



**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 **2017**

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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](http://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 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 2017 (the “Period”) was derived from our concrete placing services and other ancillary services.

## FINANCIAL REVIEW

Revenue of the Group for the Period amounted to approximately HK\$218.2 million (for the six months ended 30 September 2016 (the “Previous Period”): approximately HK\$234.9 million).

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

Basic and diluted earnings per share for the Period amounted to approximately HK cents 2.25 (for the Previous Period: approximately HK cents 3.35).

The directors (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\$218.2 million, i.e. 7.1% less than that of approximately HK\$234.9 million for the Previous Period. Such decrease was mainly attributable to the decrease in our concrete placing works and scale for project in Tsim Sha Tsui, due to close to the completion stage of this project in the Period.

# Management Discussion and Analysis

## GROSS PROFIT AND GROSS PROFIT MARGIN

The gross profit of the Group for the Period amounted to approximately HK\$33.6 million, representing a decrease of approximately 18.0% as compared with approximately HK\$41.0 million for the Previous Period alongside with the decrease in revenue in the same period. The Group's gross profit margin for the Period was approximately 15.4%, as compared with approximately 17.4% for the Previous Period. The decrease in the gross profit margin for the Period from the Previous Period was mainly attributable to the decrease in our concrete placing works and scale for the projects in Sham Shui Po and Tsim Sha Tsui. In addition, gross profit margin of newly awarded projects in the Period was lower in order to maintain our market share in the concrete placing services industry.

## ADMINISTRATIVE AND OTHER OPERATING EXPENSES

The administrative and other operating expenses of the Group for the Period amounted to approximately HK\$15.5 million, representing an increase of approximately 4.0% compared with approximately HK\$14.9 million for the Previous Period, mainly due to the increase in the staff costs (attributable to the salary increment and the expansion of our workforce at office level).

## FINANCE COSTS

Finance cost for the Period was approximately HK\$302,000, representing a decrease of approximately 61.5% compared with approximately HK\$784,000 in the Previous Period. The decrease was mainly attributable to the decrease in the interest charges on borrowings as a result from the decrease in the balance in our borrowings from approximately HK\$35.0 million as at 30 September 2016 to approximately HK\$7.3 million as at 30 September 2017.

## NET PROFIT

The net profit for the Period of the Group amounted to approximately HK\$17.2 million, representing a decrease of approximately 21.1% compared with approximately HK\$21.8 million for the Previous Period mainly due to the decrease in revenue and gross profit during the Period as hereinabove mentioned.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

# Management Discussion and Analysis

As at 30 September 2017, the Group had total cash and bank balances of approximately HK\$92.9 million (31 March 2017: approximately HK\$105.7 million). The decrease is mainly due to 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 2017 was approximately HK\$7.3 million (31 March 2017: approximately HK\$22.8 million).

## GEARING RATIO

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 11.5% as at 31 March 2017 to approximately 3.4% as at 30 September 2017 which was mainly due to the lower total indebtedness level from the repayment of bank borrowings and finance lease liabilities that reduce the total balance of such from approximately HK\$22.8 million to approximately HK\$7.3 million.

## DEBTS AND CHARGES ON ASSETS

The total borrowings of the Group, consist of bank borrowings and finance leases, decreased from approximately HK\$22.8 million as at 31 March 2017 to approximately HK\$7.3 million as at 30 September 2017. All borrowings were denominated in Hong Kong dollars and United States dollars. Interests are charged at fixed and floating rates. The Group did not carry out any interest rate hedging policy for its floating rate borrowings during the Period, but the Group has monitored interest risks continuously and may consider employing financial instrument for hedging purposes if and when necessary.

The Group's machinery and equipment with an aggregate net book value of approximately HK\$1.5 million and HK\$23.2 million as at 30 September 2017 and 31 March 2017, 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.

# Management Discussion and Analysis

## SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS 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.

## EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2017, 595 staff fell into the Group's payroll (30 September 2016: 662 staff). Total staff costs including directors' emoluments for the Period, amounted to approximately HK\$127.5 million (Previous Period: approximately HK\$124.8 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

The Group had no other capital commitments as at 30 September 2017 and 31 March 2017.

## CONTINGENT LIABILITIES

Our subsidiaries are involved 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 2017 (31 March 2017: nil).

## USE OF NET PROCEEDS FROM THE LISTING

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 17 October 2016 (the "Listing"). The total net proceeds (the "Net Proceeds") from the initial public offering amounted to approximately HK\$57.2 million. The Net Proceeds were applied by the Group

## Management Discussion and Analysis

consistent with the disclosures in the prospectus of the Company dated 30 September 2016 (the “Prospectus”). The use of the Net Proceeds from the date of the Listing up to 30 September 2017 is as follows:

<b>Use of Net Proceeds:</b>	<b>Planned use of proceeds</b> <i>HK\$'000</i>	<b>Actual use of proceeds from the date of the Listing to 30 September 2017</b> <i>HK\$'000</i>	<b>Unused amount</b> <i>HK\$'000</i>
Acquisition of machinery and related parts	23,103	18,981	4,122
Expansion of our workforce both at office level and worksite level	6,429	2,304	4,125
Repayment of the outstanding finance leases	11,050	11,050	–
Repayment of the outstanding bank borrowings	11,050	11,050	–
General working capital	5,524	4,107	1,417
<b>Total</b>	<b>57,156</b>	<b>47,492</b>	<b>9,664</b>

The unused amount of the Net Proceeds has been placed in the short-term demand deposits with authorised financial institutions or licensed banks in Hong Kong as at the date of this report.

### PROSPECTS

The Directors are of the view that the business environment in which the Group operates becomes tough in the first half of the year of 2017 due to intense industry competition and increase in labour costs. The Directors estimate that the Group’s gross profit and profit margin will continue under pressure from the lower bidding price on the tenders, which will in turn affect the growth of the Group. In order to maintain our market share in the concrete placing services industry, the Group will closely monitor the market and respond to changes in market conditions. Going forward, the Directors are confident that with the Group’s reputation in the concrete placing services industry and experienced management team, the Group is in a good position to compete with its competitors. The Group will continue to improve our competitiveness in the market by continuing to provide quality works to our customers.



# 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 2017 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*

### **Lo Kin Kei**

Practising Certificate Number: P06413

Hong Kong, 8 November 2017

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

For the six months ended 30 September 2017

		<b>Six months ended</b>	
		<b>30 September</b>	
	<i>Note</i>	<b>2017</b>	2016
		<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	(Unaudited)
Revenue	6	<b>218,231</b>	234,889
Cost of sales		<b>(184,582)</b>	(193,920)
<b>Gross profit</b>		<b>33,649</b>	40,969
Other income	6	<b>3,103</b>	1,474
Administrative and other operating expenses		<b>(15,548)</b>	(14,931)
<b>Operating profit</b>		<b>21,204</b>	27,512
Finance costs	7	<b>(302)</b>	(784)
<b>Profit before income tax</b>	8	<b>20,902</b>	26,728
Income tax expense	9	<b>(3,674)</b>	(4,881)
<b>Profit and total comprehensive income for the period attributable to owners of the Company</b>		<b>17,228</b>	21,847
<b>Basic and diluted earnings per share (HK cents)</b>	10	<b>2.25</b>	3.35

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 2017

		As at 30 September 2017 HK\$'000 (Unaudited)	As at 31 March 2017 HK\$'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	35,549	42,326
Deposits and prepayments for life insurance policies		3,612	3,572
		<b>39,161</b>	45,898
<b>Current assets</b>			
Trade and other receivables	13	64,437	61,844
Gross amounts due from customers for contract work		107,819	104,931
Current income tax recoverable		305	–
Cash and bank balances		92,936	105,740
		<b>265,497</b>	272,515
<b>Total assets</b>		<b>304,658</b>	318,413
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	14	7,648	7,648
Reserves		208,139	190,911
<b>Total equity</b>		<b>215,787</b>	198,559

# Condensed Consolidated Interim Statement of Financial Position

As at 30 September 2017

		<b>As at 30 September 2017</b>	As at 31 March 2017
	<i>Note</i>	<b>HK\$'000</b> <b>(Unaudited)</b>	<i>HK\$'000</i> <i>(Audited)</i>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	15	–	797
Deferred tax liabilities		<b>3,955</b>	4,672
		<b>3,955</b>	5,469
<b>Current liabilities</b>			
Trade and other payables	16	<b>32,053</b>	41,669
Gross amounts due to customers for contract work		<b>41,818</b>	50,640
Borrowings	15	<b>7,338</b>	21,957
Current income tax liabilities		<b>3,707</b>	119
		<b>84,916</b>	114,385
<b>Total liabilities</b>		<b>88,871</b>	119,854
<b>Total equity and liabilities</b>		<b>304,658</b>	318,413
<b>Net current assets</b>		<b>180,581</b>	158,130
<b>Total assets less current liabilities</b>		<b>219,742</b>	204,028

## Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 September 2017

	Share capital <i>HK\$'000</i> (Unaudited) (Note 14)	Share premium <i>HK\$'000</i> (Unaudited)	Merger reserve <i>HK\$'000</i> (Unaudited) Note	Retained earnings <i>HK\$'000</i> (Unaudited)	Total equity <i>HK\$'000</i> (Unaudited)
Balance at 1 April 2016	10	-	-	84,827	84,837
Profit and total comprehensive income for the period	-	-	-	21,847	21,847
The reorganisation	10 (10)	- -	- 10	106,674 -	106,684 -
Balance at 30 September 2016	-	-	10	106,674	106,684
Balance at 1 April 2017	<b>7,648</b>	<b>61,649</b>	<b>10</b>	<b>129,252</b>	<b>198,559</b>
Profit and total comprehensive income for the period	-	-	-	<b>17,228</b>	<b>17,228</b>
Balance at 30 September 2017	<b>7,648</b>	<b>61,649</b>	<b>10</b>	<b>146,480</b>	<b>215,787</b>

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 2017

	Six months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from/(used in) operating activities	<b>2,364</b>	(1,358)
Net cash generated from/(used in) investing activities	<b>550</b>	(4,429)
Net cash used in financing activities	<b>(15,718)</b>	(21,919)
Net decrease in cash and cash equivalents	<b>(12,804)</b>	(27,706)
Cash and cash equivalents at beginning of period	<b>105,740</b>	64,068
Cash and cash equivalents at end of period, represented by cash and bank balances and bank overdrafts	<b>92,936</b>	36,362

# Notes to the Condensed Consolidated Interim Financial Statements

*For the six months ended 30 September 2017*

## 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 2017*

## 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 six months ended 30 September 2016, 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 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 8 November 2017.

## 2 BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 September 2017 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 annual financial statements for the year ended 31 March 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards.



# Notes to the Condensed Consolidated Interim Financial Statements

*For the six months ended 30 September 2017*

## **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 annual financial statements 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 annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 March 2017.

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 2017

## 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 consolidated financial statements for the year ended 31 March 2017.

## 6 REVENUE AND SEGMENT INFORMATION

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue</b>		
Concrete placing and other ancillary services	<b>218,231</b>	234,889
<b>Other income</b>		
Bank interest income	<b>6</b>	–
Rental income	<b>702</b>	877
Interest income from life insurance policies	<b>40</b>	43
Government grants	<b>–</b>	97
Insurance claims	<b>1,731</b>	393
Gain on disposal of property, plant and equipment	<b>455</b>	–
Others	<b>169</b>	64
	<b>3,103</b>	1,474

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2017

## 6 REVENUE AND SEGMENT INFORMATION (Continued)

### 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.

## 7 FINANCE COSTS

	Six months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on:		
– Bank borrowings and overdrafts	209	501
– Finance leases	93	283
	<b>302</b>	784

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2017

## 8 PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Depreciation	<b>6,737</b>	7,636
Operating lease rental on premises	<b>455</b>	429
Listing expenses	–	3,134
Staff costs, including directors' emoluments (Note)	<b>127,537</b>	124,773
Loss on disposal of property, plant and equipment	–	10

Note:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Salaries, allowances and other benefits	<b>162,039</b>	136,552
Retirement scheme contributions – defined contribution plan	<b>3,329</b>	3,561
	<b>165,368</b>	140,113
Less: Amount included in gross amounts due from/(to) customers for contract work	<b>(37,831)</b>	(15,340)
	<b>127,537</b>	124,773

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2017

## 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	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax:		
Current income tax	<b>4,391</b>	5,216
Deferred income tax	<b>(717)</b>	(335)
Income tax expense	<b>3,674</b>	4,881

## 10 EARNINGS PER SHARE

For the period ended 30 September 2017, 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; and (ii) the weighted average number of 764,800,000 shares in issue during the period.

For the period ended 30 September 2016, 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; 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 period.

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 2017

## 11 DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 September 2017 (2016: Nil).

## 12 PROPERTY, PLANT AND EQUIPMENT

	<b>Property, plant and equipment</b> <i>HK\$'000</i>
<b>Six months ended 30 September 2017 (Unaudited)</b>	
<b>Net book value</b>	
<b>Opening amount as at 1 April 2017</b>	<b>42,326</b>
Disposals	(95)
Depreciation	<b>(6,682)</b>
	<hr/>
<b>Closing amount as at 30 September 2017</b>	<b>35,549</b>
	<hr/> <hr/>
<b>Six months ended 30 September 2016 (Unaudited)</b>	
<b>Net book value</b>	
<b>Opening amount as at 1 April 2016</b>	34,090
Additions	4,560
Disposals	(14)
Depreciation	(7,861)
	<hr/>
<b>Closing amount as at 30 September 2016</b>	<b>30,775</b>
	<hr/> <hr/>

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2017

## 13 TRADE AND OTHER RECEIVABLES

	<b>As at 30 September 2017 HK\$'000 (Unaudited)</b>	As at 31 March 2017 HK\$'000 (Audited)
Trade receivables	<b>1,794</b>	3,442
Other receivables, deposits and prepayments	<b>2,480</b>	1,026
Retention receivables	<b>60,163</b>	57,376
	<b>64,437</b>	61,844

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:

	<b>As at 30 September 2017 HK\$'000 (Unaudited)</b>	As at 31 March 2017 HK\$'000 (Audited)
0-30 days	<b>318</b>	2,450
31-60 days	–	416
61-90 days	–	–
Over 90 days	<b>1,476</b>	576
	<b>1,794</b>	3,442

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2017

## 14 SHARE CAPITAL

	<b>Number of ordinary shares</b>	<b>Nominal amount</b>
<i>Notes</i>		<i>HK\$'000</i> (Unaudited)
Ordinary shares of HK\$0.01 each		
Authorised:		
On 31 May 2016 (date of incorporation)	(a) 38,000,000	380
Increase in authorised share capital	(b) 1,962,000,000	19,620
	<hr/>	
As at 30 September 2016, 1 April 2017 and 30 September 2017	2,000,000,000	20,000
	<hr/> <hr/>	
Issued and fully paid:		
On 31 May 2016 (date of incorporation)	(a) 1	–
Shares issued upon the Reorganisation	(c) 9,999	–
	<hr/>	
As at 30 September 2016	10,000	–
Shares issued pursuant to the capitalisation issue	(d) 651,390,000	6,514
Shares issued under share offer	(e) 113,400,000	1,134
	<hr/>	
As at 1 April 2017 and 30 September 2017	764,800,000	7,648
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# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2017

## 14 SHARE CAPITAL (Continued)

Notes:

- (a) 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 was then transferred to Pioneer Investment on the same date.
- (b) 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.
- (c) 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 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.
- (d) Pursuant to the written resolutions of the sole shareholder of the Company passed on 27 September 2016, the Company issued and allotted a total of 651,390,000 ordinary shares of the Company credited as fully paid to the then sole shareholder of the Company's shares on the register of members at the close of business on 27 September 2016 by way of capitalisation of the sum of HK\$6,513,900 standing to the credit of the share premium account of the Company.
- (e) On 17 October 2016, 113,400,000 ordinary shares of HK\$0.01 each were issued to the public at a price of HK\$0.7 per share for cash totalling HK\$79,380,000 by way of share offer. The excess of issue price over the par value of the shares, net of issuance costs of approximately HK\$10,083,000, were credited to the share premium account of the Company.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2017

## 15 BORROWINGS

	<b>As at 30 September 2017 HK\$'000 (Unaudited)</b>	As at 31 March 2017 HK\$'000 (Audited)
<b>Non-current</b>		
Finance lease liabilities	–	797
<b>Current</b>		
Bank borrowings	<b>5,131</b>	10,822
Finance lease liabilities	<b>2,207</b>	11,135
	<b>7,338</b>	21,957
<b>Total borrowings</b>	<b>7,338</b>	22,754

## 16 TRADE AND OTHER PAYABLES

	<b>As at 30 September 2017 HK\$'000 (Unaudited)</b>	As at 31 March 2017 HK\$'000 (Audited)
Trade payables	<b>8,312</b>	10,773
Accruals and other payables	<b>23,741</b>	30,896
	<b>32,053</b>	41,669

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2017

## 16 TRADE AND OTHER PAYABLES (Continued)

Note:

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

	<b>As at 30 September 2017 HK\$'000 (Unaudited)</b>	As at 31 March 2017 HK\$'000 (Audited)
0-30 days	<b>7,852</b>	10,370
31-60 days	<b>66</b>	339
61-90 days	<b>379</b>	–
Over 90 days	<b>15</b>	64
	<b>8,312</b>	10,773

## 17 RELATED PARTY TRANSACTIONS

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

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

	<b>Six months ended 30 September 2017 HK\$'000 (Unaudited)</b>	2016 HK\$'000 (Unaudited)
Salaries, allowances and other benefits	<b>2,929</b>	2,081
Contribution to defined contribution retirement plan	<b>41</b>	27
	<b>2,970</b>	2,108

# Notes to the Condensed Consolidated Interim Financial Statements

*For the six months ended 30 September 2017*

## 18 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.

## **Corporate Governance and Other Information**

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

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

### **Competing interests**

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.

### **Directors' and chief executive's interests and short positions in Shares, underlying Shares and debentures**

As at 30 September 2017, the interests and short positions of the Directors and chief executives 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*

<b>Name of Director</b>	<b>Capacity/Nature</b>	<b>Number of Shares held/ interested in</b>	<b>Percentage of shareholding</b>
Mr. Cheung Yuk Kei	Interests held jointly with other persons; interests in controlled corporation ( <i>Note</i> )	573,600,000	75%

*Note:* 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. Mr. Cheung is also a director of Pioneer Investment.

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

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Capacity/Nature</b>	<b>Number of shares held</b>	<b>Percentage of shareholding</b>
Mr. Cheung Yuk Kei	Pioneer Investment	Beneficial owner	35	70%
Mr. Chan Yiu Hung	Pioneer Investment	Beneficial owner	15	30%

## Corporate Governance and Other Information

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

As at 30 September 2017, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short position in Shares or underlying Shares which would fall 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:

<b>Name of Shareholder</b>	<b>Capacity/ Nature of interest</b>	<b>Number of Shares held/ interested in</b>	<b>Percentage of shareholding</b>
Pioneer Investment	Beneficial owner	573,600,000	75%
Mr. Chan Yiu Hung (Note 1)	Beneficial owner	573,600,000	75%
Ms. Au Yeung Kam Fa (Note 2)	Interest of spouse	573,600,000	75%

*Notes:*

1. These 573,600,000 Shares are held by Pioneer Investment. Mr. Chan Yiu Hung beneficially owns 30% of the entire issued share capital of Pioneer Investment, which in turn beneficially owns 22.5% shareholding in the Company.
2. 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.

# Corporate Governance and Other Information

## 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 2017. 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.

## Interim dividend for the Period

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

## Compliance with the corporate governance code

The Company has complied with the applicable code provisions as set out under the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the Period and up to the date of this report.

## Compliance with the Model Code

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



## Corporate Governance and Other Information

### Audit Committee

The Company has 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 (chairperson of the Audit Committee), Mr. Leung Chi Wai and Mr. Seid Ka Him.

### 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, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

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.

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

Hong Kong, 8 November 2017