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CHI KAN HOLDINGS LIMITED

智勤控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9913)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

FINANCIAL HIGHLIGHTS	Six months ended	
	30 September (unaudited)	
	2024	2023
Revenue (<i>HK\$'000</i>)	867,001	749,157
Gross profit (<i>HK\$'000</i>)	190,709	131,458
Profit attributable to owners of the Company (<i>HK\$'000</i>)	17,538	20,811
Basic earnings per share attributable to owners of the Company (<i>HK cents per share</i>)	1.75	2.08

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Chi Kan Holdings Limited (the “**Company**”) is pleased to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2024 (the “**Period**”), together with the comparative figures for the corresponding period in 2023, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2024

		Six months ended	
		30 September (unaudited)	
		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	5	867,001	749,157
Cost of revenue	7	(676,292)	(617,699)
Gross profit		190,709	131,458
Other income	5	122	436
Selling and administrative expenses		(151,067)	(96,703)
Operating profit		39,764	35,191
Finance income	6	3,067	2,581
Finance costs	6	(548)	(1,001)
Finance income/(costs), net	6	2,519	1,580
Profit before income tax	7	42,283	36,771
Income tax expense	8	(10,788)	(7,927)
Profit for the period		31,495	28,844
Attributable to:			
Owners of the Company		17,538	20,811
Non-controlling interest		13,957	8,033
		31,495	28,844
Earnings per share attributable to owners of the Company for the period (HK cents per share)			
Basic and diluted	9	1.75	2.08

Six months ended
30 September (unaudited)
2024 2023
HK\$'000 *HK\$'000*

Profit for the period	<u>31,495</u>	<u>28,844</u>
Other comprehensive income for the period, net of tax		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Exchange difference on translation of foreign operations	<u>(2,438)</u>	<u>(4,692)</u>
Total comprehensive income for the period	<u>29,057</u>	<u>24,152</u>
Total comprehensive income attributable to:		
Owners of the Company	16,667	16,564
Non-controlling interest	<u>12,390</u>	<u>7,588</u>
	<u>29,057</u>	<u>24,152</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

		As at 30 September 2024 (unaudited) <i>HK\$'000</i>	As at 31 March 2024 (audited) <i>HK\$'000</i>
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property and equipment	<i>10</i>	1,860	2,900
Financial asset at FVPL		1,990	1,873
Deposits	<i>13</i>	56	55
		<hr/> 3,906	<hr/> 4,828
Current assets			
Inventories	<i>11</i>	11,951	7,946
Trade receivables	<i>12(A)</i>	72,483	56,733
Contract assets	<i>12(B)</i>	349,889	252,964
Prepayments, deposits and other receivables	<i>13</i>	14,259	29,462
Tax recoverable		11,071	15,176
Restricted cash	<i>14(B)</i>	7,500	27,500
Cash and cash equivalents	<i>14(A)</i>	168,298	227,632
		<hr/> 635,451	<hr/> 617,413
Total assets		<hr/> 639,357	<hr/> 622,241

		As at 30 September 2024 (unaudited) <i>HK\$'000</i>	As at 31 March 2024 (audited) <i>HK\$'000</i>
	<i>Notes</i>		
CAPITAL AND RESERVES			
Share capital	<i>18</i>	10,000	10,000
Share premium	<i>18</i>	120,421	120,421
Reserves		361,928	339,873
		<hr/>	<hr/>
Capital and reserves attributable to owners of the Company		492,349	470,294
Non-controlling interest		10,880	9,210
		<hr/>	<hr/>
Total equity		503,229	479,504
		<hr/>	<hr/>
LIABILITIES			
Non-current liability			
Lease liabilities	<i>17</i>	468	871
		<hr/>	<hr/>
		468	871
		<hr/>	<hr/>
Current liabilities			
Trade payables	<i>15</i>	60,932	65,772
Accruals and other payables	<i>16</i>	55,943	39,002
Bank borrowings		10,000	30,000
Lease liabilities	<i>17</i>	640	1,402
Current income tax liabilities		8,145	5,690
		<hr/>	<hr/>
		135,660	141,866
		<hr/>	<hr/>
Total liabilities		136,128	142,737
		<hr/>	<hr/>
Total equity and liabilities		639,357	622,241
		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2024

	Attributable to the owners of the Company						Non- controlling interest	Total equity
	Share capital	Share premium	Statutory reserve	Exchange reserve	Retained earnings	Total		
	<i>HK\$'000</i> <i>(Note 18)</i>	<i>HK\$'000</i> <i>(Note 18)</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>		
As at 31 March 2023 (Audited)	10,000	120,421	7,539	(1,563)	309,154	445,551	9,689	455,240
Profit for the period	–	–	–	–	20,811	20,811	8,033	28,844
Other comprehensive income for the period	–	–	–	(4,247)	–	(4,247)	(445)	(4,692)
Total comprehensive income for the period	–	–	–	(4,247)	20,811	16,564	7,588	24,152
Transactions with owners in their capacity as owners: Dividend paid to non-controlling interests	–	–	–	–	–	–	(9,245)	(9,245)
	–	–	–	–	–	–	(9,245)	(9,245)
As at 30 September 2023 (Unaudited)	<u>10,000</u>	<u>120,421</u>	<u>7,539</u>	<u>(5,810)</u>	<u>329,965</u>	<u>462,115</u>	<u>8,032</u>	<u>470,147</u>
As at 31 March 2024 (Audited)	10,000	120,421	8,815	(4,927)	335,985	470,294	9,210	479,504
Profit for the period	–	–	–	–	17,538	17,538	13,957	31,495
Other comprehensive income for the period	–	–	–	(871)	–	(871)	(1,567)	(2,438)
Total comprehensive income for the period	–	–	–	(871)	17,538	16,667	12,390	29,057
Transactions with owners in their capacity as owners: Dividend paid to non-controlling interests	–	–	–	–	–	–	(10,720)	(10,720)
Transfer to statutory reserve	–	–	5,388	–	–	5,388	–	5,388
	–	–	5,388	–	–	5,388	(10,720)	(5,332)
As at 30 September 2024 (Unaudited)	<u>10,000</u>	<u>120,421</u>	<u>14,203</u>	<u>(5,798)</u>	<u>353,523</u>	<u>492,349</u>	<u>10,880</u>	<u>503,229</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2024

		Six months ended	
		30 September (unaudited)	
		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash flows from operating activities			
Cash used in operations		(31,985)	(93,377)
Income tax refund		<u>2,455</u>	<u>1,478</u>
Net cash used in operating activities		<u>(29,530)</u>	<u>(91,899)</u>
Cash flows from investing activities			
Interest received	6	<u>3,067</u>	<u>2,581</u>
Net cash generated from investing activities		<u>3,067</u>	<u>2,581</u>
Cash flows from financing activities			
Payments of lease liabilities – principal element		(1,166)	(846)
(Repayment)/Proceeds from bank borrowing, net		(20,000)	3,000
Interest expenses paid	6	(548)	(1,001)
Dividend distribution to non-controlling interest of subsidiaries		<u>(10,720)</u>	<u>–</u>
Net cash (used in)/generated from financing activities		<u>(32,434)</u>	<u>1,153</u>
Decrease in cash and cash equivalents		(58,897)	(88,165)
Cash and cash equivalents at beginning of the period		227,632	318,830
Effects of exchange rate changes on cash and cash equivalents		<u>(437)</u>	<u>(141)</u>
Cash and cash equivalents at end of the period		<u>168,298</u>	<u>230,524</u>

1. GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 General information

The Company was incorporated in the Cayman Islands on 16 April 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is P.O. Box 1350, Windward 3, Regatta Office Park, Grand Cayman KY1-1108, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together the "**Group**") are principally engaged in construction business which included provision of formwork services and other construction services in Hong Kong (the "**Listing Business**") and E-Commerce business in PRC.

The Company's shares were listed on the Main Board of The Stock Exchange Hong Kong Limited (the "**Stock Exchange**") on 14 August 2020.

The condensed consolidated interim financial statements are presented in Hong Kong dollars ("**HK\$**") and all values are rounded to the nearest thousands (HK\$'000), unless otherwise stated.

The condensed consolidated interim financial statements have not been audited.

1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation (the "**Reorganisation**"), the Listing Business was carried out by (i) Chi Kan Woodworks Company Limited (the "**Operating Company**"); and (ii) the formwork services business division of Chi Kan Engineering Company Limited (the "**Portion of the Listing Business Held by CK Engineering**"). Mr. Lo Hon Kwong ("**Mr. Lo**" or the "**Controlling Shareholder**") is the controlling party of the Operating Company and Chi Kan Engineering Company Limited ("**CK Engineering**"). Details of the Reorganisation are set out in the prospectus of the Company dated 30 July 2020 (the "**Prospectus**").

2. BASIS OF PRESENTATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2024 have been prepared in accordance with Hong Kong Accounting Standard ("**HKASs**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange. The unaudited condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements and should be read in conjunction with the annual financial statements for the year ended 31 March 2024 ("**Financial Statements 2024**"), which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**", together with HKASs and Interpretations, collectively referred to as "**HKFRS**") issued by the HKICPA.

The condensed consolidated interim financial statements have not been audited or reviewed by Company's external auditors, but have been reviewed by the audit committee of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax and the adoption of new and amended standards as set out below.

(A) *Adoption of new or revised HKFRS effective on 1 April 2024*

During the reporting period, the Group has adopted all the following new and amended HKFRS which are first effective for the reporting period and potentially relevant to the Group.

HKAS 1	Classification of Liabilities as Current or Non-current (amendments)
HKAS 1	Non-current Liabilities with Covenants (amendments)
HKFRS16	Lease Liability in a Sale and Leaseback (amendments)
HK Int 5 (Revised)	Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – <i>Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause</i> (amendments)
HKAS 7 and HKFRS 7	Supplier Finance Arrangements (amendments)

The application of the new Amendments had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated interim financial statements.

The Interim Financial Report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with the HKFRSs.

4. SEGMENT INFORMATION

The Chief Operating Decision-Maker (“CODM”) has been identified as the executive directors who review the Group’s internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The CODM assesses the performance based on a measure of profit after income tax and considers all businesses to be included in two operating segments.

The Group is principally engaged in construction business which included provision of formwork services and other construction services in Hong Kong, and E-Commerce business in PRC.

(a) Revenue

Revenue represents revenue from construction business which included provision of formwork services and other construction services, and E-Commerce business.

	Six months ended 30 September (unaudited)	
	2024	2023
	HK\$'000	HK\$'000
Types of goods and services		
Contract revenue from construction business		
– Formwork services	567,879	500,795
– Other construction services	21,652	82,470
	<u>589,531</u>	<u>583,265</u>
E-Commerce business revenue	277,470	165,892
	<u>867,001</u>	<u>749,157</u>

(b) Segment Information

The Group manages its businesses by business lines in a manner consistent with the way in which information is reported internally to the Group’s CODM being the executive directors of the Company, for the purposes of resource allocation and performance assessment. The Group’s reportable and operating segments are as follows:

- Contract revenue from construction business: provision of formwork services and other construction services to customers in Hong Kong
- E-Commerce business revenue: online trading of products in PRC

Segment results, segment assets and liabilities

Segment results represent the profit before tax from each segment except for the unallocated corporate expenses, being central administrative costs.

Segment assets include all current and non-current assets with the exception of other corporate assets and other unallocated corporate assets. Segment liabilities include all current and non-current liabilities with the exception of other corporate liabilities and other unallocated corporate liabilities.

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the period is set out below:

	Six months ended 30 September 2024 (Unaudited)			
	Construction business HK\$'000	E-Commerce business HK\$'000	Unallocated HK\$'000	Total HK\$'000
Reportable segment revenue	589,531	277,470	-	867,001
Reportable segment profit/(loss) before tax	8,179	38,180	(4,076)	42,283
Amounts included in the measure of segment profit or loss:				
Interest expenses	(548)	-	-	(548)
Interest income	314	17	2,736	3,067
Depreciation for the period	(503)	(226)	(114)	(843)
	Six months ended 30 September 2023 (Unaudited)			
	Construction business HK\$'000	E-Commerce business HK\$'000	Unallocated HK\$'000	Total HK\$'000
Reportable segment revenue	583,265	165,892	-	749,157
Reportable segment profit/(loss) before tax	15,476	22,157	(862)	36,771
Amounts included in the measure of segment profit or loss:				
Interest expenses	(1,001)	-	-	(1,001)
Interest income	2,407	49	125	2,581
Depreciation for the period	(312)	(227)	(118)	(657)

Segment assets and liabilities

	At 30 September 2024 (Unaudited) <i>HK\$'000</i>	At 31 March 2024 (Audited) <i>HK\$'000</i>
Segment assets		
Construction business	490,705	506,444
E-Commerce business	64,752	39,923
Other corporate assets	83,900	75,874
	<hr/>	<hr/>
Consolidated assets	639,357	622,241
Segment liabilities		
Construction business	87,382	110,174
E-Commerce business	43,812	30,007
Other corporate liabilities	4,934	2,556
	<hr/>	<hr/>
Consolidated liabilities	136,128	142,737

Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods delivered.

Revenue from external customers:

	Six months ended	
	30 September (Unaudited)	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong (Place of domicile)	589,531	583,265
The PRC	277,470	165,892
	<hr/>	<hr/>
	867,001	749,157

5. REVENUE AND OTHER INCOME

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

	Six months ended	
	30 September (unaudited)	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contract revenue from construction business		
Formwork services	567,879	500,795
Other construction services	<u>21,652</u>	<u>82,470</u>
	589,531	583,265
E-Commerce business revenue	<u>277,470</u>	<u>165,892</u>
	867,001	749,157
Total revenue		
	867,001	749,157
Other income		
Sundry income [#]	<u>122</u>	<u>436</u>
	122	436
Total other income	<u>122</u>	<u>436</u>

Contract revenue from construction business and E-Commerce business revenue are recognised over time and at a point in time, respectively.

[#] This represents service fee income received mainly from consulting business in PRC.

6. FINANCE INCOME/(COSTS), NET

	Six months ended	
	30 September (unaudited)	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance income		
Bank interest income	3,067	2,581
Finance costs		
Interest expenses on lease liabilities	(30)	–
Interest expenses on bank borrowings	<u>(518)</u>	<u>(1,001)</u>
	2,519	1,580
Finance income/(costs), net	<u>2,519</u>	<u>1,580</u>

7. PROFIT BEFORE INCOME TAX

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

	Six months ended 30 September (unaudited)	
	2024	2023
	HK\$'000	HK\$'000
Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	130,777	120,665
Contribution to defined contribution retirement plans	4,987	4,661
	<u>135,764</u>	<u>125,326</u>
Less: Amount included in cost of revenue	<u>(129,943)</u>	<u>(120,293)</u>
	<u>5,821</u>	<u>5,033</u>
Other items		
Cost of revenue	676,292	617,699
Depreciation		
– Self-owned assets	292	118
– Assets under leases	551	539
	<u>677,135</u>	<u>618,286</u>

8. INCOME TAX EXPENSE

Income tax in the condensed consolidated statement of comprehensive income represents:

	Six months ended 30 September (unaudited)	
	2024	2023
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong Profits Tax	1,127	2,157
– PRC Corporate Income Tax	9,661	5,770
	<u>10,788</u>	<u>7,927</u>

Pursuant to the enactment of two-tiered profits tax rates by the Inland Revenue Department of Hong Kong (“IRD”), the Group’s first HK\$2 million of assessable profits under Hong Kong profits tax is subject to tax rate of 8.25%. The Group’s remaining assessable profits above HK\$2 million will continue to be subject to a tax rate of 16.5%.

The provision for Corporate Income Tax in the PRC is calculated at 25%.

No overseas profits tax has been calculated for entities of the Group that are incorporated in the British Virgin Islands or the Cayman Island as they are exempted from tax in these jurisdictions.

9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 September 2024 and 2023.

	Six months ended	
	30 September (unaudited)	
	2024	2023
Profit attributable to owners of the Company (<i>in HK\$'000</i>)	17,538	20,811
Weighted average number of ordinary shares in issue (<i>in Thousand</i>)	1,000,000	1,000,000
Earnings per share (<i>HK cents per share</i>)	<u>1.75</u>	<u>2.08</u>

The Company did not have any potential ordinary shares outstanding during the six months ended 30 September 2024 and 2023, diluted earnings per share is equal to basic earnings per share.

10. PROPERTY AND EQUIPMENT

During the six months ended 30 September 2024, the Group have not purchased property and equipment (corresponding period in 2023: Nil). In addition, the Group have no disposal of property and equipment during the six months ended 30 September 2024 and 2023.

As at 30 September 2024, lease liabilities of approximately HK\$1.1 million (31 March 2024: approximately HK\$2.2 million) are recognised with related right-of-use assets of approximately HK\$0.6 million (31 March 2024: approximately HK\$1.4 million). The lease agreements do not impose any covenants other than those set out above and the security interests in the leased assets that are held by the lessor.

11. INVENTORIES

	At	At
	30 September	31 March
	2024	2024
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Finished goods	<u>11,951</u>	<u>7,946</u>

12(A). TRADE RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade debtors, based on the invoice date and net of allowance for doubtful debts, is as follows:

	At 30 September 2024 (unaudited) <i>HK\$'000</i>	At 31 March 2024 (audited) <i>HK\$'000</i>
Trade receivables	<u>72,483</u>	<u>56,733</u>

The Group's credit terms granted to third-party customers range from 14 days to 60 days.

As of the end of the reporting period, the ageing analysis of trade receivables, based on the date of certification, is as follow:

	At 30 September 2024 (unaudited) <i>HK\$'000</i>	At 31 March 2024 (audited) <i>HK\$'000</i>
Up to 30 days	36,095	46,461
31-90 days	<u>36,388</u>	<u>10,272</u>
	<u>72,483</u>	<u>56,733</u>

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

12(B). CONTRACT ASSETS

	At 30 September 2024 (unaudited) <i>HK\$'000</i>	At 31 March 2024 (audited) <i>HK\$'000</i>
Contract assets relating to		
– Uncertified work in progress	167,942	78,354
– Retention receivables	<u>189,606</u>	<u>178,517</u>
	<u>357,548</u>	<u>256,871</u>
Less: Impairment loss of contract assets	<u>(7,659)</u>	<u>(3,907)</u>
	<u>349,889</u>	<u>252,964</u>

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 September 2024 (unaudited) <i>HK\$'000</i>	At 31 March 2024 (audited) <i>HK\$'000</i>
Prepayments	14,126	28,471
Deposits and other receivables	<u>189</u>	<u>1,046</u>
Prepayments, deposits and other receivables	14,315	29,517
Less: Non-current portion Deposits	<u>(56)</u>	<u>(55)</u>
	<u>14,259</u>	<u>29,462</u>

The carrying amounts of deposits and other receivables approximate their fair values.

14(A). CASH AND CASH EQUIVALENTS

	At 30 September 2024 (unaudited) <i>HK\$'000</i>	At 31 March 2024 (audited) <i>HK\$'000</i>
Cash and cash equivalents	<u>168,298</u>	<u>227,632</u>

The carrying amounts of cash and cash equivalents are denominated in following currency:

	At 30 September 2024 (unaudited) <i>HK\$'000</i>	At 31 March 2024 (audited) <i>HK\$'000</i>
HK\$	68,059	148,547
RMB	<u>100,239</u>	<u>79,085</u>
	<u>168,298</u>	<u>227,632</u>

14(B). RESTRICTED CASH

As at 30 September 2024, restricted cash of approximately HK\$7.5 million (31 March 2024: approximately HK\$27.5 million) were held in Hong Kong to secure bank facilities granted to the Group.

15. TRADE PAYABLES

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

	At 30 September 2024 (unaudited) <i>HK\$'000</i>	At 31 March 2024 (audited) <i>HK\$'000</i>
Up to 30 days	58,998	55,475
31-90 days	213	9,568
91-180 days	16	102
Over 180 days	1,705	627
	<u>60,932</u>	<u>65,772</u>

16. ACCRUALS AND OTHER PAYABLES

	At 30 September 2024 (unaudited) <i>HK\$'000</i>	At 31 March 2024 (audited) <i>HK\$'000</i>
Accruals for staff salaries and other benefits	15,415	24,413
Contract liabilities	26,778	9,452
Other accruals and other payables	13,750	5,137
	<u>55,943</u>	<u>39,002</u>

The carrying amounts of accruals and other payables approximate their fair values.

17. LEASE LIABILITIES

	At 30 September 2024 (unaudited) <i>HK\$'000</i>	At 31 March 2024 (audited) <i>HK\$'000</i>
Current	640	1,402
Non-current	468	871
	<u>1,108</u>	<u>2,273</u>

The Group leases various properties for the use of office. These lease liabilities were measured at net present value of the lease payments during the lease terms that are not yet paid.

18. DIVIDEND, SHARE CAPITAL AND SHARE PREMIUM

(a) Dividends

The Directors did not recommend the payment of a dividend by the Company for the six months ended 30 September 2024 (corresponding period in 2023: Nil).

(b) Share capital

The Company	At 30 September 2024 (unaudited)			At 31 March 2024 (audited)	
	Par value <i>HK\$</i>	No. of shares	Share capital <i>HK\$'000</i>	No. of shares	Share capital <i>HK\$'000</i>
Authorised ordinary shares:	0.01	<u>10,000,000,000</u>	<u>100,000</u>	10,000,000,000	<u>100,000</u>
Issued and fully paid ordinary shares:	0.01	<u>1,000,000,000</u>	<u>10,000</u>	1,000,000,000	<u>10,000</u>

19. CONTINGENT LIABILITIES AND CLAIMS

A contingent liability will be disclosed when a possible obligation has arisen, but its existence has to be confirmed by future events outside the Group's control, or when it is not probable that outflow of economic resources will be required, or the amount of obligation cannot be measured reliably. As at 30 September 2024, the Group did not have any significant contingent liabilities. The directors believe that any potential compensation arising from the ongoing litigations will be covered by relevant insurance coverage and these litigations will not have a material adverse effect on the consolidated financial statements of the Group.

20. MATERIAL RELATED PARTIES TRANSACTIONS

(a) Key management compensation

Key management includes executive and non-executive directors and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	Six months ended	
	30 September (unaudited)	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries, allowances and benefits in kind	2,181	2,418
Retirement benefit costs		
– defined contribution plans	18	27
	<u> </u>	<u> </u>

21. REVIEW OF INTERIM FINANCIAL REPORT

The unaudited interim financial report for the six months ended 30 September 2024 has been reviewed by the Audit Committee with no disagreement.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The principal activities of the Group are (i) construction business which included provision of formwork services and other construction services; and (ii) E-Commerce business.

Construction Business

The Group is a Hong Kong-based formwork contractor, mainly engaged in the provision of (a) formwork services, comprising of: (i) conventional formwork which is built on-site by mainly using timber and plywood; and (ii) prefabricated formwork which is built out of prefabricated modules by mainly using aluminium and steel; and (b) other construction services.

Formwork is the temporary supporting structures and moulds used in construction where concrete is poured in and to be moulded into the required structural shape and size. When we undertake a formwork project, we are generally responsible for project planning and implementation, procurement of materials, quality control and overall management of our direct labour and workers of our engaged subcontractors in carrying out the implementation of formwork services in accordance with the main contractors' requirements and specifications.

During the course of providing our formwork services, we may also be requested by our customers, in the form of variation orders, to provide other construction services, including plastering, installing curtain wall and other miscellaneous works on an ancillary basis.

During the six months ended 30 September 2024, 3 new projects with an aggregate contract value of approximately HK\$149.4 million were awarded to the Group. 2 projects were completed during the Period. As at 30 September 2024, 26 projects with the outstanding contract sum of approximately HK\$425.7 million were all in progress.

E-Commerce Business

The Group has engaged in E-Commerce business since March 2021 via Baiyin Chi Kan Technology Development Company Limited (“**CK Baiyin**”), which was incorporated in the People's Republic of China on 24 February 2021. The Group holds 51% equity interest in CK Baiyin whereas an independent third party holds 49% equity interest in CK Baiyin.

The Group is strategically positioned as a brand retailer in private E-Commerce platforms. We have cooperated with three private E-Commerce platforms to provide brand commodities that match with the need of our customers. Specifically, the income of the Group is generated from retailing in the private E-Commerce platforms.

With the continuously rapid development of online retail business, we have cooperated with various suppliers and brand merchants, and are committed to providing high quality and diversified products in our best effort. Under our E-Commerce business, we offer various types of products, including agricultural products rich in selenium, nutritional supplements, daily necessities, and cosmetic and skin care products. Quality of products would be regarded as our primary consideration in choosing products and products and manufacturers would be strictly selected for the sake of better products and quality, so as to achieve the sustainable development of corporation.

FINANCIAL REVIEW

During the Period, the Group's unaudited consolidated revenue amounted to approximately HK\$867.0 million (corresponding period in 2023: approximately HK\$749.2 million). The increase was mainly due to revenue of approximately HK\$277.4 million from E-Commerce business (corresponding period in 2023: approximately HK\$165.9 million).

During the Period, the gross profit amounted to approximately HK\$190.7 million (corresponding period in 2023: approximately HK\$131.5 million), while the gross profit margin was approximately 22.0% (2023: approximately 17.6%). The Directors consider that the gross profit margin has been maintained at a healthy position through the Period.

Selling and administrative expenses (the “**S&A Expenses**”) primarily comprise selling commission expenses, staff costs, business development expenses, depreciation, consultancy fee and legal and professional charges. The S&A Expenses for the Period increased by HK\$54.4 million to approximately HK\$151.1 million, compared with approximately HK\$96.7 million of the corresponding period in last year, which mainly due to increase in selling commission expenses for E-Commerce business.

As a result, profit attributable to the owners of the Company for the Period decreased to approximately HK\$17.5 million, representing an decrease of 15.7% over the corresponding period of approximately HK\$20.8 million in last year. The Directors consider that the profit attributable to the owners of the Company has been maintained through the Period.

PROSPECTS

With the end of the COVID-19, the Group expected our E-Commerce Business would pick up its growth in the coming years.

In recent years, mobile internet was widely used in PRC, with the sustainable growth in gross domestic product and the ongoing impacts from the pandemic, all of these have profoundly altered the consumption habits of citizens and driven their demand to online consumption. It is expected that there will be room to achieve sustainable growth in online retail market.

For our construction business in Hong Kong. The Group is facing the challenging business environment and vigorous competition, taking into account the Government of the Hong Kong Special Administrative Region's policy in increasing land supply and commitment to infrastructure investments, the Board is still confident with the Group's future development in its scale of operations due to its long established reputation, its listing status and healthy financial position.

The Group strive to maintain our comprehensive advantages in face of vigorous competition and complicated business environment, addressing the unexpected global challenges, realising growth in income and net profit continuously, and creating values for our shareholders incessantly. We will stay true to ourselves, keep our mission in mind, and take up social responsibility. We will lay solid foundation to foster regional economic development; we will make greater contribution to realise common prosperity in our country and society.

EMPLOYEES

The Group had 749 employees as at 30 September 2024. The Group offers competitive remuneration package that is based on overall market rates and employee performance, as well as performance of the Group. Remuneration package is comprised of salary, performance-based bonus, and other benefits including training.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's overall funding and treasury activities are currently managed and controlled by the Directors and senior management. The Directors and senior management will closely monitor the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding needs.

	As at 30 September 2024	As at 31 March 2024
Current ratio ¹	4.7 times	4.4 times
Gearing ratio (%) ²	2.2%	6.7%

Notes:

1. Current ratio is calculated based on the total current assets divided by the total current liabilities as at the respective period end.
2. Gearing ratio is calculated based on the payables incurred not in the ordinary course of business (being lease liabilities and bank borrowings) divided by total equity as at the respective period end and multiplied by 100%.

Current ratio increased from 4.4 as at 31 March 2024 to 4.7 as at 30 September 2024, as a result of increase in trade receivables and contract assets. Gearing ratio decreased from 6.7% as at 31 March 2024 to 2.2% as at 30 September 2024 due to decrease in bank borrowings during the Period.

As at 30 September 2024, the Group had cash and cash equivalents of approximately HK\$168.3 million (31 March 2024: approximately HK\$227.6 million). The Group expected to fund the future cash flow needs through internally generated cash flows from operations and bank facilities.

As at 30 September 2024, the capital structure of the Group consisted of equity of approximately HK\$503.2 million (31 March 2024: approximately HK\$479.5 million) and debts (lease liabilities and bank borrowings) of approximately HK\$11.1 million (31 March 2024: approximately HK\$32.2 million).

The Group adopts a prudent approach in cash management. Apart from certain debts including lease liabilities and bank borrowings, the Group did not have any material outstanding debts as at 30 September 2024. Payment to settle trade payable represented the significant part of the cash outflow of the Group. Taking into account the light debt leverage, the Group is able to generate cash and meet upcoming cash requirements. In any case, the Group may utilise its banking facilities of HK\$30.0 million, of which the unutilised and unrestricted banking facilities amounted to approximately HK\$20.0 million.

MARKET RISK

Market risk is the risk that affects the Group's profitability or its ability to meet business objectives.

The management of the Group manages and monitors these risks, like changes in government policies, changes in interest rate or inflation, to ensure appropriate measures are implemented on a timely and effective manner.

FOREIGN EXCHANGE EXPOSURE

The Group mainly operates in Hong Kong and the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the HK\$ and Renminbi (RMB). Foreign exchange risk arises from future commercial transactions and recognised financial assets and liabilities denominated in a currency that is not the respective functional currency of the subsidiaries. Currently, the Group has not used derivative financial instruments to hedge against its foreign currency risk. The Group manages foreign currency risk by closely monitoring the proportion of its non-Hong Kong dollars assets and liabilities.

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

There were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 30 September 2024.

CAPITAL COMMITMENTS

The Group had no capital commitments as at 30 September 2024.

CONTINGENT LIABILITIES

Save as disclosed in note 19 to the Financial Statements, the Group had no other contingent liabilities as at 30 September 2024.

CHARGES ON GROUP ASSETS

As at 30 September 2024, bank deposits of HK\$7.5 million were pledged to secure the banking facilities granted to the Group (31 March 2024: HK\$27.5 million).

DIVIDEND

The Directors did not recommend the payment of an interim dividend for the six months ended 30 September 2024 (corresponding period in 2023: NIL).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

No purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries during the six months ended 30 September 2024.

CORPORATE GOVERNANCE PRACTICES

The Company recognises the importance of maintaining a high standard of corporate governance with an aim to protect the interest of shareholders.

The Company has adopted the Corporate Governance Code contained in Appendix C1 (the "CG Code") of the Listing Rules. Upon the Listing and up to 30 September 2024, the Company complied with all applicable provisions of the CG Code except for the deviation as stated below:

Pursuant to C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company does not officially have chief executive. The role and function of chief executive have been performed by all the executive Directors collectively. The Board believes that the present arrangement is adequate to ensure an effective management and control of the Group's business operations. The Board will continue to review the effectiveness of the Group's structure as business continues to grow and develop in order to assess whether any changes, including the appointment of chief executive officer, is necessary.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers contained in Appendix C3 to the Listing Rules as its own code of conduct of dealings in securities of the Company by Directors (the “**Model Code**”). Upon specific enquiries of all the Directors, each of them confirmed that they have complied with the required standards set out in the Model Code during the period.

EVENT AFTER THE REPORTING PERIOD

On 29 October 2024, Magnificent Faith Limited, a controlling shareholder of the Company has entered into a conditional sale and purchase agreement with Zhongchuang Boli (Hong Kong) Company Limited, to dispose of 70,000,000 shares of the Company, representing 7% of the issued share capital of the Company. Magnificent Faith Limited is wholly-owned by Mr. Lo, an executive Director and chairman of the Board. For the details, please refer to the announcement of the Company dated 29 October 2024.

Save as the disclosure above, the Directors are not aware of any significant events requiring disclosure that has taken place subsequent to 30 September 2024 and up to the date of this interim results announcement.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information of Directors of the Company required to be disclosed are shown as follows:

Sr. Dr. Leung Tony Ka Tung was resigned as an independent non-executive Director, a member of each of the Audit Committee and Nomination Committee, and the chairman of the Remuneration Committee on 2 April 2024. Details of his resignation were disclosed in the Company’s announcement dated 2 April 2024.

Mr. Lai Yick Fung was appointed as an independent non-executive Director, a member of each of the Audit Committee and Nomination Committee, and the chairman of the Remuneration Committee on 2 April 2024. Details of his appointment were disclosed in the Company’s announcement dated 2 April 2024.

RELATED PARTY TRANSACTIONS

The material related party transactions entered into by the Group during the six months ended 30 September 2024 are set out in note 20 to the interim financial report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules from the Listing Date and up to the date of this interim results announcement.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**“) currently has three members comprising Ms. Chan Sze Man (Chairlady), Mr. Lai Yick Fung and Mr. Shum Ngok Wa, all being independent non-executive Directors. The primary duties of the Audit Committee are, among other things, to review and supervise the financial reporting process, risk management and internal control system of the Group, oversee the audit process and select external auditors and assess their independence and qualifications.

AUDIT COMMITTEE REVIEW

The accounting information given in this interim results announcement has not been audited by the Company’s external auditor but has been reviewed by the Audit Committee.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The results announcement is published on the Company’s website at www.chikanck.com and the Stock Exchange’s website at www.hkexnews.hk. The 2024 interim report will be despatched to shareholders and will also be published on the websites of both the Stock Exchange and the Company in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as its shareholders, business associates and other professional parties for their support throughout the Period.

By order of the Board
Chi Kan Holdings Limited
Lo Hon Kwong
Chairman and Executive Director

Hong Kong, 29 November 2024

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Lo Hon Kwong and Ms. Chan May Kiu; one non-executive Director, namely Mr. Chen Zhongzhou; and three independent non-executive Directors, namely Mr. Lai Yick Fung, Ms. Chan Sze Man and Mr. Shum Ngok Wa.