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## **Ching Lee Holdings Limited**

**正利控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 3728)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

- The Group recorded a revenue amounted to approximately HK\$445.0 million for the six months ended 30 September 2023, representing an increase of approximately 77.0% or HK\$193.5 million as compared with the six months ended 30 September 2022.
- The Group recognized net profit of approximately HK\$3.4 million for the six months ended 30 September 2023, representing an increase of approximately HK\$1.9 million or 126.2% as compared with the six months ended 30 September 2022.
- The basic and diluted earnings per share for the six months ended 30 September 2023 is HK0.34 cents, as compared with the corresponding period in 2022 of HK0.15 cents.
- The board does not recommend the payment of an interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: 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 2023 together with the unaudited comparative figures for the corresponding period in 2022, as follows:

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
*For the six months ended 30 September 2023*

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2023</b>	2022
	<i>Notes</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	(Unaudited)
Revenue	3	<b>444,981</b>	251,502
Cost of revenue		<b>(410,029)</b>	(227,626)
		<hr/>	<hr/>
Gross profit		<b>34,952</b>	23,876
Other income and gains or losses, net	4	<b>1,898</b>	2,619
Administrative and other operating expenses		<b>(27,459)</b>	(23,960)
Expected credit loss on financial and contract assets		–	(44)
Finance costs		<b>(5,272)</b>	(1,651)
Share of results of an associate		<b>217</b>	701
		<hr/>	<hr/>
<b>Profit before income tax</b>		<b>4,336</b>	1,541
Income tax	5	<b>(914)</b>	(28)
		<hr/>	<hr/>
<b>Profit and total comprehensive income for the period</b>		<b>3,422</b>	1,513
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share	7		
— Basic (HK Cents)		<b>0.34</b>	0.15
— Diluted (HK Cents)		<b>0.34</b>	0.15
		<hr/> <hr/>	<hr/> <hr/>

## UNAUDITED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

		As at	
		30 September 2023	31 March 2023
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		32,746	34,356
Intangible asset		790	790
Interest in an associate		14,421	14,204
Financial asset at fair value through profit or loss		26,403	26,403
Rental deposits		262	262
Deferred tax assets		279	279
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>74,901</b>	76,294
		<hr/>	<hr/>
<b>Current assets</b>			
Trade and other receivables	8	74,689	94,334
Contract assets		343,051	323,011
Amount due from an associate		6,554	6,404
Financial assets at fair value through profit or loss		368	368
Pledged bank deposit		25,000	25,000
Bank balances and cash		37,672	57,000
		<hr/>	<hr/>
<b>Total current assets</b>		<b>487,334</b>	506,117
		<hr/>	<hr/>
<b>Current liabilities</b>			
Trade and other payables	9	264,897	313,760
Contract liabilities		17,462	11,676
Lease liabilities		1,379	1,731
Bank borrowings, secured		156,389	136,834
Provision of taxation		1,044	130
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>441,171</b>	464,131
		<hr/>	<hr/>
<b>Net current assets</b>		<b>46,163</b>	41,986
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>121,064</b>	118,280
		<hr/>	<hr/>

	<b>As at</b>	
	<b>30 September</b>	31 March
	<b>2023</b>	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current liabilities</b>		
Deferred tax liability	28	–
Lease liabilities	1,060	1,726
	<u>1,088</u>	<u>1,726</u>
<b>Total non-current liabilities</b>		
	<u>1,088</u>	<u>1,726</u>
<b>Net assets</b>	<u>119,976</u>	<u>116,554</u>
<b>Capital and reserves</b>		
Share capital	10,130	10,130
Reserves	109,846	106,424
	<u>119,976</u>	<u>116,554</u>
<b>Total equity</b>	<u>119,976</u>	<u>116,554</u>

## UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months ended 30 September 2023*

	Share Capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>At 1 April 2023 (audited)</b>	<b>10,130</b>	<b>78,435</b>	<b>(28,965)</b>	<b>5,060</b>	<b>51,894</b>	<b>116,554</b>
Profit and total comprehensive income for the period	-	-	-	-	<b>3,422</b>	<b>3,422</b>
<b>At 30 September 2023 (unaudited)</b>	<b>10,130</b>	<b>78,435</b>	<b>(28,965)</b>	<b>5,060</b>	<b>55,316</b>	<b>119,976</b>
<b>At 1 April 2022 (audited)</b>	10,130	78,435	(28,965)	5,060	40,076	104,736
Profit and total comprehensive income for the period	-	-	-	-	1,513	1,513
<b>At 30 September 2022 (unaudited)</b>	<b>10,130</b>	<b>78,435</b>	<b>(28,965)</b>	<b>5,060</b>	<b>41,589</b>	<b>106,249</b>

## UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Net cash used in operating activities</b>	<b>(32,537)</b>	<b>(54,474)</b>
<b>Net cash used in investing activities</b>	<b>(56)</b>	<b>(20,990)</b>
<b>Net cash generated from financing activities</b>	<b>13,265</b>	<b>75,215</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(19,328)</b>	<b>(249)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>57,000</b>	<b>27,254</b>
<b>Cash and cash equivalents at ending of the period</b>	<b>37,672</b>	<b>27,005</b>

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2023*

## 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 2023 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 2023.

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.

## 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 HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction
HKFRS 17	Insurance Contracts and the related Amendments

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 works services — demolition and hoarding, site formation and foundation works
- (ii) Superstructure building works services — development and redevelopment of educational, residential, and commercial buildings
- (iii) Repair, maintenance, alteration and addition for an existing structure (“RMAA”) works services — improvement, fitting-out works, renovation works, restoration works and external works

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Substructure building works services	<b>1,096</b>	5,112
Superstructure building works services	<b>435,111</b>	224,619
RMAA works services	<b>8,774</b>	21,771
	<b>444,981</b>	251,502

### 4. OTHER INCOME AND GAINS OR LOSSES, NET

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Bank interest income	<b>369</b>	2
HKSAR Government wage subsidies	<b>123</b>	2,019
Miscellaneous Income <sup>Note</sup>	<b>1,406</b>	598
	<b>1,898</b>	2,619

*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 2022: HK\$0.2 million).

## 5. INCOME TAX

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Current tax</b>		
Hong Kong profit tax	914	–
Deferred tax	–	28
	<u>914</u>	<u>28</u>

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 2023, 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%.

## 6. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: 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	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Earnings</b>		
Earnings for the purpose of basic earnings per share (Profit for the period attributable to owners of the Company)	<u>3,422</u>	<u>1,513</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,013,000,000</u>	<u>1,013,000,000</u>

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 2022 and 2023.

## 8. TRADE AND OTHER RECEIVABLES

	As at	
	30 September 2023 <i>HK\$'000</i> (Unaudited)	31 March 2023 <i>HK\$'000</i> (Audited)
Trade receivables	40,052	64,775
Deposits, prepayments and other receivables	35,196	34,545
Less: Expected credit loss	(297)	(4,724)
	<u>74,951</u>	<u>94,596</u>
Less: Rental deposits under non-current assets	<u>(262)</u>	<u>(262)</u>
	<u><u>74,689</u></u>	<u><u>94,334</u></u>

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

	As at	
	30 September 2023 <i>HK\$'000</i> (Unaudited)	31 March 2023 <i>HK\$'000</i> (Audited)
Within 30 days	39,864	38,921
31–60 days	–	25,854
61–90 days	–	–
Over 90 days	188	–
	<u>40,052</u>	<u>64,775</u>

## 9. TRADE AND OTHER PAYABLES

	As at	
	30 September 2023 <i>HK\$'000</i> (Unaudited)	31 March 2023 <i>HK\$'000</i> (Audited)
Trade payables	191,671	243,897
Retention payables	60,253	55,102
Other payables, accruals and deposits received	12,973	14,761
	<u>264,897</u>	<u>313,760</u>

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

	<b>As at</b>	
	<b>30 September</b>	31 March
	<b>2023</b>	2023
	<i><b>HK\$'000</b></i>	<i><b>HK\$'000</b></i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Within 30 days	<b>170,595</b>	150,759
31–60 days	<b>11,771</b>	49,031
61–90 days	<b>4,490</b>	24,651
Over 90 days	<b>4,815</b>	19,456
	<u><b>191,671</b></u>	<u>243,897</u>

As at 30 September 2023, retention payables of HK\$13,780,000 (31 March 2023: HK\$28,215,000) 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 works services; (ii) superstructure building works services; and (iii) RMAA works 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 increased by approximately HK\$193.5 million or 77.0% from approximately HK\$251.5 million for the six months ended 30 September 2022 to approximately HK\$445.0 million for the six months ended 30 September 2023. In general, the increase in revenue was mainly due to a significant increase in superstructure building works services. Basic earnings per share for the six months ended 30 September 2023 was HK0.34 cents as compared with HK0.15 cents per share for the six months ended 30 September 2022.

### **FORWARD**

Looking ahead, we are confident with the economic outlook and the prospects of the construction industry in Hong Kong under economic recovery and the development of Greater Bay Area. And expects the construction manpower improvement due to the labour importation policies implementation.

The Group continues focus on its core business in providing (i) substructure building works services, (ii) superstructure building works services, and (iii) RMAA works services as a main contractor in the private sector in Hong Kong and looking for any opportunities in public sector in Hong Kong; and at the same time, our management team will explore new opportunities as well as new merger and acquisition targets that will benefit the shareholders.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue for the six months ended 30 September 2023 recorded at approximately HK\$445.0 million which represented an increase of approximately HK\$193.5 million or 77.0% from approximately HK\$251.5 million for the six months ended 30 September 2022. The increase in total revenue was mainly due to an increase in superstructure building works services of approximately HK\$210.5 million offset by the decrease in RMAA works services of approximately HK\$13.0 million and substructure building works services of approximately HK\$4.0 million.

### **Gross Profit and Gross Profit Margin**

Our gross profit increased by approximately HK\$11.1 million or 46.4% from approximately HK\$23.9 million for the six months ended 30 September 2022 to approximately HK\$35.0 million for the six months ended 30 September 2023. Our overall gross profit margin for the six months ended 30 September 2023 decreased to 7.9% as compared to 9.5% for the six months ended 30 September 2022. The increase in gross profit was mainly due to an increase in the number of projects compared to the six months ended 30 September 2022. However, as the project progresses, the gross profit margin was diluted due to the nominated subcontracted cost and expenses were incurred.

### **Other Income and Gains or Losses, net**

Other income and gains or loss, net decreased by approximately HK\$0.7 million or 27.5% from approximately HK\$2.6 million for the six months ended 30 September 2022 to approximately HK\$1.9 million for the six months ended 30 September 2023. The decrease was mainly due to the decrease in HKSAR Government wage subsidies of approximately HK\$1.9 million.

### **Administrative and Other Operating Expenses**

Administrative and other operating expenses mainly consist of employee benefit expense (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\$3.5 million or 14.6% from approximately HK\$24.0 million for the six months ended 30 September 2022 to approximately HK\$27.5 million for the six months ended 30 September 2023. The increase was mainly due to the increase in salaries (including Directors remuneration) of approximately HK\$3.5 million.

## **Finance Costs**

Finance costs mainly represent the interest on bank borrowings. Finance costs increased by HK\$3.6 million or 219.3% from approximately HK\$1.7 million for the six months ended 30 September 2022 to approximately HK\$5.3 million for the six months ended 30 September 2023, mainly due to increase in bank borrowings and interest rate.

## **Income Tax Expenses**

Income tax expenses of the Group increased by HK\$0.9 million from approximately HK\$28,000 for the six months ended 30 September 2022 to approximately HK\$0.9 million for the six months ended 30 September 2023.

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

Net profit of the Group increased by approximately HK\$1.9 million or 126.2% from approximately HK\$1.5 million for the six months ended 30 September 2022 to approximately HK\$3.4 million for the six months ended 30 September 2023.

The increase was mainly due to the revenue growth as more new projects were engaged and effective cost control compared to the six months ended 30 September 2022, net off by the increase in administrative and other operating expenses and finance costs for the six months ended 30 September 2023.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 September 2023, the Group had total assets of approximately HK\$562.2 million, which is financed by total liabilities and shareholders' equity of approximately HK\$442.3 million and HK\$120.0 million, respectively. The Group's current ratio at 30 September 2023 relatively stable at approximately 1.1 as compared to 31 March 2023.

## **GEARING RATIO**

The gearing ratio of the Group as at 30 September 2023 was approximately 132.4% (31 March 2023: approximately 120.4%), which is calculated based on the Group's total interest-bearing debt (bank borrowings and lease liabilities) of approximately HK\$158.8 million (31 March 2023: HK\$140.3 million) and the Group's total equity of approximately HK\$120.0 million (31 March 2023: HK\$116.6 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\$89.9 million (31 March 2023: HK\$91.2 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 2023.

## **CAPITAL STRUCTURE**

As at 30 September 2023, 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 2023, 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 2023, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company.

## **CONTINGENT LIABILITIES**

As at 30 September 2023, the Group did not have any material contingent liabilities (31 March 2023: nil).

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2023, the Group employed a total of 147 employees (31 March 2023: 143 employees). The staff costs of our Group (including salaries, allowances, other benefits and contribution retirement plan) for the six months ended 30 September 2023 were approximately HK\$44.5 million (For the six months ended 30 September 2022: approximately HK\$24.6 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**

The Group did not hold any significant investments during the six months ended 30 September 2023.

## **EVENTS AFTER REPORTING PERIOD**

There were no materials events after the reporting period.

## OTHER INFORMATION

### DISCLOSURE OF INTEREST

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

As at 30 September 2023, 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)
<b>Executive Directors</b>				
Ng Choi Wah (“Mr. Ng”)	725,480,000 (Note 1)	10,000,000	735,480,000	72.60%
Lui Yiu Wing	900,000	3,000,000	3,900,000	0.38%
Lam Ka Fai	–	3,000,000	3,000,000	0.30%
<b>Independent non-executive Directors</b>				
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%
<b>Chief executive</b>				
Tse Lai Han Henry	–	6,000,000	6,000,000	0.59%

*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 80,480,000 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 2023.

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

As at 30 September 2023, 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 2023, 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	80,480,000	10,000,000	8.93%
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%

*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 2023.

#### *Short positions in shares of the Company*

As at 30 September 2023, 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 2023.

### **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 2023.

## **CORPORATE GOVERNANCE PRACTICE**

Pursuant to the code provision C.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.

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 C.2.1 as disclosed above for the six months ended 30 September 2023.

## **RESULTS AND DIVIDEND**

The Group’s results for the six months ended 30 September 2023 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 2023.

## **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 2023.

### **(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 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 announcement).

### **(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;
- (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 4 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 2023.

Details of the share options under the Share Option Scheme during the six months ended 30 September 2023 were as follows:

Name	Date of Grant	Exercisable period	Exercise price of share option	Outstanding as at 1 April 2023	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Number of Shares	Approximate
									subject to outstanding options at 30 September 2023	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%

## 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 2023.

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

Hong Kong, 27 November 2023

*As at the date of this announcement, 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.*