



**Ching Lee Holdings Limited**  
**正利控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

**Stock Code: 3728**

**2017 INTERIM REPORT**

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## Corporate Information

### BOARD OF DIRECTORS

#### Executive Directors:

Mr. Ng Choi Wah (*Chairman*)

Mr. Lui Yiu Wing

Mr. Lam Ka Fai

#### Independent non-executive Directors:

Dr. Wai Wing Hong Onyx

Mr. Tong Hin Sum Paul

Mr. Chau Kam Wing Donald

### AUDIT COMMITTEE

Mr. Chau Kam Wing Donald (*Chairman*)

Dr. Wai Wing Hong Onyx

Mr. Tong Hin Sum Paul

### REMUNERATION COMMITTEE

Dr. Wai Wing Hong Onyx (*Chairman*)

Mr. Ng Choi Wah

Mr. Chau Kam Wing Donald

### NOMINATION COMMITTEE

Mr. Ng Choi Wah (*Chairman*)

Dr. Wai Wing Hong Onyx

Mr. Tong Hin Sum Paul

### COMPANY SECRETARY

Mr. Tsui Wing Tak (*Certified Public Accountants*)

### AUTHORISED REPRESENTATIVES

Mr. Ng Choi Wah

Mr. Lui Yiu Wing

### COMPLIANCE ADVISER

Kingsway Capital Limited

7/F, Tower One

Lippo Centre

89 Queensway

Hong Kong

### HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 203, 2nd Floor

Hang Bong Commercial Centre

28 Shanghai Street

Jordan

Kowloon

Hong Kong

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Codan Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

### BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

### PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited

4-4A Des Voeux Road Central

Hong Kong

The Hongkong and Shanghai Banking

Corporation Limited

HSBC Main Building

1 Queen's Road Central

Hong Kong

Dah Sing Bank, Limited

Dah Sing Financial Centre

108 Gloucester Road

Hong Kong

## COMPANY WEBSITE

[www.chingleeholdings.com](http://www.chingleeholdings.com)

(information of this website does not form part of this report)

## STOCK CODE

03728

# Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "Board") of Ching Lee Holdings Limited (our "Company", together with our subsidiaries, our "Group"), I have the pleasure to present to you the unaudited interim results for the six months ended 30 September 2017.

## OVERVIEW

On 18 September 2017, the listing of the Company transferred from the Growth Enterprise Market ("GEM") to the Main Board (the "Transfer of Listing") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") representing another significant milestone in our history since our first listing on GEM in March 2016. We believe that the Transfer of Listing will not only further enhance the corporate profile of the Group, but also increase our financing flexibility and the recognition of our business amongst the public and investors. Besides, this would also pave the way for capturing opportunities that create long-term value for shareholders.

The total revenue of the Group increased by approximately HK\$157.1 million or 57.7% from approximately HK\$272.3 million for the six months ended 30 September 2016 to approximately HK\$429.4 million for the six months ended 30 September 2017. In general, the increase in revenue was resulted by the greater demand for the Group's contracting business and favorable market condition. Basic earnings per share for the six months ended 30 September 2017 was HK1.34 cents as compared with HK1.20 cents per share for the six months ended 30 September 2016.

## FORWARD

Looking forward, the Group is confident about the industrial outlook and the prospects of the construction market in Hong Kong. The Group will continuously focus on its core businesses in providing (i) substructure building work services, (ii) superstructure building work services, and (iii) RMAA work as a main contractor in Hong Kong; and, at the same time, explore new opportunities as well as new merger and acquisition targets that will benefit the shareholders as a whole.

## APPRECIATION

On behalf of the Board, I wish to take this opportunity to express my sincere gratitude to all our customers, shareholders and business partners for their continuous care and support. I would also like to thank all of our employees for their commitment and loyalty they have shown throughout the years.

By Order of the Board

**Ng Choi Wah**

*Chairman*

Hong Kong, 20 November 2017

## Financial Highlight

- The Group recorded a revenue amounted to approximately HK\$429.4 million for the six months ended 30 September 2017, representing an increase of approximately 57.7% or HK\$157.1 million as compared with the six months ended 30 September 2016.
- The profit and total comprehensive income of the Company is approximately HK\$13.4 million for the six months ended 30 September 2017, representing an increase of approximately HK\$1.4 million or 11.6% as compared with the six months ended 30 September 2016.
- The basic and diluted earnings per share for the six months ended 30 September 2017 is HK\$1.34 cents, as compared with the corresponding period in 2016 of HK\$1.20 cents.
- On 20 November 2017, the board of directors of the Company has resolved to declare an interim dividend of HK\$0.6 cents per share for the six months ended 30 September 2017 (six months ended 30 September 2016: Nil).

## Interim Results

The board of Directors (the “Board”) of the Company is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2017 together with the unaudited comparative figures for the corresponding period in 2016, as follows:

### Unaudited Consolidated Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

		Six months ended 30 September	
	NOTES	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue	4	429,399	272,313
Cost of revenue		(383,504)	(239,023)
Gross profits		45,895	33,290
Other income and gains		142	91
Administrative and other operating expenses		(28,562)	(18,705)
Finance costs		(1,175)	(229)
Profit before income tax		16,300	14,447
Income tax	5	(2,900)	(2,445)
Profit and total comprehensive income for the period		13,400	12,002
Earnings per share	7		
— Basic (HK Cents)		1.34	1.20
— Diluted (HK Cents)		1.34	1.20



# Unaudited Statement of Financial Position

AS AT 30 SEPTEMBER 2017

	NOTES	As at	
		30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		45,125	47,862
<b>Total non-current assets</b>		<b>45,125</b>	<b>47,862</b>
<b>Current assets</b>			
Trade and other receivables	8	106,415	95,440
Pledged deposits		674	4,246
Amounts due from customers of contract work		159,428	78,855
Pledged bank deposit		25,028	25,001
Bank balances and cash		33,611	32,538
<b>Total current assets</b>		<b>325,156</b>	<b>236,080</b>
<b>Current liabilities</b>			
Trade and other payables	9	206,200	161,510
Amount due to customers of contract work		7,678	2,612
Obligation under finance lease		494	151
Bank borrowings, secured		55,318	35,867
Provision of taxation		3,933	690
<b>Total current liabilities</b>		<b>273,623</b>	<b>200,830</b>
<b>Net current assets</b>		<b>51,533</b>	<b>35,250</b>
<b>Total assets less current liabilities</b>		<b>96,658</b>	<b>83,112</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		1,149	1,491
Obligation under finance lease		1,063	575
<b>Total non-current liabilities</b>		<b>2,212</b>	<b>2,066</b>
<b>Net assets</b>		<b>94,446</b>	<b>81,046</b>
<b>Capital and reserves</b>			
Share capital		10,000	10,000
Reserves		84,446	71,046
<b>Total equity</b>		<b>94,446</b>	<b>81,046</b>

# Unaudited Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

	Share Capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
<b>At 1 April 2017 (audited)</b>	10,000	73,495	(28,965)	26,516	81,046
Profit and total comprehensive income for the period	–	–	–	13,400	13,400
<b>At 30 September 2017 (unaudited)</b>	10,000	73,495	(28,965)	39,916	94,446
<b>At 1 April 2016 (audited)</b>	10,000	73,495	(28,965)	1,065	55,595
Profit and total comprehensive income for the period	–	–	–	12,002	12,002
<b>At 30 September 2016 (unaudited)</b>	10,000	73,495	(28,965)	13,067	67,597

# Unaudited Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

	Six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Net cash used in operating activities	(16,791)	(14,322)
Net cash used in investing activities	(1,243)	(1,729)
Net cash generated from/(used in) financing activities	19,107	(4,342)
Net increase/(decrease) in cash and cash equivalents	1,073	(20,393)
Cash and cash equivalents at beginning of the period	32,538	71,147
Cash and cash equivalents at ending of the period	33,611	50,754

# Notes to the Unaudited Consolidated Financial Statements

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

## 1. GENERAL INFORMATION

Ching Lee Holdings Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands on 16 November 2015. The headquarter and principal place of business of the Company in Hong Kong is located at Room 203, 2nd Floor, Hang Bong Commercial Centre, Shanghai Street, Jordon, Kowloon, Hong Kong.

The Company’s issued ordinary shares of HK\$0.01 each have been listed and traded on Main Board after the Transfer of Listing.

The principal activity of the Company is investment holding. The Group’s principal activities are the provision of construction and consulting works and project management services in Hong Kong.

## 2. BASIS OF PREPARATION

Pursuant to the reorganisation of the Group (the “Reorganisation”) in connection with the listing, the Company became the holding company of the companies comprising the Group on 16 November 2015. Details of the Reorganisation are set out in the prospectus of the Company dated 21 March 2016 (the “Prospectus”).

The unaudited consolidated financial results of the Group for the six months ended 30 September 2017 have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards (“HKAS”) and Interpretations (hereinafter collectively referred to as the “HKFRS”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange (the “Listing Rules”). The unaudited consolidated financial statements of the Group for the six months ended 30 September 2017 have been prepared under the historical cost basis.

The unaudited consolidated financial results of the Group for the six months ended 30 September 2017 are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company and its major subsidiaries.

### 3. SIGNIFICANT ACCOUNTING POLICIES

In the current period, the Group has adopted new and revised HKFRSs, amendments to HKASs and Interpretations (“Ints”) (hereinafter collectively referred to as “**new and revised HKFRSs**”) issued by the HKICPA that are relevant to the Group and effective for accounting periods beginning on or after 1 January 2017. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group’s accounting policies and amounts reported for the current and prior periods.

The Group has not early adopted the new and revised HKFRSs that have been issued but are not yet effective.

The Group is in the process of assessing their impacts on the Group’s results and financial position.

The significant accounting policies that have been used in the preparation of the unaudited consolidated financial results of the Group are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2017, except for the adoption of the new and revised HKFRSs.

The preparation of the unaudited consolidated financial results of the Group for the six months ended 30 September 2017 is in conformity with the HKFRSs requirements in the use of certain critical accounting estimates. The HKFRSs also require the management to exercise their judgements in the process of applying the Group’s accounting policies. The unaudited consolidated financial results of the Group should be read in conjunction with the Group’s audited consolidated financial statements and notes thereto for the year ended 31 March 2017.

### 4. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable for services rendered by the Group to outside customers, less discount.

Specifically, the Group’s reportable and operating segments under HKFRS 8 are as follows:

- (i) Substructure building work services — demolition and hoarding, site formation and foundation works
- (ii) Superstructure building work services — development and redevelopment of educational, residential, and commercial buildings

- (iii) RMAA work services — improvement, fitting-outworks, renovation works, restoration works and external works

	Six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Substructure building work services	2,411	44,625
Superstructure building work services	404,706	155,254
RMAA work services	22,282	72,434
	429,399	272,313

## 5. INCOME TAX

	Six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
<b>Current tax</b>		
Hong Kong profit tax	3,243	2,711
Deferred tax	(343)	(266)
	2,900	2,445

Hong Kong Profits Tax is calculated 16.5% on the estimated assessable profits for the current and prior period.

## 6. DIVIDEND

At a meeting of the board of directors held on 20 November 2017, the directors of the Company have declared an interim dividend of HK\$0.6 cents per share for the six months ended 30 September 2017 (six months ended 30 September 2016: Nil).

## 7. EARNINGS PER SHARE

The calculation of the basic earnings per share attribute to the owners of the company is based on the following data:

	Six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
<b>Earnings</b>		
Earnings for the purpose of basic earnings per share (Profit for the period attributable to owners of the Company)	13,400	12,002
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share (Note)	1,000,000,000	1,000,000,000

Note: The number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the Reorganisation and the capitalisation issue had been effective on 1 April 2015.

Diluted earnings per share amount was the same as basic earnings per share amount as there were no potential dilutive ordinary shares outstanding for the six months ended 30 September 2016 and 2017.

## 8. TRADE AND OTHER RECEIVABLES

	As at	
	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
Trade receivables	26,821	38,452
Retention receivables	62,618	47,500
Deposits, prepayment and other receivables	16,976	9,488
	106,415	95,440

The ageing analysis of trade receivables, based on invoice date, as at the end of each of the Relevant Periods, is as follows:

	As at	
	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
Within 30 days	26,821	37,025
31–60 days	–	1,135
61–90 days	–	292
	<b>26,821</b>	<b>38,452</b>

The ageing analysis of trade receivables, based on the due date, as at the end of each of the Relevant Periods, is as follows:

	As at	
	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
Neither past due nor impaired	26,821	37,025
Past due but not impaired		
Past due for less than 30 days	–	1,135
Past due for 30 days but less than 60 days	–	–
Past due for more than 60 days	–	292
	<b>26,821</b>	<b>38,452</b>

Receivables that were neither past due nor impaired are related to a range of customers for whom there was no recent history of default. Receivables that were past due but not impaired related to customers with long business relationship. Based on past experience, management believes that no impairment allowance is necessary as there has not been a significant change in credit quality and the balances are still considered fully recoverable. Credit terms granted to our customers vary from contract to contract, which are generally within 30 days from the date of issuance of the interim certificate.



## 9. TRADE AND OTHER PAYABLES

	As at	
	30 September 2017 HK\$' 000 (Unaudited)	31 March 2017 HK\$' 000 (Audited)
Trade payables	172,049	115,212
Bills payable	7,761	12,540
Trade and bills payable (Note)	179,810	127,752
Retention payables	19,954	21,013
Other payables, accruals and deposits received	6,436	12,745
	206,200	161,510

Note: The Group's bills payables are repayable within 120 days. For other trade payables, the credit period granted by suppliers and contractors is normally 30 to 60 days.

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

	As at	
	30 September 2017 HK\$' 000 (Unaudited)	31 March 2017 HK\$' 000 (Audited)
Within 30 days	163,401	87,759
31–60 days	5,336	11,181
61–90 days	1,088	9,110
Over 90 days	1,305	7,162
	171,130	115,212

As at 30 September 2017, retention payables of HK\$19,954,000 (31 March 2017: HK\$21,013,000) were expected to be settled beyond twelve months after the end of the reporting period.

# Management Discussion and Analysis

## BUSINESS REVIEW AND PROSPECT

The Group is a main contractor in Hong Kong principally engaged in providing (i) substructure building work services; (ii) superstructure building work services; and (iii) RMAA work services.

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

On 18 September 2017, the Company was successfully transferred the listing of the shares from the GEM to the Main Board of the Stock of Exchange. The Transfer of Listing greatly promoted the Group's brand in Hong Kong as well as provided the Group with a readily accessible capital platform for the Group's future business development. The proceeds received in March 2016 have strengthened the Group's cash flow and the Group will implement its future plans and business strategies according to the schedule set out in the Prospectus. The net proceeds will be applied towards reserving more capital to satisfy our potential customers' requirement for surety bond, expanding our workforce, and arranging and sponsoring our engineering staff to attend external technical seminars and occupational health and safety courses, acquiring machinery and reducing our gearing ratio.

Looking ahead to the year of 2018, the global economic environment is likely to remain challenging but the Group is confident about the outlook and the prospects of the construction market in Hong Kong. We believe that we are well positioned to expand our market share and maintain our active status in the construction main contracting industry in Hong Kong. In view of our potential undertaking of more projects in the future, with the Transfer of Listing of the Company in September 2017, it will provide more available resource to the Group to engage in the current business as well as further expanding the scope of services.

## FINANCIAL REVIEW

### Revenue

The Group's revenue for the six months ended 30 September 2017 recorded at approximately HK\$429.4 million which represented an increase of approximately HK\$157.1 million or 57.7% from approximately HK\$272.3 million for the six months ended 30 September 2016. The increase in total revenue was mainly due to an increase from superstructure building work services approximately HK\$249.5 million respectively.

### Gross Profits and Gross Profit Margin

Our gross profits increased by approximately HK\$12.6 million or 37.9% from approximately HK\$33.3 million for the six months ended 30 September 2016 to approximately HK\$45.9 million for the six months ended 30 September 2017. Our overall gross profit margin for the six months ended 30 September 2017 decreased to 10.7% as compared to the six months ended 30 September 2016 primarily. The decrease was mainly due to decrease in gross profit margin of substructure and superstructure building work services segment during the six months ended 30 September 2017.

### Other Income and Gains

Other Income and Gains increased by approximately HK\$51,000 or 57.0% from approximately HK\$91,000 for the six months ended 30 September 2016 to approximately HK\$142,000 for the six months ended 30 September 2017. The increase was mainly due to one-off gain on disposal of non-current asset held for sale of approximately HK\$120,000 for the six months ended 30 September 2017.

### Administrative and Other Operating Expenses

Administrative and other Operating Expenses increased by approximately HK\$9.9 million or 52.7% from approximately HK\$18.7 million for the six months ended 30 September 2016 to approximately HK\$28.6 million for the six months ended 30 September 2017.

Administrative expenses mainly consist of staff costs, depreciation, donation, legal & professional fee, and others. The increase was mainly attributable by (i) increase in staff costs paid to directors and staff of approximately HK\$3.3 million due to increase in number of staff and salary level during the six months; (ii) increase in legal & professional fees of approximately HK\$2.8 million due to professional and advisory services rendered; (iii) increase in donation to charity of approximately HK\$1.0 million; (iv) increase in business development expenses of approximately HK\$1.4 million due to establishment and maintenance of customer relationship; and (v) increase in others of approximately HK\$1.4 million.

## Finance Costs

Finance Costs mainly represent the interest on bank borrowings. Finance costs increased by HK\$1.0 million or 414.0% from approximately HK\$0.2 million for the six months ended 30 September 2016 to approximately HK\$1.2 million for the six months ended 30 September 2017. The increase was mainly due to the increase in a bank borrowing during the six months ended 30 September 2017 as compared with the corresponding period in 2016.

## Income Tax Expenses

Income Tax Expenses increased by approximately HK\$0.5 million or 20.8% to approximately HK\$2.9 million for the six months ended 30 September 2017.

## PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

Profit and total comprehensive income for the six months attributable to the owners of the Company increased by approximately HK\$1.4 million or 11.6% from approximately HK\$12.0 million for the six months ended 30 September 2016 to approximately HK\$13.4 million for the six months ended 30 September 2017.

Such increase was primarily attributable to the net effect of (i) the increase in revenue and gross profit for the six months ended 30 September 2017 and (ii) the increase in administrative and other operating expenses incurred by the Group during the six months ended 30 September 2017.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2017, the Group had total assets of approximately HK\$370.2 million, which is financed by total liabilities and shareholders' equity of approximately HK\$275.8 million and HK\$94.4 million, respectively. The Group's current ratio at 30 September 2017 was approximately 1.2 compared to approximately 1.2 at 31 March 2017.

## GEARING RATIO

The gearing ratio of the Group as at 30 September 2017 was approximately 60.3% (31 March 2017: approximately 45.2%), which is calculated based on the Group's total interest-bearing debt of approximately HK\$56.9 million (31 March 2017: HK\$36.6 million) and the Group's total equity of approximately HK\$94.4 million (31 March 2017: HK\$81.0 million).

## TREASURY POLICY

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

## CHARGES ON GROUP ASSETS

Assets with a carrying value of approximately HK\$31.6 million were pledged as securities for the Group's banking facilities.

## FOREIGN EXCHANGE EXPOSURE

The Group was not exposed to foreign exchange risk during the six months ended 30 September 2017.

## CAPITAL STRUCTURE

The shares of the Company were successfully transferred from the GEM Board to the Main Board of the Stock Exchange on 18 September 2017. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares.

As at 30 September 2017, the Company's issued share capital was HK\$10,000,000 and the number of its issued ordinary shares was 1,000,000,000 of HK\$0.01 each.

## COMMITMENTS

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

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 September 2017, the Group did not have other plans for material investments or capital assets.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During six months ended 30 September 2017, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company.

## CONTINGENT LIABILITIES

As at 30 September 2017, the Group did not have any material contingent liabilities (31 March 2017: Nil).

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2017, the Group employed a total of 100 employees (31 March 2017: 86 employees). The staff costs of our Group (including salaries, allowances, other benefits and contribution retirement plan) for the six months ended 30 September 2017 were approximately HK\$20.2 million (For the six months ended 30 September 2016: approximately HK\$12.6 million).

The remuneration package for our employees generally includes salary and bonuses. Our employees also receive welfare benefits, including exam leave, retirement benefits, occupational injury insurance, medical insurance and other miscellaneous items. We conduct annual review of the performance of our employees for determining the level of bonus, salary adjustment and promotion of our employees. Our executive Directors will also conduct research on the remuneration packages offered for similar positions in the Hong Kong construction main contracting industry in order to keep our remuneration packages at a competitive level. We have also adopted the Share Option Scheme which is designed to provide incentives and rewards to our employees.

## SIGNIFICANT INVESTMENTS HELD

Except for investment in its subsidiaries, the Group did not hold any significant investments during the six months ended 30 September 2017.

## USE OF PROCEEDS

The net proceeds from the Listing, after deducting the underwriting fees, the Stock Exchange trading fee and SFC transaction levy for the New Shares and estimated listing expenses in connection with the Placing, were approximately HK\$42.5 million.

The actual net proceeds from the issue of new shares of the Company under the Placing was different from the estimated net proceeds of approximately HK\$39.0 million as set out in the Prospectus.

The Group adjusted the use of proceeds in the same manner and in the same proportion as shown in the Prospectus, which is (i) approximately 40.1% of the net proceeds, representing approximately HK\$17.0 million to reserve more capital to satisfy our potential customers' requirement for surety bond, (ii) approximately 24.8% of the net proceeds, representing approximately HK\$10.5 million to expand our workforce, and arrange and sponsor our engineering staff to attend external technical seminars and occupational health and safety courses, (iii) approximately 7.7% of the net proceeds, representing approximately HK\$3.3 million to acquire machinery, (iv) approximately 17.4% of the net proceeds, representing approximately HK\$7.4 million to reduce our gearing ratio and (v) approximately 10% of the net proceeds, representing approximately HK\$4.3 million for working capital and other general corporate purposes.

An analysis of the utilisation of the net proceeds from the Listing up to 30 September 2017 is set out below:

	Adjusted use of proceeds in the same manner as stated in prospectus HK\$ million	Planned use of net proceeds as stated in the Prospectus up to 30 September 2017 HK\$ million	Actual use of net proceeds up to 30 September 2017 HK\$ million
To reserve more capital to satisfy our potential customers' requirement for surety bond (Note)	17.0	11.7	0.7
To expand our workforce, and arrange and sponsor our engineering staff to attend external technical seminars and occupational health and safety courses	10.5	7.2	7.2
To acquire machinery	3.3	3.3	3.3
To reduce our gearing ratio	7.4	7.4	7.4
Working capital and other general corporate	4.3	3.2	3.2
	42.5	32.8	21.8

Note: There will be no changes in the planned use of proceeds for surety bond even though only HK\$0.7 million was used up to 30 September 2017.

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

## Other Information

### DISCLOSURE OF INTEREST

#### A. Directors' and Chief executives' interest and short position 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 its associated corporation (within the meaning of Part XV of Securities and Futures Ordinance ("SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were otherwise required, to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules (the "Model Code"), are set out below:

#### Long Positions in shares of the Company or any of its associated corporation

Name of Directors	Company/name of associated company	Nature of interest	Number and class of securities	Approximate percentage of issued share capital
Mr. Ng Choi Wah ("Mr. Ng")	The Company	Interest in a controlled corporation	645,000,000 Shares (Note)	64.5%
	JT Glory Limited	Beneficial interest	100 shares of US\$1.00 each	100%
Mr. Lui Yiu Wing	The Company	Beneficial interest	900,000 Shares	0.09%

Note: The Shares are registered in the name of JT Glory Limited, the entire issued share capital of which is legally and beneficially owned by Mr. Ng. Under the SFO, Mr. Ng is deemed to be interested in all Shares held by JT Glory Limited.

#### Short positions in shares of the Company or any of its associated corporation

As at 30 September 2017, there is no short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO).



## B. Substantial Shareholders' and Other Persons' interests and short positions in the shares and underlying shares of the Company

So far as the Directors are aware, as at 30 September 2017, other than the director and chief executive of the Company, the following persons/entities have an interest or a short position in the shares or the underlying shares of the Company as recorded in the register of the Company required to be kept under section 336 of the SFO:

### Long Position in shares of the Company

Name	Capacity	Number of Shares held	Percentage of shareholding
JT Glory Limited	Beneficial owner	645,000,000 (Note 1)	64.5%
Ms. Cheung Yuk Sheung	Interest of spouse	645,000,000 (Note 2)	64.5%

Note 1: JT Glory Limited is wholly-owned by Mr. Ng under the SFO, Mr. Ng is deemed to be interested in all the Shares held by JT Glory Limited.

Note 2: Ms. Cheung Yuk Sheung is the spouse of Mr. Ng under the SFO, Ms. Cheung is deemed to be interested in all the Shares held by Mr. Ng.

### Short positions in shares of the Company

As at 30 September 2017, there is no short positions of every person, other than a director and chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

## Competing Business and Conflict of Interests

The Director are not aware of any business or interest of the Directors nor the controlling shareholders of the Company nor any of their respective associate (as defined in the Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the six months ended 30 September 2017.

## Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as a code of conduct regarding directors' securities transactions. All the directors have confirmed, following specific enquiry by the Company that they have complied with the required standard as set out in the Model Code for the six months ended 30 September 2017 and up to the date of the interim report.

## Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2017.

## Corporate Governance Practice

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

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

In the opinion of the Board, the Company has complied with the principles and code provisions in the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 to the Listing Rules with the exception for code provision A.2.1 as disclosed above for the six months ended 30 September 2017.

## Results and Dividend

The Group's results for the six months ended 30 September 2017 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 7 to 10.

On 20 November 2017, the board of directors of the Company has resolved and declared an interim dividend of HK\$0.6 cents per share for the six months ended 30 September 2017 (six months ended 30 September 2016: Nil). The proposed interim dividend was not recognised as dividend payable in the unaudited consolidated financial statements for the six months ended 30 September 2017.

## Share Option Scheme

The Company adopted a share option scheme on 29 March 2016 (the "Scheme"). The terms of the Scheme are set out below.

### (A) PURPOSE OF THE SHARE OPTION SCHEME

The purpose of the Share Option Scheme enables our Company to grant Options to the Eligible Persons as incentives or rewards for their contributions to our Group.

### (B) PARTICIPANTS

The Board may, at its discretion, invite any Eligible Persons to take up Options.

### (C) TOTAL NUMBER OF SHARES AVAILABLE FOR ISSUE UNDER THE SHARE OPTION SCHEME

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme shall not aggregate exceed 10% of all the Shares in issue as at the Date of Listing (i.e. a total of 100,000,000 Shares representing 10% of the issued share capital of the Company as at the date of this report).

### (D) MAXIMUM ENTITLEMENT OF EACH PARTICIPANT

The total number of Shares issued and to be issued upon exercise of options granted to each participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of the Company, in any 12 months' period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of share options in excess of this limit is subject to shareholders' approval in general meeting.

## **(E) TERM OF SUBSCRIPTION OF SHARES UPON EXERCISE OF THE OPTIONS**

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant.

## **(F) MINIMUM PERIOD FOR WHICH AN OPTION MUST BE HELD BEFORE IT CAN BE EXERCISED**

The Board may in its absolute discretion set a minimum period for which an option must be held before an option can be exercised.

## **(G) TIME OF ACCEPTANCE AND THE AMOUNT PAYABLE ON ACCEPTANCE OF THE OPTION**

An offer for the grant of options must be accepted within twenty-eight days from the date on which the option is granted. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.

No share option has been granted since the adoption of the Scheme and there was no share option outstanding as at 30 September 2017.

## **Audit Committee**

Our audit committee currently consists of all three of our independent non-executive Directors, namely Dr. Wai Wing Hong Onyx, Mr. Tong Hin Sum Paul and Mr. Chau Kam Wing Donald. Mr. Chau Kam Wing Donald who has the appropriate accounting and financial related management expertise, is the chairman of the audit committee.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control procedures and financial reporting matters including the review of the Group's unaudited interim financial statements for the six months ended 30 September 2017.

## **Closure of Register of Members**

The register of members of the Company will be closed from Wednesday, 6 December 2017 to Friday, 8 December 2017, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on Tuesday, 5 December 2017.

Dividend cheques will be dispatched to shareholders on or about Wednesday, 20 December 2017.

By order of the Board  
**Ching Lee Holdings Limited**  
**Mr. NG Choi Wah**  
*Chairman*

Hong Kong, 20 November 2017

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