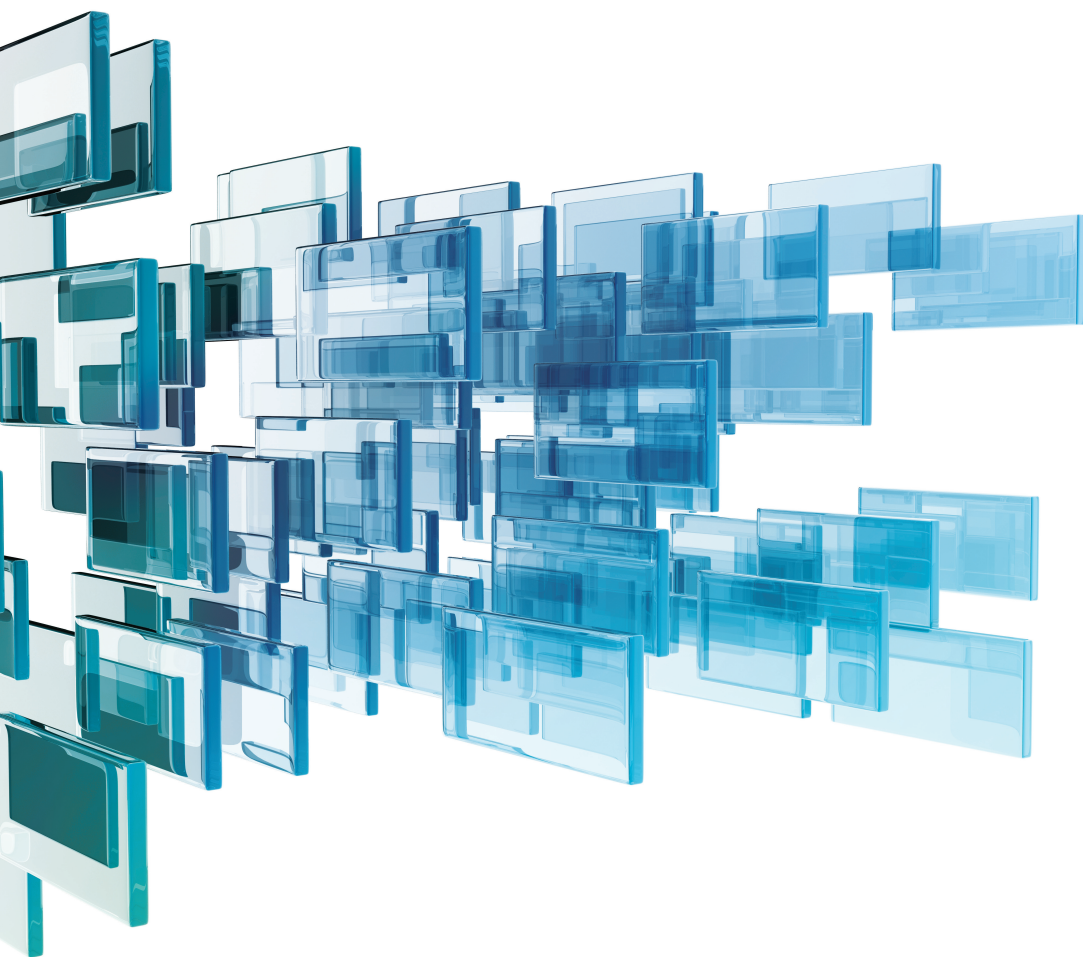


CHONG KIN GROUP HOLDINGS LIMITED

創建集團（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1609



Interim Report 2016



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Cheung Yuk Kei (*Chairman*)
Mr. Cheung Man Tim
(*Chief Executive Officer*)
Mr. Fung Chi Chung

Independent Non-Executive Directors

Mr. Miu Hon Kit
Mr. Leung Chi Wai
Mr. Seid Ka Him

AUDIT COMMITTEE

Mr. Miu Hon Kit (*Chairperson*)
Mr. Leung Chi Wai
Mr. Seid Ka Him

REMUNERATION COMMITTEE

Mr. Leung Chi Wai (*Chairperson*)
Mr. Cheung Man Tim
Mr. Seid Ka Him

NOMINATION COMMITTEE

Mr. Cheung Yuk Kei (*Chairperson*)
Mr. Leung Chi Wai
Mr. Seid Ka Him

COMPANY SECRETARY

Ms. Yu Pik So (*HKICPA*)

AUTHORISED REPRESENTATIVES

Mr. Cheung Man Tim
Mr. Fung Chi Chung

REGISTERED OFFICE IN THE CAYMAN ISLANDS

P.O. Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Office B, 31st Floor
Billion Plaza II
10 Cheung Yue Street
Cheung Sha Wan
Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Estera Trust (Cayman) Limited
Clifton House, 75 Fort Street,
P. O. Box 1350,
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

COMPLIANCE ADVISER

TC Capital International Limited
Suite 1903-1904, 19th Floor
Tower 6, the Gateway
Harbour City, 9 Canton Road
Tsim Sha Tsui, Kowloon
Hong Kong

LEGAL ADVISER AS TO HONG KONG LAW

Adrian Yeung & Cheng
Suite 1201-2A, 12/F
Golden Centre
188 Des Voeux Road Central
Hong Kong

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31/F, Gloucester Tower
The Landmark, 11 Pedder Street
Central, Hong Kong

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited

Hang Seng Bank Limited

The Hongkong and Shanghai Banking
Corporation Limited

STOCK CODE

1609

WEBSITE

www.chongkin.com.hk



Management Discussion and Analysis

BUSINESS REVIEW

Chong Kin Group Holdings Limited (the “Company”, together with its subsidiaries, the “Group”, “we” or “us”) is a concrete services provider in Hong Kong. We principally provide concrete placing services and other ancillary services (such as provision of sundry, cleaning services for construction sites and rental of concrete placing machinery) as a subcontractor for both (i) public sector projects, including building and infrastructure related projects and (ii) private sector projects, which are mostly building related projects in Hong Kong. All revenue in the six months ended 30 September 2016 (the “Period”) was derived from our concrete placing services and other ancillary services.

The Company’s shares (the “Shares”) were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 17 October 2016 (the “Listing Date”) when 191,200,000 ordinary shares (comprising a public offer of 95,600,000 Shares and 95,600,000 Shares (comprising 17,800,000 new Shares and 77,800,000 Sale Shares) by way of placing) had been offered for subscription and for sale, at an offer price of HK\$0.7 per Share (the “Listing”).

FINANCIAL REVIEW

Revenue of the Group for the Period amounted to approximately HK\$234.9 million (for the six months ended 30 September 2015 (the “Previous Period”): approximately HK\$188.4 million).

Profit attributable to the owners of the Company for the Period amounted to approximately HK\$21.8 million (for the Previous Period: approximately HK\$17.2 million).

Basic and diluted earnings per share for the Period amounted to approximately HK cents 3.35 (for the Previous Period: approximately HK cents 2.63).

The Directors of the Company do not recommend the declaration of any interim dividend for the Period (for the Previous Period: Nil).

REVENUE

The revenue of the Group for the Period amounted to approximately HK\$234.9 million, i.e. 24.7% more than that of approximately HK\$188.4 million for the Previous Period. Such growth was mainly attributable to the commencements of works on the newly awarded projects in Tsing Yi, Tung Chung and Yuen Long, which contributed to approximately HK\$41.3 million of the increase in aggregate.



Management Discussion and Analysis

GROSS PROFIT AND GROSS PROFIT MARGIN

The gross profit of the Group for the Period amounted to approximately HK\$41.0 million, representing a growth of approximately 19.3% as compared with approximately HK\$34.3 million for the Previous Period driven by the increase in revenue in the same period. The Group's gross profit margin for the Period was approximately 17.4%, as compared with approximately 18.2% for the Previous Period. The slight decrease in the gross profit margin over the Previous Period was mainly attributable to the completion of the project in Hung Hom (which recorded a relatively higher gross profit margin).

ADMINISTRATIVE AND OTHER OPERATING EXPENSES

The administrative and other operating expenses of the Group for the Period amounted to approximately HK\$14.9 million, representing an increase of approximately 7.3% compared with approximately HK\$13.9 million for the Previous Period, mainly due to the increase in the staff costs.

FINANCE COSTS

Finance cost for the Period was approximately HK\$784,000, representing an increase of approximately 20.6% compared with approximately HK\$650,000 in the Previous Period. The increase was mainly attributable to the increase in interest charges on bank borrowings as a result from an increase of balance in our bank borrowings from approximately HK\$1.2 million as at 30 September 2015 to approximately HK\$23.5 million as at 30 September 2016. Such increase was partially offset by the decrease in the interest charges on finance lease liabilities during the Period.

NET PROFIT

The net profit for the Period of the Group amounted to approximately HK\$21.8 million, representing an increase of approximately 27.3% compared with approximately HK\$17.2 million for the Previous Period mainly due to the increase in revenue and stable cost structure during the Period.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has funded the liquidity for the Period and capital requirements primarily through capital contributions from shareholders and bank borrowings for the Period.

As at 30 September 2016, the Group had total cash and bank balances of approximately HK\$36.4 million (31 March 2016: approximately HK\$67.7 million). The decrease is mainly due to the increase in the amounts due from customers for contract works, and the increase in net cash outflow to financing activities during the Period due to the repayment of the bank borrowings. The borrowings of the Group as at 30 September 2016 was approximately HK\$35.0 million (31 March 2016: approximately HK\$55.7 million).



Management Discussion and Analysis

Gearing ratio is calculated by dividing all debts by total equity at the period-end date and expressed as a percentage. Debts are defined to include payables incurred not in the ordinary course of business. The gearing ratio of the Group significantly improved from approximately 65.7% as at 31 March 2016 to approximately 32.8% as at 30 September 2016 which was mainly due to the lower total indebtedness level as the repayment of bank borrowings and finance lease liabilities that reduce the total balance of such from approximately HK\$55.7 million to approximately HK\$35.0 million. During the Period, the Group did not employ any financial instrument for hedging purposes.

DEBTS AND CHARGES ON ASSETS

The total borrowings of the Group, consist of bank borrowings, bank overdrafts and finance leases, decreased from approximately HK\$55.7 million as at 31 March 2016 to approximately HK\$35.0 million as at 30 September 2016. All borrowings were denominated in Hong Kong dollars and United States dollars. Interests are charged at fixed and floating rates. The Group currently does not have an interest rate hedging policy and the Group monitors interests risks continuously and considers hedging any excessive risk when necessary.

The Group's machinery and equipment with an aggregate net book value of approximately HK\$15.8 million and HK\$27.1 million and motor vehicles with an aggregate net book value of approximately HK\$2.2 million and HK\$2.6 million as at 30 September 2016 and 31 March 2016, respectively, were charged under finance leases.

FOREIGN EXCHANGE RISK

The Group mainly operates in Hong Kong. Most of the operating transactions and revenue were settled in Hong Kong dollars and the Group's assets and liabilities are primarily denominated in Hong Kong dollars. As such, the Directors are of the view that the Group's risk in foreign exchange is insignificant and that we should have sufficient resources to meet foreign exchange requirements as and if they arise. The Group had not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates and has not adopted any currency hedging policy or other hedging instrument during the Period.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Period, the Group did not have any significant investments held or any material acquisitions or disposals of subsidiaries or associated companies save as disclosed in the prospectus of the Company dated 30 September 2016 (the "Prospectus").



Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICY

Our concretors, which forms the major parts of our workforce, are compensated daily by us for carrying out the works we assigned to them. As at 30 September 2016, 662 staff fell into the Group's payroll (30 September 2015: 536 staff). Total staff costs including directors' emoluments for the Period, amounted to approximately HK\$124.8 million (Previous Period: approximately HK\$119.6 million). The remuneration policy and package of the Group's employees are periodically reviewed. The salary and benefit levels of the employees of the Group are competitive. The Group provides adequate job training to the employees to equip them with practical knowledge and skills. Apart from mandatory provident fund and job training programs, salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance and market situation.

CAPITAL COMMITMENTS

Save as disclosed in note 18 of the unaudited condensed consolidated interim financial statements, the Group had no other capital commitments as at 30 September 2016 and 31 March 2016.

CONTINGENT LIABILITIES

Our subsidiary of the Company is a defendant in a number of claims, lawsuits and potential claims relating to employees' compensation cases and personal injuries claims. The Directors considered that the possibility of any outflow in settling the legal claims was remote as these claims were well covered by insurance. Accordingly, no provision for the contingent liabilities in respect of litigations and claims is necessary after due consideration of each case.

Save as disclosed above, the Group had no material contingent liabilities as at 30 September 2016.

EVENTS AFTER THE PERIOD

On 17 October 2016, the Shares of the Company were successfully listed on the Main Board of the Stock Exchange with stock code 1609.

USE OF NET PROCEEDS FROM THE LISTING

The Shares of the Company have been listed on the Main Board of the Stock Exchange since 17 October 2016. The receipts of the proceeds, net of listing expenses (including underwriting fee), including both recognised in the consolidated statement of profit or loss and other comprehensive income and deducted from the share premium ("Net Proceeds") from the Listing were approximately HK\$57.2 million. The Group intends to apply the Net Proceed in accordance with the proposed applications set out in the section headed "Future Plans and Use of Proceeds" to the Prospectus. As during the Period, the Company was not yet listed, no proceeds were received and used. As at the date of this report, the Net Proceeds received from the Listing has not yet been applied. The Net Proceeds have been placed as bank balances with licensed bank in Hong Kong as at the date of this report.



Management Discussion and Analysis

PROSPECTS

In light of the industry growth in upcoming years as evidenced by the forecasted revenue increase of CAGR of 10.5% from 2015 to 2020 identified in the industry research report prepared by Euromonitor on the concrete services industry in Hong Kong as set out in the section headed "Industry Overview" to the Prospectus, our Company intended to compete for more projects in the near future in order to further expand our market share in the industry. Nevertheless, our Directors considered that the major bottleneck of our expansion lies in the quantity of the machinery available for use by our Group given that concrete placing services rely heavily on the use of machine. Therefore, our Directors believe that the expansion of our operation can be achieved by acquisition of additional machinery and equipment.

Most of our concrete placing works require the use of different machinery. To satisfy our project needs, during the Period, the Group acquired 8 placing booms at a total acquisition cost of approximately HK\$4.56 million and have contracted to purchase 6 truck-mounted concrete pumps and 1 boom pump at a total acquisition cost of approximately HK\$6.5 million with our Group's internal resources and subject to finance leases arrangements. As at the date of this report, we have further contracted to purchase an additional of 4 boom pumps, 6 placing booms and various related parts at a total acquisition cost of approximately HK\$13.55 million. The Group intends to allocate part of the Net Proceeds from the Share Offer to settle the costs and to repay the finance leases.

Our Directors believe that acquisition of additional machinery and equipment will allow us to: (i) cater to projects of larger scale and higher complexity in the future and therefore increase our tender success rate due to the immediate availability of relevant machinery and equipment according to tender requirements; (ii) enhance our works efficiency and technical capability; (iii) increase our flexibility to deploy our resources more efficiently; and (iv) increase our industry reputation and awareness among the peers.

Our Group will also continue to evaluate the operating condition, effectiveness and efficiency of our machinery and equipment and assess our need for acquiring additional machinery and equipment in accordance with our business development.

Review Report on Condensed Consolidated Interim Financial Statements



國 衛 會 計 師 事 務 所 有 限 公 司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE BOARD OF DIRECTORS OF CHONG KIN GROUP HOLDINGS LIMITED

(Incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated interim financial statements of Chong Kin Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 9 to 27, which comprises the condensed consolidated interim statement of financial position as of 30 September 2016 and the related condensed consolidated interim statement of profit or loss and other comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with HKAS 34.

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

Chan Ching Pang

Practising Certificate Number: P05746

Hong Kong, 24 November 2016

Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2016

		Six months ended	
		30 September	
		2016	2015
<i>Note</i>		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	6	234,889	188,354
Cost of sales		(193,920)	(154,022)
Gross profit		40,969	34,332
Other income	6	1,474	1,497
Administrative and other operating expenses		(14,931)	(13,922)
Operating profit		27,512	21,907
Finance costs	7	(784)	(650)
Profit before income tax	8	26,728	21,257
Income tax expense	9	(4,881)	(4,094)
Profit and total comprehensive income for the period attributable to owners of the Company		21,847	17,163
Basic and diluted earnings per share (HK cents)	10	3.35	2.63

Details of dividends are disclosed in Note 11 to the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Financial Position

As at 30 September 2016

		As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Note			
ASSETS			
Non-current assets			
	12	30,775	34,090
Property, plant and equipment			
Deposits and prepayments for life insurance policies		3,534	3,491
		34,309	37,581
Current assets			
	13	69,755	53,377
Trade and other receivables			
Gross amounts due from customers for contract work		90,939	52,500
Amounts due from shareholders	14	10,126	6,148
Current income tax recoverable		1,664	4,252
Cash and bank balances		36,362	67,744
		208,846	184,021
		243,155	221,602
Total assets			
EQUITY			
Capital and reserves			
	15	–	10
Share capital			
Reserves		106,684	84,827
		106,684	84,837
Total equity			

Condensed Consolidated Interim Statement of Financial Position

As at 30 September 2016

		As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
	Note		
LIABILITIES			
Non-current liabilities			
Borrowings	16	3,292	5,449
Deferred tax liabilities		3,587	3,922
		6,879	9,371
Current liabilities			
Trade and other payables	17	36,542	40,717
Gross amounts due to customers for contract work		61,234	36,386
Borrowings	16	31,728	50,291
Current income tax liabilities		88	–
		129,592	127,394
Total liabilities		136,471	136,765
Total equity and liabilities		243,155	221,602
Net current assets		79,254	56,627
Total assets less current liabilities		113,563	94,208

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 September 2016

	Share capital HK\$'000 (Unaudited)	Merger reserve HK\$'000 (Unaudited) (Note)	Retained earnings HK\$'000 (Unaudited)	Total equity HK\$'000 (Unaudited)
Balance at 1 April 2015	–	–	54,620	54,620
Issue of ordinary shares	10	–	–	10
Profit and total comprehensive income for the period	–	–	17,163	17,163
Balance at 30 September 2015	10	–	71,783	71,793
Balance at 1 April 2016	10	–	84,827	84,837
Profit and total comprehensive income for the period	–	–	21,847	21,847
Reorganisation	10 (10)	– 10	106,674 –	106,684 –
Balance at 30 September 2016	–	10	106,674	106,684

Note: The merger reserve represents the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the share capital of its subsidiaries arising from the Reorganisation (as defined in Note 1 to the condensed consolidated interim financial statements).

Condensed Consolidated Interim Statement of Cash Flows

For the six months ended 30 September 2016

	Six months ended	
	30 September	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash (used in)/generated from operating activities	(1,358)	35,143
Net cash used in investing activities	(4,429)	(7,422)
Net cash used in financing activities	(21,919)	(18,234)
Net (decrease)/increase in cash and cash equivalents	(27,706)	9,487
Cash and cash equivalents at beginning of period	64,068	21,667
Cash and cash equivalents at end of period, represented by cash and bank balances and bank overdrafts	36,362	31,154



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2016

1 GENERAL INFORMATION AND BASIS OF PRESENTATION

(a) General information

The Company was incorporated in the Cayman Islands on 31 May 2016 as an exempted company with limited liability. The address of the registered office of the Company is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands and the principal place of business of the Company is Office B, 31st Floor, Billion Plaza II, 10 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in provision of concrete placing services and other ancillary services. Its parent and ultimate holding company is Pioneer Investment Limited ("Pioneer Investment"), a company incorporated in the British Virgin Islands and owned as to 70% by Mr. Cheung Yuk Kei ("Mr. Cheung") and 30% by Mr. Chan Yiu Hung ("Mr. Chan"), the controlling parties of the Company.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 17 October 2016.

(b) Basis of presentation

Prior to the corporate reorganisation undertaken in preparation for the listing of the Company's shares on the Main Board of the Stock Exchange (the "Reorganisation"), the group entities were under the control of Mr. Cheung and Mr. Chan. Through the Reorganisation, the Company became the holding company of the companies now comprising the Group on 27 September 2016. Accordingly, for the purpose of the preparation of the condensed consolidated interim financial statements of the Group, the Company has been considered as the holding company of the companies now comprising the Group throughout the periods presented. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The Group was under the control of Mr. Cheung and Mr. Chan prior to and after the Reorganisation.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2016

1 GENERAL INFORMATION AND BASIS OF PRESENTATION (Continued)

(b) Basis of presentation (continued)

The condensed consolidated interim financial statements have been prepared as if the Company had been the holding company of the Group throughout the periods presented in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The condensed consolidated interim statement of profit or loss and other comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the periods presented, which include the results, changes in equity and cash flows of the companies now comprising the Group, have been prepared as if the current group structure had been in existence throughout the periods presented, or since their respective dates of incorporation where this is a shorter period. The condensed consolidated interim statement of financial position as at 31 March 2016 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at that date.

The condensed consolidated interim financial statements are presented in Hong Kong dollars (“HK\$”), unless otherwise stated.

These condensed consolidated interim financial statements have been approved for issue by the Board of Directors on 24 November 2016.

2 BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 September 2016 have been prepared in accordance with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the 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 interim financial statements should be read in conjunction with the Company’s combined financial statements for the years ended 31 March 2014, 2015 and 2016 as set out in the accountants’ report (the “Accountants’ Report”) included in Appendix I to the prospectus of the Company dated 30 September 2016.



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2016

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of condensed consolidated interim financial statements are consistent with those described in the Accountants' Report except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("new and revised HKFRSs") issued by the HKICPA for the first time for the current period's financial statements. The adoption of these new and revised HKFRSs has had no material impact on the condensed consolidated interim financial statements.

The Group has not yet adopted any new and revised HKFRSs that have been issued but are not yet effective. The Group is in the process of assessing the impact of the adoption of such new and revised HKFRSs on the Group's results and financial position.

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 interim financial statements do not include all financial risk management information and disclosures required in the Accountants' Report, and should be read in conjunction with the Accountants' Report.

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

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2016

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed consolidated interim 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 these condensed consolidated interim 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 Company's combined financial statements for the years ended 31 March 2014, 2015 and 2016 in the prospectus.

6 REVENUE AND SEGMENT INFORMATION

Revenue and other income recognised during the period are as follows:

	Six months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Revenue		
Concrete placing and other ancillary services	234,889	188,354
Other income		
Rental income	877	91
Interest income	43	42
Government grants	97	–
Insurance claims	393	997
Others	64	367
	1,474	1,497

Segment information

The chief operating decision-maker has been identified as the board of directors of the Company. The board of directors regards the Group's business as a single operating segment and reviews the financial statements accordingly. Also, the Group only engages its business in Hong Kong. Therefore, no segment information is presented.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2016

7 FINANCE COSTS

	Six months ended 30 September	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on:		
– Bank borrowings and bank overdrafts	501	22
– Finance leases	283	628
	784	650

8 PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging the following:

	Six months ended 30 September	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation (Note a)	7,636	6,464
Operating lease rental on premises	429	764
Listing expenses (included in administrative and other operating expenses)	3,134	3,705
Staff costs, including directors' emoluments (Note b)	124,773	119,595
Loss on disposal of property, plant and equipment	10	14

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2016

8 PROFIT BEFORE INCOME TAX (Continued)

Note a:

	Six months ended 30 September	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation	7,861	7,532
Less: Amount included in gross amounts due from/(to) customers for contract work	(225)	(1,068)
	7,636	6,464

Note b:

	Six months ended 30 September	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries, allowances and other benefits	136,552	89,349
Retirement scheme contributions – defined contribution plan	3,561	2,340
	140,113	91,689
(Less)/Add: Amount included in gross amounts due from/(to) customers for contract work	(15,340)	27,906
	124,773	119,595

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2016

9 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in or derived from Hong Kong for both periods.

	Six months ended	
	30 September	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong profits tax		
Current income tax	5,216	3,372
Deferred income tax	(335)	722
Income tax expense	4,881	4,094

10 EARNINGS PER SHARE

For the purpose of these condensed consolidated interim financial statements, the calculation of the basic earnings per share attributable to owners of the Company was based on: (i) the profit attributable to owners of the Company for the respective periods; and (ii) the weighted average number of 651,400,000 shares (comprising 10,000 shares in issue and 651,390,000 shares to be issued under the capitalisation issue) as if these 651,400,000 shares were outstanding throughout the respective periods.

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in issue during the respective periods.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2016

11 DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 September 2016 (2015: Nil).

12 PROPERTY, PLANT AND EQUIPMENT

**Property, plant
and equipment**
HK\$'000

Six months ended 30 September 2016 (Unaudited)

Net book value

Opening amount as at 1 April 2016

Additions

Disposals

Depreciation

34,090

4,560

(14)

(7,861)

Closing amount as at 30 September 2016

30,775

Six months ended 30 September 2015 (Unaudited)

Net book value

Opening amount as at 1 April 2015

Additions

Disposals

Depreciation

44,339

3,810

(17)

(7,532)

Closing amount as at 30 September 2015

40,600

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2016

13 TRADE AND OTHER RECEIVABLES

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Trade receivables	12,401	15,018
Other receivables, deposits and prepayments	9,474	1,583
Retention receivables	47,880	36,776
	69,755	53,377

Notes:

- (a) Credit terms granted to customers vary from contract to contract. The credit period granted to customers is 14 to 60 days from payment application date generally. Customers generally make payments within 7 to 14 days from the date of issue of payment certificates to the Group.
- (b) The ageing analysis of the trade receivables based on the date of payment certificates issued by customers is as follows:

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
0-30 days	10,848	10,977
31-60 days	1,319	3,041
61-90 days	–	753
Over 90 days	234	247
	12,401	15,018

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2016

14 AMOUNTS DUE FROM SHAREHOLDERS

The amounts due were non-trade nature, unsecured, non-interest bearing and had no fixed terms of repayment.

15 SHARE CAPITAL

	Notes	Number of shares	Share capital HK\$'000 (Unaudited)
Ordinary shares of HK\$0.01 each			
Authorised:			
On 31 May 2016 (date of incorporation)	(b)	38,000,000	380
Increase in authorised share capital	(c)	1,962,000,000	19,620
As at 30 September 2016		<u>2,000,000,000</u>	<u>20,000</u>
Issued and fully paid:			
On 31 May 2016 (date of incorporation)	(b)	1	–
Shares issued upon Reorganisation	(d)	9,999	–
As at 30 September 2016		<u>10,000</u>	<u>–</u>

Notes:

- The balance of share capital at 31 March 2016 represents the aggregate of the paid up share capital of the subsidiaries comprising the Group prior to the Reorganisation.
- Upon incorporation, the authorised share capital of the Company was HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each. One share was allotted and issued nil-paid to the subscriber on 31 May 2016, which were then transferred to Pioneer Investment on the same date.
- On 27 September 2016, the then sole shareholder resolved to increase the authorised share capital of the Company from HK\$380,000 to HK\$20,000,000 by the creation of an additional 1,962,000,000 shares, each ranking pari passu with the shares then in issue in all respects.
- Pursuant to the Reorganisation and as consideration for the acquisition by the Company of the entire issued share capital of Chong Kin Group Limited from Pioneer Investment, on 27 September 2016, (i) the 1 nil-paid share then held by Pioneer Investment was credited as fully paid, and (ii) 9,999 shares, all credited as fully paid, were allotted and issued to Pioneer Investment.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2016

16 BORROWINGS

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Non-current		
Finance lease liabilities	3,292	5,449
Current		
Bank overdrafts	–	3,676
Bank borrowings	23,457	37,411
Finance lease liabilities	8,271	9,204
	31,728	50,291
Total borrowings	35,020	55,740

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2016

17 TRADE AND OTHER PAYABLES

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Trade payables	9,347	11,731
Accruals and other payables	27,195	28,986
	36,542	40,717

Note:

The ageing analysis of trade payables based on the invoice date is as follows:

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
0-30 days	8,429	10,049
31-60 days	495	1,591
61-90 days	347	27
Over 90 days	76	64
	9,347	11,731

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2016

18 CAPITAL COMMITMENTS

Capital expenditure contracted for at the end of the period but not yet incurred were as follows:

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Property, plant and equipment	4,929	4,104

19 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.

- (a) Save as disclosed in Note 14 to the condensed consolidated interim financial statements, the following significant transactions were carried out with related parties:
- (i) Finance leases with carrying amounts of approximately HK\$11,563,000 as at 30 September 2016 (31 March 2016: HK\$12,368,000) are guaranteed by personal guarantee given by Mr. Cheung; and
 - (ii) Banking facilities granted to the Group are secured/guaranteed by i) personal guarantees given by Mr. Cheung and Mr. Chan as at 30 September 2016 and 31 March 2016; ii) subordination agreements executed by Mr. Cheung and/or Mr. Chan or subsidiaries of the Company to subordinate their loan as at 30 September 2016 and 31 March 2016; and iii) corporate guarantee provided by certain subsidiaries of the Company as at 30 September 2016 and 31 March 2016.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2016

19 RELATED PARTY TRANSACTIONS (Continued)

(b) Key management compensation

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

	Six months ended 30 September	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries, allowances and other benefits	2,081	1,975
Contribution to defined contribution retirement plan	27	27
	2,108	2,002

- (c) Under a Deed of Indemnity dated 27 September 2016, Mr. Cheung and Mr. Chan and Pioneer Investment have undertaken to provide indemnities on a joint and several basis in respect of, among other matters, all claims, suits, damages, costs and expenses which would be incurred or suffered by the Group as a result of any taxation, litigation and/or legal proceedings against any member of the Group in relation to any act, non-performance, omission or otherwise of any member of the Group on or before the date which the share offer of the Company become unconditional.

20 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.

21 EVENTS AFTER THE REPORTING PERIOD

The Company's shares were successfully listed on the Stock Exchange on 17 October 2016. Upon the completion of the share offer, 113,400,000 ordinary shares of HK\$0.01 each were issued at a price of HK\$0.70 per share, for a total consideration of HK\$79,380,000.



Corporate Governance and Other Information

Significant investments, acquisitions and disposals

During the Period, the Group did not have any significant investments held or any material acquisitions or disposals of subsidiaries or associated companies apart from the reorganisation in relation to the Listing as disclosed in the Prospectus.

Purchase, sale or redemption of the Company's listed securities

No purchase, sale or redemption of the Company's listed securities was made from the Listing Date and up to the date of this report.

Competing interests

Save as disclosed in the Prospectus, the Directors confirm that none of the controlling shareholders of the Company or the Directors and their respective close associates (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group's business.

Interests of Directors' and chief executive in Shares, underlying Shares and debentures of our Company and its associated corporations

So far as our Directors are aware, immediately following the completion of the Share Offer and the Capitalisation Issue, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest or short positions which they are taken or deemed to have under such provisions of the SFO) or which, pursuant to section 352 of the SFO, have been entered in the register referred to therein, or have been, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 to the Listing Rules, notified to the Company and the Stock Exchange were as follows:

Corporate Governance and Other Information

(i) Long position in the Shares

Name of Director	Capacity/Nature	Number of Shares held/ interested in	Percentage of shareholding
Mr. Cheung	Interests held jointly with other persons; interests in controlled corporation (Note 1)	573,600,000	75%
Mr. Chan	Interests held jointly with other persons; interests in controlled corporation (Note 2)	573,600,000	75%

Notes:

- These 573,600,000 Shares are held by Pioneer Investment. Mr. Cheung beneficially owns 70% of the entire issued share capital of Pioneer Investment, which in turn beneficially owns 52.5% shareholding in the Company. Therefore, Mr. Cheung is deemed, or taken to be, interested in all our Shares held by Pioneer Investment for the purposes of the SFO. Mr. Cheung is the chairman, an executive Director and the chairperson of the nomination committee.
- These 573,600,000 Shares are held by Pioneer Investment. Mr. Chan beneficially owns 30% of the entire issued share capital of Pioneer Investment, which in turn beneficially owns 22.5% shareholding in the Company.

(ii) Long position in the ordinary shares of associated corporation

Name of Director	Name of associated corporation	Capacity/ Nature	Number of shares held	Percentage of shareholding
Mr. Cheung	Pioneer Investment	Beneficial owner	35	70%
Mr. Chan	Pioneer Investment	Beneficial owner	15	30%



Corporate Governance and Other Information

Substantial shareholders' interests and short positions in Shares and underlying Shares

Immediately following completion of the Share Offer and the Capitalisation Issue, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interest or short position in Shares or underlying Shares which fell to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of Shares held/ interested in	Percentage of shareholding
Pioneer Investment	Beneficial Interest	573,600,000	75%
Ms. Au Yeung Kam Fa (Note)	Interest of spouse	573,600,000	75%

Note:

Ms. Au Yeung is the spouse of Mr. Cheung. Accordingly, Ms. Au Yeung is deemed, or taken to be, interested in all 573,600,000 Shares in which Mr. Cheung is interested for the purpose of the SFO.

Share option scheme

Pursuant to the written resolution passed on 27 September 2016, the Company adopted a share option scheme (the "Share Option Scheme") with effect from the Listing Date. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules and are summarised in Appendix IV to the Prospectus. The main purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the businesses of the Group. No share option had been granted under the Share Option Scheme since the adoption of the Share Option Scheme. During the period between the Listing Date and the date of this report, no option has been granted, exercised, cancelled or lapsed and there was no outstanding share option under the Scheme as at 30 September 2016. As at the date of this report, the total number of shares available for issue under the Share Option Scheme was 76,480,000, representing 10% of the entire issued share capital of the Company.

Corporate Governance and Other Information

Interim dividend for the Period

The Directors did not recommend the declaration of interim dividend for the Period.

Compliance with the corporate governance code

As the Company was listed on 17 October 2016, the Company was not required to comply with the Corporate Governance Code (the “Code”) as set out in Appendix 14 of the Listing Rules or the continuing obligations requirements of a listed issuer pursuant to the Listing Rules for the Period. Having said that, the Directors consider that since the Listing Date and up to the date of this report, the Company has complied with all the applicable code provisions set out in the Code.

Compliance with the Model Code

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. All directors confirmed, upon enquiry by the Company, that they have complied with the required standards as set out in the Model Code from the Listing Date and up to the date of this report.

Audit Committee

The Company has established an audit committee (the “Audit Committee”) in accordance with the requirements of the Listing Rules with terms of reference aligned with the provision of the Code as set out in Appendix 14 to the Listing Rules. The Audit Committee is to serve as a focal point for communication between other directors, the external auditors, and the management as their duties relate to financial and other reporting, risk management and internal controls and the audits; and to assist the Board in fulfilling its responsibilities by providing an independent review of financial reporting, be satisfying themselves as to the effectiveness of the Company’s internal controls and as to the efficiency of the audits. The Audit Committee comprises three independent non-executive directors, namely Mr. Miu Hon Kit, Mr. Leung Chi Wai and Mr. Seid Ka Him. Mr. Miu Hon Kit has been appointed as the chairperson of the Audit Committee.

Review of interim financial results

The interim financial results of the Group for the Period are unaudited but have been reviewed and approved by the Audit Committee. The Audit Committee 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 that adequate disclosures have been made.



Corporate Governance and Other Information

The condensed consolidated interim financial statements for the Period have been reviewed by our auditors, HLB Hodgson Impey Cheng Limited, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

Nomination Committee

The nomination committee (the “Nomination Committee”) of the Company, established on 27 September 2016, comprises of two independent non-executive Directors, Mr. Leung Chi Wai and Mr. Seid Ka Him and one executive Director, Mr. Cheung Yuk Kei. Mr. Cheung Yuk Kei has been appointed as the chairperson of the Nomination Committee.

Remuneration Committee

The remuneration committee (the “Remuneration Committee”) of the Company, established on 27 September 2016, comprises of two independent non-executive Directors, Mr. Leung Chi Wai and Mr. Seid Ka Him and one executive Director, Mr. Cheung Man Tim. Mr. Leung Chi Wai has been appointed as the chairperson of the Remuneration Committee.

By order of the Board
CHONG KIN GROUP HOLDINGS LIMITED
Cheung Yuk Kei
Chairman

Hong Kong, 24 November 2016