



Ching Lee Holdings Limited

正利控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 3728

2021

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

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 54, Hopewell Centre
183 Queen's Road East
Hong Kong

CORPORATE INFORMATION

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

STOCK CODE

3728

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 2021.

OVERVIEW

The total revenue of the Group decreased by approximately HK\$172.6 million or 33.4% from approximately HK\$515.9 million for the six months ended 30 September 2020 to approximately HK\$343.3 million for the six months ended 30 September 2021. In general, the decrease in revenue was mainly due to a significant decrease in RMAA work services and superstructure building work services. Basic (loss)/earnings per share for the six months ended 30 September 2021 was HK(0.92) cents as compared with HK1.34 cents per share for the six months ended 30 September 2020.

FORWARD

Despite the escalating tensions between China and the US, the outbreak of the coronavirus (“**COVID-19**”) since early 2020 has also caused an unprecedented impact on the global economy, the economic growth of Hong Kong is slowing down with the uncertainty in the general operating environment. Unavoidably, the projects of the Group has been affected in various aspects, including but not limited to suspension of the site works and shortage of raw materials, however, with the appropriate measures and proactive review of project executions by our management, it is believed the Group would overcome the difficult times and move forward cautiously.

The Group will continuously focus on its core businesses in providing (i) substructure building work services, (ii) superstructure building work services, and (iii) Repair, maintenance, alteration and addition for an existing structure (“**RMAA**”) work services 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. The Group will remain prudent while keep exploring the opportunities in property development projects in the coming future.

CHAIRMAN'S STATEMENT

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, 26 November 2021

FINANCIAL HIGHLIGHTS

- The Group recorded a revenue amounted to approximately HK\$343.3 million for the six months ended 30 September 2021, representing a decrease of approximately 33.4% or HK\$172.6 million as compared with the six months ended 30 September 2020.
- The Group recognized net loss of approximately HK\$9.3 million for the six months ended 30 September 2021 as opposed to the net profit of approximately HK\$13.6 million for the six months ended 30 September 2020.
- The basic and diluted (loss)/earnings per share for the six months ended 30 September 2021 is HK(0.92) cents, as compared with the corresponding period in 2020 of HK1.34 cents.
- The board does not recommend the payment of an interim dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: an interim dividend of HK0.35 cents per share).

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 2021 together with the unaudited comparative figures for the corresponding period in 2020, as follows:

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Notes	Six months ended 30 September	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	3	343,339	515,898
Cost of revenue		(323,955)	(478,628)
Gross profits		19,384	37,270
Other income and gains	4	1,041	6,810
Administrative and other operating expenses		(28,122)	(26,843)
Finance costs		(2,066)	(2,955)
Share of profit of an associate		393	1,089
(Loss)/profit before income tax		(9,370)	15,371
Income tax credit/(expense)	5	81	(1,749)
(Loss)/profit and total comprehensive (expense)/income for the period		(9,289)	13,622
(Loss)/earnings per share	7		
— Basic (HK Cents)		(0.92)	1.34
— Diluted (HK Cents)		(0.92)	1.34

UNAUDITED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2021

	Notes	As at	
		30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		36,747	39,126
Intangible asset		790	790
Interest in an associate		15,063	14,670
Financial asset at fair value through profit or loss		7,343	7,344
Rental Deposits		125	123
Deferred tax assets		362	281
Total non-current assets		60,430	62,334
Current assets			
Trade and other receivables	8	82,070	50,902
Contract assets		205,572	213,145
Amount due from an associate		12,521	12,439
Taxation recoverable		1,315	1,315
Pledged bank deposit		25,211	25,209
Bank balances and cash		16,516	58,549
Total current assets		343,205	361,559

UNAUDITED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2021

	Notes	As at	
		30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Current liabilities			
Trade and other payables	9	202,287	201,596
Contract liabilities		4,915	3,068
Lease liabilities		919	2,055
Bank borrowings, secured		80,102	89,531
Total current liabilities		288,223	296,250
Net current assets		54,982	65,309
Total assets less current liabilities		115,412	127,643
Non-current liabilities			
Lease liabilities		1,804	1,707
Total non-current liabilities		1,804	1,707
Net assets		113,608	125,936
Capital and reserves			
Share capital		10,130	10,130
Reserves		103,478	115,806
Total equity		113,608	125,936

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Share Capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Share option reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2021 (audited)	10,130	78,435	(28,965)	5,060	61,276	125,936
Loss and total comprehensive expense for the period	-	-	-	-	(9,289)	(9,289)
Dividend declared and paid	-	-	-	-	(3,039)	(3,039)
At 30 September 2021 (unaudited)	10,130	78,435	(28,965)	5,060	48,948	113,608
At 1 April 2020 (audited)	10,130	78,435	(28,965)	5,060	56,323	120,983
Profit and total comprehensive income for the period	-	-	-	-	13,622	13,622
Dividend declared and paid	-	-	-	-	(3,039)	(3,039)
At 30 September 2020 (unaudited)	10,130	78,435	(28,965)	5,060	66,906	131,566

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Net cash (used in)/generated from operating activities	(26,401)	38,777
Net cash used in investing activities	(1)	(3,640)
Net cash used in financing activities	(15,631)	(3,613)
Net (decrease)/increase in cash and cash equivalents	(42,033)	31,524
Cash and cash equivalents at beginning of the period	58,549	56,591
Cash and cash equivalents at ending of the period	16,516	88,115

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

1. GENERAL INFORMATION

Ching Lee Holdings Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands on 16 November 2015. Its shares are listed on Main Board of the Stock Exchange.

The principal activities of the Company and its subsidiaries (collectively referred to as the “**Group**”) are provision of construction and consultancy works and project management services in Hong Kong.

The directors of the Company consider the Company’s ultimate parent is JT Glory Limited, a company incorporated in the British Virgin Islands.

2.1 BASIS OF PREPARATION

The interim condensed consolidation financial information for the six months ended 30 September 2021 is unaudited and has been prepared in accordance with Hong Kong Accounting Standards (“**HKAS**”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“**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 unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 March 2021.

The unaudited interim condensed consolidated financial information has been prepared under the historical cost convention and is presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

In the current period, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time for the current period's financial information.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2
Amendment to HKFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021

The adoption of these amendments to HKFRSs has had no significant financial effect on the unaudited condensed interim financial statements of the Group.

3. 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) Repair, maintenance, alteration and addition for an existing structure ("RMAA") work services — improvement, fitting-out works, renovation works, restoration works and external works

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Substructure building work services	11,801	11,336
Superstructure building work services	317,687	383,514
RMAA work services	13,851	121,048
	343,339	515,898

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

4. OTHER INCOME AND GAINS

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Bank interest income	2	23
HKSAR Government wage subsidies	–	5,553
Miscellaneous Income ^{Note}	1,039	1,234
	1,041	6,810

Note: Miscellaneous Income mainly included the subsidies from an industry association in relation to provision of Construction Works of approximately HK\$0.8 million (for the six months ended 30 September 2020: HK\$0.5 million).

5. INCOME TAX (CREDIT)/EXPENSE

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current tax		
Hong Kong profit tax	–	1,783
Deferred tax	(81)	(34)
	(81)	1,749

Under the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

For the six months ended 30 September 2021, Hong Kong Profit Tax is calculated in accordance with the two-tiered profits tax rates regime for the qualifying corporation and the remaining corporations are calculated at a flat rate of 16.5%.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

6. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2021 (six months ended 30 September 2020: an interim dividend of HK0.35 cents per share).

7. (LOSS)/EARNINGS PER SHARE

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

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
(Loss)/earnings		
(Loss)/earnings for the purpose of basic (loss)/earnings per share		
((Loss)/profit for the period attributable to owners of the Company)	(9,289)	13,622
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	1,013,000,000	1,013,000,000

Diluted (loss)/earnings per share amount was the same as basic (loss)/earnings per share amount as there were no potential dilutive ordinary shares outstanding for the six months ended 30 September 2020 and 2021.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

8. TRADE AND OTHER RECEIVABLES

	As at	
	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Trade receivables	63,576	29,703
Deposits, prepayments and other receivables	22,236	24,939
Less: Expected credit loss	(3,617)	(3,617)
	82,195	51,025
Less: Rental deposits under non-current assets	(125)	(123)
	82,070	50,902

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

	As at	
	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Within 30 days	37,751	26,078
31–60 days	13,315	3,625
61–90 days	5,593	–
Over 90 days	6,917	–
	63,576	29,703

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

9. TRADE AND OTHER PAYABLES

	As at	
	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Trade payables	137,384	129,416
Retention payables	55,780	59,731
Other payables, accruals and deposits received	9,123	12,449
	202,287	201,596

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

	As at	
	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Within 30 days	105,349	75,555
31–60 days	9,630	27,897
61–90 days	11,074	12,489
Over 90 days	11,331	13,475
	137,384	129,416

As at 30 September 2021, retention payables of HK\$15,766,618 (31 March 2021: HK\$16,139,948) 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 works are for existing structures. The scope of our substructure building works projects consisted of demolition and hoarding, site formation and foundation works. The scope of our superstructure building works projects consisted of development and redevelopment of educational, residential, and commercial buildings, the scope of our RMAA works consisted of improvement, fitting-out works, renovation works, restoration works and external works.

OVERVIEW

The total revenue of the Group decreased by approximately HK\$172.6 million or 33.4% from approximately HK\$515.9 million for the six months ended 30 September 2020 to approximately HK\$343.3 million for the six months ended 30 September 2021. In general, the decrease in revenue was mainly due to a significant decrease in RMAA work services and superstructure building work services. Basic (loss)/earnings per share for the six months ended 30 September 2021 was HK(0.92) cents as compared with HK1.34 cents per share for the six months ended 30 September 2020.

FORWARD

Despite the escalating tensions between China and the US, the outbreak of the coronavirus (“COVID-19”) since early 2020 has also caused an unprecedented impact on the global economy, the economic growth of Hong Kong is slowing down with the uncertainty in the general operating environment. Unavoidably, the projects of the Group has been affected in various aspects, including but not limited to suspension of the site works and shortage of raw materials, however, with the appropriate measures and proactive review of project executions by our management, it is believed the Group would overcome the difficult times and move forward cautiously.

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 services 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. The Group will remain prudent while keep exploring the opportunities in property development projects in the coming future.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue for the six months ended 30 September 2021 recorded at approximately HK\$343.3 million which represented a decrease of approximately HK\$172.6 million or 33.4% from approximately HK\$515.9 million for the six months ended 30 September 2020. The decrease in total revenue was mainly due to a decrease from RMAA work services of approximately HK\$107.2 million and superstructure building work services of approximately HK\$65.8 million respectively.

Gross Profits and Gross Profit Margin

Our gross profits decreased by approximately HK\$17.9 million or 48.0% from approximately HK\$37.3 million for the six months ended 30 September 2020 to approximately HK\$19.4 million for the six months ended 30 September 2021. Our overall gross profit margin for the six months ended 30 September 2021 decreased to 5.6% as compared to 7.2% for the six months ended 30 September 2020. The decrease was mainly due to a significant decrease of the RMAA work services for the six months ended 30 September 2021 when compared to the six months ended 30 September 2020 and the gross profit margin of RMAA work service decreased when compared to the six months ended 30 September 2020.

Other Income and Gains

Other income and gains decreased by approximately HK\$5.8 million or 84.7% from approximately HK\$6.8 million for the six months ended 30 September 2020 to approximately HK\$1.0 million for the six months ended 30 September 2021. The decrease was mainly due to there was no more government grants obtained from Employment Support Scheme launched by the Hong Kong SAR Government for the six months ended 30 September 2021.

Administrative and Other Operating Expenses

Administrative and other operating expenses mainly consist of staff cost (including salaries, allowances, other benefits and contribution to defined contribution retirement plan), legal & professional fee, business development costs, donations, depreciation, and others. The administrative and other operating expenses increased by approximately HK\$1.3 million or 4.8% from approximately HK\$26.8 million for the six months ended 30 September 2020 to approximately HK\$28.1 million for the six months ended 30 September 2021. The increase was mainly due to the increase in business development of approximately HK\$1.8 million and donation expense of approximately HK\$0.6 million offset by the decrease in depreciation of approximately HK\$0.4 million and bank charges of approximately HK\$0.3 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance Costs

Finance costs mainly represent the interest on bank borrowings. Finance costs decreased by HK\$0.9 million or 30.1% from approximately HK\$3.0 million for the six months ended 30 September 2020 to approximately HK\$2.1 million for the six months ended 30 September 2021. The decrease was mainly due to the decrease in bank borrowings during the six months ended 30 September 2021 as compared with the corresponding period in 2020.

Income Tax (Credit)/Expenses

Income tax (credit)/expense of the Group decreased by HK\$1.7 million from an expense of approximately HK\$1.7 million for the six months ended 30 September 2020 to a credit of approximately HK\$81,000 for the six months ended 30 September 2021. The decrease was due to the loss before income tax and the deferred tax credit of approximately HK\$81,000 for the six months ended 30 September 2021.

(LOSS)/PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The Group recognized net loss of approximately HK\$9.3 million for the six months ended 30 September 2021 as opposed to the net profit of approximately HK\$13.6 million for the six months ended 30 September 2020.

Such decrease was mainly due to (i) the decrease in revenue recognized from the on-going projects for the six months ended 30 September 2021; and (ii) the decrease in other income and gain due to there was no more government grants obtained from Employment Support Scheme launched by the Hong Kong SAR Government for the six months ended 30 September 2021.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2021, the Group had total assets of approximately HK\$403.6 million, which is financed by total liabilities and shareholders' equity of approximately HK\$290.0 million and HK\$113.6 million, respectively. The Group's current ratio at 30 September 2021 remained stable at approximately 1.2 as compared to 31 March 2021.

GEARING RATIO

The gearing ratio of the Group as at 30 September 2021 was approximately 72.9% (31 March 2021: approximately 74.1%), which is calculated based on the Group's total interest-bearing debt of approximately HK\$82.8 million (31 March 2021: HK\$93.3 million) and the Group's total equity of approximately HK\$113.6 million (31 March 2021: HK\$125.9 million).

MANAGEMENT DISCUSSION AND ANALYSIS

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\$96.9 million (31 March 2021: HK\$73.9 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 2021.

CAPITAL STRUCTURE

The shares of the Company were successfully transferred from the GEM to the Main Board of the Stock Exchange on 18 September 2017. On 10 May 2018, the Company has allotted and issued 13,000,000 Consideration Shares at an issue price of HK\$0.39 per Consideration Share as part of the consideration in accordance with the terms and conditions of the Share Purchase Agreement of the acquisition of 30% of New Bright Engineering Limited. There has been no other 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 2021, the Company's issued share capital was HK\$10,130,000 and the number of its issued ordinary shares was 1,013,000,000 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 2021, the Group did not have other plans for material investments or capital assets.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During six months ended 30 September 2021, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company.

CONTINGENT LIABILITIES

As at 30 September 2021, the Group did not have any material contingent liabilities (31 March 2021: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2021, the Group employed a total of 91 employees (31 March 2021: 120 employees). The staff costs of our Group (including salaries, allowances, other benefits and contribution retirement plan) for the six months ended 30 September 2021 were approximately HK\$29.0 million (For the six months ended 30 September 2020: approximately HK\$30.3 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 and investment in an associate, the Group did not hold any significant investments during the six months ended 30 September 2021.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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. As at 19 June 2018, the Company has announced to revise the remaining unutilized net proceeds of HK\$16.3 million from "To reserve more capital to satisfy our potential customers' requirement for surety bond" to "To invest in property development projects".

A table shows the actual use of the net proceeds from 19 June 2018 up to 31 March 2020 and 30 September 2021 and the Unutilised Net Proceeds as at 31 March 2021 and 30 September 2021.

	Revised allocation of unutilised amount as at 19 June 2018 HK\$ million	Actual use of Net Proceeds up to 31 March 2020 HK\$ million	Unutilised Net Proceeds as at 31 March 2020 HK\$ million	Revised allocation of unutilised amount as at 4 September 2020 HK\$ million	Actual use of Net Proceeds up to 30 September 2021 HK\$ million	Unutilised Net Proceeds as at 30 September 2021 HK\$ million
To invest in property development project	16.3	2.9	13.4	-	-	-
Working capital (Note)	-	-	-	13.4	13.4	-
	16.3	2.9	13.4	13.4	13.4	-

Note: The Group kept searching for feasible property development opportunities in order to fully utilise the remaining net proceeds and generate a promising profit to the Group since 19 June 2018 and approximately HK\$2.9 million was utilised. In view of the lack of the feasible opportunities and recent business environment in Hong Kong, the Board of directors has resolved to change the use of Unutilised Net Proceeds of approximately HK\$13.4 million as working capital to support the ordinary operation of the Group in order to provide buffer for the Group to commence the new projects and further cope with the future economic uncertainty in Hong Kong, which was utilised by 30 September 2021.

OTHER INFORMATION

DISCLOSURE OF INTEREST

A. Directors' and Chief executives' interest and short position in shares, underlying shares and debentures

As at 30 September 2021, 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 our Directors/ chief executive	Number of ordinary shares held	Interests in Share Option (Note 2)	Total	Approximate percentage of shareholding interests in our Company (%) (Note 3)
Executive Directors				
Ng Choi Wah ("Mr. Ng")	715,120,000 (Note 1)	10,000,000	725,120,000	71.58%
Lui Yiu Wing	900,000	3,000,000	3,900,000	0.38%
Lam Ka Fai	–	3,000,000	3,000,000	0.30%
Independent non-executive Directors				
Wai Wing Hong Onyx	–	1,000,000	1,000,000	0.10%
Tong Hin Sum Paul	–	1,000,000	1,000,000	0.10%
Chau Kam Wing Donald	–	1,000,000	1,000,000	0.10%
Chief executive				
Tse Lai Han Henry	–	6,000,000	6,000,000	0.59%

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Note 1 645,000,000 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. Another 70,120,000 shares are owned by Mr. Ng through the Bank directly.

Note 2 These represent the interests of share options granted to the Directors under the share option scheme adopted by the Company on 21 November 2017 to subscribe for shares.

Note 3 These percentages were compiled based on the total number of issued shares (i.e. 1,013,000,000) as at 30 September 2021.

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

As at 30 September 2021, 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 2021, 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/ Nature of interest	Number of Ordinary Shares held	Interests in share option (Note 3)	Approximate percentage of shareholding interests in our Company (Note 4)
Mr. Ng	Interest in a controlled corporation	645,000,000	–	63.67%
	Beneficial owner	70,120,000	10,000,000	7.91%
JT Glory Limited	Beneficial owner	645,000,000 (Note 1)	–	63.67%
Ms. Cheung Yuk Sheung ("Ms. Cheung")	Interest of spouse	645,000,000 (Note 2)	–	63.67%
	Beneficial owner	–	2,500,000	0.25%

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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 is the spouse of Mr. Ng. Under the SFO, Ms. Cheung is deemed to be interested in all the Shares held by Mr. Ng.

Note 3 These represent the interests of share options granted to the Directors under the share option scheme adopted by the Company on 21 November 2017 to subscribe for shares.

Note 4 These percentages were compiled based on the total number of issued shares (i.e. 1,013,000,000) as at 30 September 2021.

Short positions in shares of the Company

As at 30 September 2021, 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 2021.

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 2021.

CORPORATE GOVERNANCE PRACTICE

Pursuant to the code provision A.2.1 of Corporate Governance Code and Corporate Governance Report (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.

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Mr. Ng 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 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 2021.

RESULTS AND DIVIDEND

The Group's results for the six months ended 30 September 2021 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 2 to 6.

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2021.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 10 March 2016. On 21 November 2017, the Group announced the granting of a total of 32,500,000 share options to selected employees and directors under the Share Option Scheme. The exercise price of the granted options is HK\$0.40 per share. No share options were exercised or forfeited during the six months 30 September 2021.

(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.

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(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 in 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-month 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.

(H) Basis for determination the exercise price

The exercise price for any share under the Share Option Scheme shall be a price determined by the Board and notified to each grantee (in the letter containing the offer of the grant of the option) and shall not be less than the highest of:

- (i) the closing price per Share as stated in the Stock Exchange's daily quotations sheet on the date of grant;

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- (ii) the average closing price per Share as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share at the date of grant.

(I) The remaining life of the scheme

Approximately 6 years (expiring on 20 November 2027).

On 21 November 2017, the Group announced the granting of a total of 32,500,000 share options to selected employee and directors under the Share Option Scheme. The exercise price of the granted options is HK\$0.40 per share. No share options were exercised or forfeited during the six months ended 30 September 2021.

Details of the share options under the Share Option Scheme during the six months ended 30 September 2021 were as follows:

Name	Date of Grant	Exercisable period	Exercise price of share option	Outstanding as at 1 April 2021	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Number of Shares subject to outstanding options at 30 September 2021	Approximate percentage of the issued shares of the Company
Ng Choi Wah	21 November 2017	21 November 2018 to 20 November 2027	HK\$0.40 per share	10,000,000	-	-	-	-	10,000,000	0.99%
Lui Yiu Wing	21 November 2017	21 November 2018 to 20 November 2027	HK\$0.40 per share	3,000,000	-	-	-	-	3,000,000	0.30%
Lam Ka Fai	21 November 2017	21 November 2018 to 20 November 2027	HK\$0.40 per share	3,000,000	-	-	-	-	3,000,000	0.30%
Tse Lai Han Henry	21 November 2017	21 November 2018 to 20 November 2027	HK\$0.40 per share	6,000,000	-	-	-	-	6,000,000	0.59%
Wai Wing Hong Onyx	21 November 2017	21 November 2018 to 20 November 2027	HK\$0.40 per share	1,000,000	-	-	-	-	1,000,000	0.10%
Tong Hin Sum Paul	21 November 2017	21 November 2018 to 20 November 2027	HK\$0.40 per share	1,000,000	-	-	-	-	1,000,000	0.10%
Chau Kam Wing Donald	21 November 2017	21 November 2018 to 20 November 2027	HK\$0.40 per share	1,000,000	-	-	-	-	1,000,000	0.10%
Cheung Yuk Sheung	21 November 2017	21 November 2018 to 20 November 2027	HK\$0.40 per share	2,500,000	-	-	-	-	2,500,000	0.25%
Other senior management and employees	21 November 2017	21 November 2018 to 20 November 2027	HK\$0.40 per share	5,000,000	-	-	-	-	5,000,000	0.49%

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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 2021.

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

Hong Kong, 26 November 2021

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.