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CHONG KIN GROUP HOLDINGS LIMITED

創建集團（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1609)

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

The board (the “**Board**”) of directors (the “**Directors**”) of Chong Kin Group Holdings Limited (the “**Company**”) is pleased to present the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2023 (the “**Reporting Period**”) together with the comparative figures for the corresponding period in 2022.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2023

		Six months ended	
		30 September	
		2023	2022
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	6	221,523	245,974
Cost of services		<u>(195,332)</u>	<u>(211,111)</u>
Gross profit		26,191	34,863
Other income	7	104	5,346
Administrative and other operating expenses		(15,994)	(9,229)
Impairment losses of financial assets		(161)	(9,304)
Finance costs	8	<u>(76)</u>	<u>(159)</u>
Profit before taxation	9	10,064	21,517
Income tax expense	10	<u>(2,553)</u>	<u>(5,223)</u>
Profit for the period		<u>7,511</u>	<u>16,294</u>

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

		Six months ended	
		30 September	
		2023	2022
	<i>Note</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Profit for the period and profit attributable to owners of the Company		<u>7,511</u>	<u>16,294</u>
Other comprehensive income (expense) for the period, net of tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		<u>241</u>	<u>(250)</u>
Total comprehensive income for the period attributable to the owners of the Company		<u><u>7,752</u></u>	<u><u>16,044</u></u>
Earnings per share attributable to owners of the Company			
– Basic and diluted	11	<u><u>0.76</u></u>	<u><u>1.49</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

		As at 30 September 2023	As at 31 March 2023
	<i>Notes</i>	HK\$'000 (Unaudited)	HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	14	473	1,065
Right-of-use assets		1,982	3,682
Loan and interest receivables		3,900	3,900
Deferred tax assets		1,068	1,068
		7,423	9,715
CURRENT ASSETS			
Loan and interest receivables		130,293	143,374
Trade and other receivables	15	213,090	300,193
Contract assets		91,985	79,438
Bank and cash balances		60,121	203,498
		495,489	726,503
Assets classified as held for sale	13	291,358	–
		786,847	726,503
CURRENT LIABILITIES			
Trade and other payables	16	111,854	110,437
Contract liabilities		27,275	4,823
Lease liabilities		2,148	3,624
Current income tax liabilities		11,033	12,865
		152,310	131,749
Liabilities associated with assets classified as held for sale	13	30,049	–
		182,359	131,749
NET CURRENT ASSETS		604,488	594,754
TOTAL ASSETS LESS CURRENT LIABILITIES		611,911	604,469

		As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
NON-CURRENT LIABILITY			
Lease liabilities		—	310
NET ASSETS		611,911	604,159
CAPITAL AND RESERVES			
Equity attributable to owners of the Company			
Share capital	17	10,954	10,954
Reserves		600,957	593,205
TOTAL EQUITY		611,911	604,159

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 31 May 2016 as an exempted company with limited liability and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited on 17 October 2016. The address of the registered office of the Company is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands and the principal place of business of the Company is Room 6808, 68th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

The principal activities of the Company and its subsidiaries (the “**Group**”) are (i) provision of concrete placing and other ancillary services as a subcontractor for both public and private sector projects, including building and infrastructure related projects; and (ii) provision of loan finance business in Hong Kong.

Its parent and ultimate holding company is Prestige Rich Holdings Limited (“**Prestige Rich**”), a company incorporated in the British Virgin Islands, Mr. Zhang Jinbing (“**Mr. Zhang**”) is the owner and sole director of Prestige Rich. As at 30 September 2023, the directors consider the ultimate controlling shareholder of the Company to be Mr. Zhang.

2 BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 September 2023 have been prepared in accordance with the Hong Kong Accounting Standard (“**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 condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2023.

The condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), unless otherwise stated. The condensed consolidated financial statements were approved for issue by the Board of Directors on 23 November 2023.

The accounting policies adopted in preparation of condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 March 2023, except for the adoption of new standards effective as of 1 April 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time during the six months ended 30 September 2023, but do not have an impact on the condensed consolidated financial statements of the Group. Details of any changes in accounting policies are set out in note 3.

3 ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

HKFRS 17	Insurance Contracts
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

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim results announcement. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 FINANCIAL RISK MANAGEMENT

The Group's activities exposed it to a variety of financial risks: interest rate risk, credit risk and liquidity risk.

The condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2023.

There have been no changes in the risk management policies since year end.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2023.

6 REVENUE AND SEGMENT INFORMATION

Revenue

(i) Analysis of revenue

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Concrete placing services and other ancillary services	<u>218,377</u>	<u>242,220</u>
Revenue from contracts with customers	218,377	242,220
Loan interest income	<u>3,146</u>	<u>3,754</u>
Total revenue	<u>221,523</u>	<u>245,974</u>

(ii) *Disaggregation of revenue from contracts with customers*

Segment	Six months ended 30 September 2023		Six months ended 30 September 2022	
	Concrete placing HK\$'000	Total HK\$'000	Concrete placing HK\$'000	Total HK\$'000
Geographical markets				
Hong Kong	218,377	218,377	242,220	242,220
Total	<u>218,377</u>	<u>218,377</u>	<u>242,220</u>	<u>242,220</u>
Major products/service				
Concrete placing services and other ancillary services	218,377	218,377	242,220	242,220
Total	<u>218,377</u>	<u>218,377</u>	<u>242,220</u>	<u>242,220</u>
Timing of revenue recognition				
At a point in time	–	–	–	–
Over time	218,377	218,377	242,220	242,220
Total	<u>218,377</u>	<u>218,377</u>	<u>242,220</u>	<u>242,220</u>

Concrete placing services and other ancillary services

Revenue from the provision of construction services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services. A certain percentage of payments is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

Segment information

Information reported to the chief executive of the Company, being the chief operating decision maker ("CODM") of the Group, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

For both the six months ended 30 September 2023 and 2022, the Group's operating and reportable segments were: (i) provision of concrete placing services and other ancillary services in Hong Kong ("**Concrete Placing**"); and (ii) provision of loan finance in Hong Kong ("**Loan finance**"). The CODM considers the Group has two operating and reportable segments which are based on the internal organisation and reporting structure. This was the basis upon which the Group was organised.

(i) *Segment revenue and results*

An analysis of the Group's revenue and results by operating and reportable segments is as follows:

	Concrete placing HK\$'000	Loan finance HK\$'000	Total HK\$'000
For the six months ended			
30 September 2023 (Unaudited)			
Revenue from external customers	<u>218,377</u>	<u>3,146</u>	<u>221,523</u>
Segment profit	<u>20,042</u>	<u>3,146</u>	23,188
Unallocated other income			30
Unallocated expenses			(13,078)
Finance costs			<u>(76)</u>
Profit before taxation			<u>10,064</u>
	Concrete placing HK\$'000	Loan finance HK\$'000	Total HK\$'000
For the six months ended			
30 September 2022 (Unaudited)			
Revenue from external customers	<u>242,220</u>	<u>3,754</u>	<u>245,974</u>
Segment profit	<u>28,125</u>	<u>3,754</u>	31,879
Unallocated other income			5,346
Unallocated expenses			(6,245)
Impairment losses			(9,304)
Finance costs			<u>(159)</u>
Profit before taxation			<u>21,517</u>

Segment revenue represents the revenue derived by each segment from external customers. There was no revenue derived from transactions with other operating segments of the Group.

Segment profit represents the profit earned by each segment without allocation of certain administrative and other operating expenses, other income, impairment losses, finance costs, unallocated income and expenses. This is the measure reported to CODM for the purpose of resource allocation and performance assessment.

All the segment revenue reported above is from external customers.

(ii) *Segment assets and liabilities*

An analysis of the Group's assets and liabilities by operating and reportable segment is as follows:

	Concrete placing HK\$'000	Loan finance HK\$'000	Total HK\$'000
For the six months ended			
30 September 2023 (Unaudited)			
ASSETS			
Segment assets	<u>360,761</u>	<u>136,896</u>	497,657
Assets classified as held for sale			291,358
Unallocated corporate assets			<u>5,255</u>
Consolidated total assets			<u>794,270</u>
LIABILITIES			
Segment liabilities	<u>115,652</u>	<u>438</u>	116,090
Liabilities associated with assets classified as held for sale			30,049
Unallocated corporate liabilities			<u>36,220</u>
Consolidated total liabilities			<u>182,359</u>
	Concrete placing HK\$'000	Loan finance HK\$'000	Total HK\$'000
For the year ended			
31 March 2023 (Audited)			
ASSETS			
Segment assets	<u>252,190</u>	<u>183,508</u>	435,698
Unallocated corporate assets			<u>300,520</u>
Consolidated total assets			<u>736,218</u>
LIABILITIES			
Segment liabilities	<u>63,351</u>	<u>330</u>	63,681
Unallocated corporate liabilities			<u>68,378</u>
Consolidated total liabilities			<u>132,059</u>

7 OTHER INCOME

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	81	69
Government grants (<i>Note</i>)	–	4,620
Gain on disposal of financial assets	–	657
Others	23	–
	<u>104</u>	<u>5,346</u>

Note: During the six months ended 30 September 2022, the Group recognised government grants in respect of COVID-19-related subsidies, which relates to Employment Support Scheme provided by the Hong Kong Government.

8 FINANCE COSTS

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on lease liabilities	<u>76</u>	<u>159</u>

9 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	259	481
Depreciation of right-of-use assets	1,700	1,940
Impairment losses of financial assets:		
– Impairment of trade and other receivables	161	9,304
Staff costs, including directors' remuneration	<u>103,785</u>	<u>77,961</u>

10 INCOME TAX EXPENSE

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualified group entity in Hong Kong are taxed at 8.25%, and profits above HK\$2 million are taxed at 16.5%. The profits of the other group entities in Hong Kong are taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved in the implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for both periods.

Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction.

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax – Hong Kong Profits Tax		
Provision for the period	2,553	5,223
Deferred taxation	–	–
	<hr/>	<hr/>
Income tax expense	<u>2,553</u>	<u>5,223</u>

11 EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic and diluted earnings per share is based on the following data:

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company	<u>7,511</u>	<u>16,294</u>

	Number of shares	
	Six months ended	
	30 September	
	2023	2022
	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	<u>993,415</u>	<u>1,095,388</u>

12 DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 September 2023 (30 September 2022: Nil).

13 CLASSIFIED AS HELD FOR SALE

On 15 September 2023, the resolution in relation to each share of the Company (“Share”) bought-back being exchanged for one adjusted share of Kingdom Honour Holdings Limited (“Kingdom”), a wholly-owned subsidiary of the Company, under the conditional securities exchange offer by a financial advisor of the Company on behalf of the Company to buy-back up to 120,000,000 Shares for cancellation on the terms and conditions, which were set out in the offer document dated 24 August 2023 (“Buy-back Offer”), was duly passed by the independent shareholders by way of poll at the extraordinary general meeting. On 29 September 2023, the closing date of the Buy-back Offer, the Company has received approximately 105.5% of the maximum number of Shares to be bought-back by the Company under the Buy-back Offer, total 119,999,994 out of 120,000,000 shares of Kingdom (i.e. approximately 100% of entire issued share capital of Kingdom) would be disposed in return of 119,999,994 shares of the Company being bought back for cancellation. On 11 October 2023, the Buy-back Offer was completed, the approximately 100% of shareholding in Kingdom was in effect disposed of by the Company to the shareholders who accepted the Buy-back Offer.

The major classes of assets and liabilities of Kingdom and its subsidiary classified as held for sale are as follows:

	30 September 2023 HK\$'000 (Unaudited)
Property, plant and equipment	363
Trade and other receivables	135,478
Bank and cash balances	155,517
	<hr/>
Total assets classified as held for sale	291,358
	<hr/> <hr/>
Trade and other payables	(30,049)
	<hr/>
Total liabilities classified as held for sale	(30,049)
	<hr/> <hr/>

Cumulative amount of approximately HK\$20,000 related to disposal group classified as held for sale has been recognized in other comprehensive expense and included in equity.

14 PROPERTY, PLANT AND EQUIPMENT

During the reporting period, the Group acquired approximately HK\$30,000 of property, plant and equipment (30 September 2022: HK\$63,000) but did not dispose any property, plant and equipment (30 September 2022: Nil).

15 TRADE AND OTHER RECEIVABLES

	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
Trade receivables	170,781	137,680
Retention receivables	42,363	30,648
Provision for loss allowance	(6,633)	(6,472)
	<hr/>	<hr/>
Trade receivables, net	206,511	161,856
	<hr/>	<hr/>
Other receivables, deposits and prepayments	6,579	166,412
Provision for loss allowance	–	(28,075)
	<hr/>	<hr/>
Other receivables, deposits and prepayments, net	6,579	138,337
	<hr/>	<hr/>
Total trade and other receivables	213,090	300,193
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (a) Credit terms granted to customers vary from contract to contract. The credit period granted to customers is 0 to 45 days from payment application date generally.
- (b) The ageing analysis of trade receivables based on the invoice date and net of loss allowance, is as follows:

	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
0–90 days	126,651	94,520
91–180 days	40,869	23,574
181–365 days	32,931	29,718
Over 1 year	6,060	14,044
	<hr/>	<hr/>
	206,511	161,856
	<hr/> <hr/>	<hr/> <hr/>

16 TRADE AND OTHER PAYABLES

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Trade payables	68,171	39,976
Accruals and other payables	43,683	70,461
	<u>111,854</u>	<u>110,437</u>

Note: The ageing analysis of trade payables based on the date of receipt of goods, is as follows:

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
0–90 days	45,523	19,777
91–180 days	19,037	5,549
181–365 days	2,095	14,650
Over 1 year	1,516	–
	<u>68,171</u>	<u>39,976</u>

17 SHARE CAPITAL

	Number of ordinary shares	Nominal amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised: At 1 April 2022, 1 April 2023 and 30 September 2023	2,000,000,000	20,000
Issued and fully paid: At 1 April 2022 (Audited), 31 March 2023 (Audited), 1 April 2023 (Audited) and 30 September 2023 (Unaudited)	1,095,388,000	10,954

Note:

- (i) All the shares issued ranked *pari passu* in all respects with the then existing shares in issue.

18 RELATED PARTY TRANSACTIONS

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

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

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries, allowances and other benefits	<u>780</u>	<u>780</u>

19 CONTINGENT LIABILITIES

The Group, in the ordinary course of its business, is involved in various claims, suits, investigations, and legal proceedings that arise from time to time. Although the Group does not expect that the outcome in any of these legal proceedings, individually or collectively, will have a material adverse effect on its financial position or results of operations, litigation is inherently unpredictable. Therefore, the Group could incur judgements or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period.

20 EVENTS AFTER THE END OF THE REPORTING PERIOD

Subsequent to the end of the reporting period, on 21 November 2023, the Company entered into a sales and purchase agreement (“**Agreement**”) with a related company indirectly wholly-owned by Mr. Zhang as a vendor (“**Vendor**”), and Mr. Zhang as a guarantor (“**Guarantor**”), pursuant to which the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell, 59% equity interest in Guangzhou Xiangjing Cemetery Company Limited* (廣州市祥景陵園有限公司), a wholly foreign owned enterprise established under the laws of the PRC and is indirectly wholly-owned by the Guarantor, at a consideration of HK\$142,407,107 (“**Acquisition**”). The consideration shall be satisfied by the Company partly in cash and partly by the assignment of loan to the Vendor. Details of the transaction are set out in the Company’s announcement dated 21 November 2023. The Acquisition is not completed as at the date of this announcement.

* *For identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the six months ended 30 September 2023 (the “**1H2023**”, “**Reporting Period**”), Chong Kin Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”, “**we**”, “**us**”) is principally engaged in operating segments as follows: (i) provision of concrete placing and other ancillary services (the “**Concrete Placing**”) as a subcontractor for both public and private sector projects, including building and infrastructure related projects (“**Concrete Placing Business**”); (ii) provision of loan finance business in Hong Kong (“**Loan finance**”).

During 1H2023, the Group continued to operate the Concrete Placing Business under a more efficient streamlined mode of operation to manage the profit margin, in a way of adopting a more asset-light strategy, by means of adjusting manpower and leasing of machineries according to the progress of the construction projects, to cater for the Concrete Placing Business of the Group.

As of 30 September 2023, Chong Kin Construction Engineering Limited, an indirect wholly-owned subsidiary of the Company engaging in Concrete Placing Business, has been awarded 30 construction projects (which include 14 projects in the public sector), with total contract sum of approximately HK\$1.4 billion, of which 27 projects have been commenced the construction work and generated revenue during the Reporting Period. After the end of the Reporting Period and up to the date of this announcement, the Group has been further awarded 2 construction projects with aggregate contract sum of approximately HK\$16.2 million, and it is expected that project will start generating revenue for the Group in next half of the financial year.

As at the date of this announcement, the Group had also submitted tenders for 9 construction projects. The Group has been also in active discussions with various main contractors with a view to entering into more construction projects in the foreseeable future. The Group will continue to utilise its resources to actively provide concrete-related work to the public and private sectors in Hong Kong. The Group will also explore opportunities to expand value-added services for other concrete-related projects and continue to optimise the operating model of the Group’s Concrete Placing Business.

FINANCIAL REVIEW

Revenue

The revenue of the Group for the Reporting Period decreased by 10.0% to approximately HK\$221.5 million, compared to approximately HK\$246.0 million for the six months period 30 September 2022 (the “**Previous Period**”). The decrease in revenue was mainly due to decrease in revenue from Concrete Placing services segment.

The revenue from the Concrete Placing service segment was approximately HK\$218.4 million for the Reporting Period, compared to that of approximately HK\$242.2 million for the Previous Period, representing a decrease of 9.8%. The decrease in revenue was due to decrease in both amount and number of new projects as compared with Previous Period.

Gross Profit and Gross Profit Margin

The overall gross profit of the Group for the Reporting Period was approximately HK\$26.2 million compared to that of approximately gross profit of HK\$34.9 million for the Previous Period. The gross profit margin for the Reporting Period was approximately 11.8%, as compared to gross profit margin of 14.2% for the Previous Period.

Other Income

Other income mainly comprises government grants. During the Reporting Period, other income amounted to approximately HK\$0.1 million as compared to approximately HK\$5.3 million for the Previous Period. The decrease in other income was mainly due to decrease in government grants and subsidies.

Administrative and Other Operating Expenses

The administrative and other operating expenses of the Group for the Reporting Period increased by 73.9% to approximately HK\$16.0 million compared to that of approximately HK\$9.2 million for the Previous Period. The administrative and other operating expenses comprised mainly employee related costs, including the salaries of directors and staffs, employer’s contributions for social insurance and pension funds and employment related expenditure, legal and professional fees, and depreciations of property, plant and equipment and right-of-use assets. The increase in administrative and other operating expenses was mainly due to increase in legal and professional fees, entertainment and travelling expenses of approximately HK\$6 million in the Reporting Period as compared to the Previous Period.

Impairment Losses of Financial Assets

Impairment losses of financial assets was mainly attributable from trade and other receivables, which decreased by 97.8% from approximately HK\$9.3 million for the Previous Period to approximately HK\$0.2 million for the Reporting Period. A credit rating analysis of the underlying debtors and borrowers was adopted by reviewing the historical default rates, past-due status and ageing information of the grouped debtors and borrowers and the forward-looking information of the Group's receivables at the end of the Reporting Period.

Finance Costs

Finance costs of the Group for the Reporting Period remained steady with approximately HK\$0.1 million for both Reporting Period and Previous Period. The finance costs mainly comprised of interest on lease liabilities.

Income Tax Expense

Income tax expenses primarily consist of current income tax from Hong Kong subsidiaries.

Income tax expense of the Group for the Reporting Period amounting to approximately HK\$2.6 million compared to that of income tax expenses approximately HK\$5.2 million for the Previous Period.

Profit for the Period

As a combined result of the factors discussed above, the Group's net profit for the period for the Reporting Period was approximately HK\$7.5 million as compared to a net profit for the period of approximately HK\$16.3 million for the Previous Period.

Interim Dividend

The Board was resolved not to declare an interim dividend for the six months ended 30 September 2023 (Previous Period: Nil).

PROSPECTS

Looking ahead, though the global economy was still severely hindered by the continuous outbreak of COVID-19 epidemic, the business activities were put to a halt or significantly slowed down globally, however, with the projects of Lantau Tomorrow Vision and North West New Territories – Development Proposals for Hung Shui Kiu by the Government of the Hong Kong Special Administrative Region coming through, the management is hopeful that Hong Kong economy will resume its upward momentum. The management will continue to adhere to the strategy of focusing on construction projects to maintain the profit margin to safeguard on our shareholders' interests. The management remains confident to remain resilient in the construction industry as we are well-positioned in the market.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity, Financial Resources and Capital Structure

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

As at 30 September 2023, the Group had cash and cash equivalents amounted to approximately HK\$60.1 million (31 March 2023: HK\$203.5 million).

As at 30 September 2023, the Group had loan and interest receivables amounting to approximately HK\$130.3 million (31 March 2023: HK\$143.4 million).

The Group had no borrowings as at 30 September 2023 (31 March 2023: Nil).

The approach of the Board to manage liquidity is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation.

Gearing Ratio

Gearing ratio is calculated by dividing all interest-bearing debts by total equity at the period end date and expressed as a percentage, interest-bearing debts are defined to include borrowings and payables not incurred in the ordinary course of business. The gearing ratio of the Group as at 30 September 2023 was 0.4% (31 March 2023: 0.7%).

Pledge of Assets

As at 30 September 2023 and 31 March 2023, the Group had no pledge assets.

Capital Expenditure

The Group's capital expenditures principally consist of expenditures on property, plant and equipment.

During the Reporting Period, the Group incurred capital expenditures of approximately HK\$30,000.

Capital Commitments

The Group had no other capital commitments as at 30 September 2023 and 31 March 2023.

FOREIGN EXCHANGE RISK

The functional currency of the Company and the presentation currency of the consolidated financial statements of the Company are in Hong Kong Dollars. The income and expenses, assets and liabilities of the Company and its subsidiaries which denominated in currencies other than the functional currency are converted into HK\$ for financial reporting purpose. Fluctuations in exchange rates may have an impact on the Group's financial position and results. The Group monitors the exposure to fluctuations in exchange rates and takes appropriate measures to mitigate and manage the risk on a timely and effective manner. The Group did not engage in any derivative activities and did not commit to any financial instruments to hedge its statement of financial position exposure to fluctuations in exchange rates as at 30 September 2023.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2023, the Group had 556 employees (31 March 2023: 441) situated mainly in Hong Kong. The related staff costs including directors' emoluments for the Reporting Period amounted to approximately HK\$103.8 million (Previous Period: HK\$78.0 million).

The Group offers its employees competitive salary packages, as well as contribution to defined retirement plans, the employees are remunerated in line with the prevailing market terms and individual performance, with the remuneration package and policies reviewed on a regular basis. Discretionary bonuses may be rewarded to employees after assessment of the performance of the Group and that of the individual employee.

The emoluments of the Directors and senior management have been reviewed by the remuneration committee of the Company, having regard to the Company's operating results and individual performance and subject to the approval by the Board.

LEGAL PROCEEDINGS

There are small claims and legal proceedings for or against several subsidiaries of the Company in relation to the ordinary course of its business, the relevant amounts are duly considered and the Group does not expect that the outcome in these legal proceedings, individually or collectively, will have a material adverse effect on its financial position or results of operations.

Save as disclosed above, the Group have no significant legal proceedings.

UPDATE ON THE LISTING STATUS

Trading in the shares (the "Shares") of the Company on The Stock Exchange of Hong Kong Limited ("The Stock Exchange") has been suspended since 13 May 2022.

On 4 June 2021, the Company received a letter from The Stock Exchange in relation to its decision (the “**Decision**”) on Rule 14.06B of the Rules Governing the Listing of Securities on The Stock Exchange (the “**Listing Rules**”) Listing Rules, under which The Stock Exchange considered that the Company’s principal business had been changed to the provision of logistics related services including new energy vehicle sales and leasing, road freight transportation and the provision of finance leasing services of its new energy vehicles (the “**NEV and Logistics and Finance Leasing Business**”) after the disposal of Chong Kin Group Limited by the Company to the former controlling shareholder of the Company in January 2021 (the “**Disposal**”), and all of which took place within 27 months. Further, the NEV and Logistics and Finance Leasing Business did not meet the new listing requirements under Rule 8.05 of the Listing Rules. The Stock Exchange considered that the Disposal was part of a series of transactions and arrangements which constituted an attempt to achieve the listing of the NEV and Logistics and Finance Leasing Business and a means to circumvent the new listing requirements under Chapter 8 of the Listing Rules. Therefore, the Disposal, the acquisitions of the NEV and Logistics and Finance Leasing Business by the Company in October 2018 and April 2019 (collectively, the “**Previous Acquisitions**”) and the related acquisition of a total of 1,847 new energy vehicles in December 2018 should be treated as if they were one transaction and constitute a reverse takeover under Rule 14.06 of the Listing Rules. The Company had sought a review of the Decision from the Listing Committee.

On 3 September 2021, the Company received the decision (the “**Listing Committee’s Decision**”) of the Listing Committee upholding the Decision and that the Listing Committee arrived at the decision that the Disposal and the Previous Acquisitions should be treated as if they were one transaction and constituted a reverse takeover under Rule 14.06B of the Listing Rules. The Company had sought a review of the Listing Committee’s Decision from the Listing Review Committee.

On 1 December 2021, the Company received a letter from the Listing Review Committee setting out its decision that the Listing Review Committee decided that the Company’s situation was materially different from its position at the time of the Listing Committee’s Decision and that it would be appropriate to first have a considered decision of the Listing Committee in respect of the changed circumstances, before the Listing Review Committee makes any conclusive and binding decision on its review. The Listing Review Committee therefore exercised its discretion to remit the matter back to the Listing Committee for a rehearing (the “**Rehearing**”) on an expedited basis.

On 14 February 2022, the Company received the decision of the Listing Committee (the “**LC Rehearing Decision**”) upholding the Decision and that the Listing Committee arrived at the decision that the Disposal and the Previous Acquisitions of the NEV and Logistics and Finance Leasing Business should be treated as if they were one transaction and constituted a reverse takeover under Rule 14.06B of the Listing Rules. The Company had sought a review of the LC Rehearing Decision from the Listing Review Committee.

On 12 May 2022, the Company received a letter that the Listing Review Committee decided to uphold the LC Rehearing Decision and to suspend trading in the Shares under Rule 6.01(4) of the Listing Rules (the “**LRC Decision**”). The Company had sought leave from the Court of First Instance of the High Court of Hong Kong (the “**High Court**”) for a judicial review (the “**Application**”) of the LRC Decision.

On 16 May 2022, the High Court dismissed the Application by the Company.

On 2 June 2022, the Company received a letter from The Stock Exchange, setting out the guidance for the resumption of trading in the shares of the Company (the “**Resumption Guidance**”) as follows:

- (i) to comply with the requirements under Rule 14.54 of the Listing Rules; and
- (ii) to announce all material information for the Company’s shareholders and investors to appraise the Company’s position.

On 21 November 2023, the Company as purchaser, 廣州聯成文化科技有限公司, in English for identification purpose only, Guangzhou Liancheng Culture and Technology Limited (“**Guangzhou Liancheng**”), a wholly foreign owned enterprise established under the laws of the PRC and is indirectly wholly-owned by Mr. Zhang Jinbing as vendor and Mr. Zhang as guarantor of Guangzhou Liancheng entered into the sale and purchase agreement dated 21 November 2023, pursuant to which, the Company has conditionally agreed to acquire (the “**Acquisition**”), and Guangzhou Liancheng has conditionally agreed to sell, 59% equity interest in 廣州市祥景陵園有限公司, in English for identification purpose only, Guangzhou Xiangjing Cemetery Company Limited (“**Guangzhou Xiangjing**”). The consideration for the Acquisition is HK\$142,407,107, which shall be satisfied by the Company partly in cash and partly by the assignment of loan receivables to Guangzhou Liancheng. The financial results of Guangzhou Xiangjing will be consolidated into the financial statements of the Group upon completion (the “**Completion**”) of the Acquisition. Guangzhou Xiangjing is principally engaged in the provision of burial services in Guangzhou, the PRC.

The Acquisition constitutes a very substantial acquisition and connected transaction for the Company under Chapter 14 and Chapter 14A respectively of the Listing Rules. The Acquisition also constitutes a reverse takeover for the Company under Rule 14.06(6) of the Listing Rules. Accordingly, the Company will be treated as if it were a new listing applicant under Rule 14.54 of the Listing Rules and the Acquisition is therefore subject to the approval by the Listing Committee of the Stock Exchange of the new listing application (the “**Application**”) as contemplated under the Acquisition to be made by the Company. Guangzhou Xiangjing must meet the requirements of Rules 8.04 and 8.05 of the Listing Rules, and the Group and Guangzhou Xiangjing, that is, the enlarged Group upon Completion, must meet all the new listing requirements set out in Chapter 8 of the Listing Rules. The Application is being finalised, and is expected to be submitted as soon as practicable with a target time frame in December 2023.

At the direction of The Stock Exchange, trading in the Shares has been suspended with effect from 9:00 a.m. on 13 May 2022. For details, please refer to the announcements of the Company dated 7 June 2021, 5 September 2021, 2 December 2021, 14 February 2022, 13 May 2022, 17 May 2022, 2 June 2022, 12 August 2022, 11 November 2022, 13 February 2023, 15 May 2023, 15 August 2023 and 21 November 2023.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures during the Reporting Period.

SIGNIFICANT INVESTMENTS

The Group did not hold any significant investments during the Reporting Period.

CONTINGENT LIABILITIES

Save as disclosed in the section headed “Legal Proceedings”, the Group had no material contingent liabilities as at 30 September 2023 (31 March 2023: Nil).

USE OF NET PROCEEDS FROM THE SUBSCRIPTION OF NEW SHARES

Reference is made to the announcement of the Company dated 7 December 2020 relating to the subscription of new ordinary shares of HK\$0.01 each (the “**Share**”) of the Company, the Company and no less than six subscribers (the “**Subscribers A**”) entered into the subscription agreements, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers A have conditionally agreed to subscribe for an aggregate of 109,726,000 new Shares of the Company under general mandate (the “**Subscription I**”) at the subscription price of HK\$2.3 per Share. The net proceeds of Subscription I after deduction of professional fees and other related expenses (“**Net Proceeds**”) were approximately HK\$252.22 million. On such basis, the net price of each Share under Subscription I is approximately HK\$2.299.

Reference is also made to the announcement of the Company dated 26 April 2021 and 30 April 2021 relating to the subscription of Share of the Company under general mandate (the “**Subscription II**”). The Company and 10 independent subscribers (the “**Subscribers B**”), entered into the subscription agreements, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers B have conditionally agreed to subscribe for 45,490,000 new shares of the Company at the subscription price of HK\$5.80 per Share. As at 31 March 2022, 7,902,000 new shares have been issued under the Subscription II, the Net Proceeds from the Subscription II were approximately HK\$45.8 million, on such basis, the net price of each Share is approximately HK\$5.80.

As disclosed in the announcement of the Company dated 17 December 2021, following the termination of the sale and purchase agreement dated 26 November 2021 for the acquisition of a land parcel in Grenada (the “**Termination**”), the overall plan on the intended use of proceeds from Subscription I and Subscription II has been updated on 17 December 2021 (“**Updated UOP Plan**”). The proceeds from Subscription II has been fully utilised as of 30 September 2022.

The net proceeds of Subscription I applied by the Group during the period from the completion date up to 30 September 2023:

	Originally planned use of proceeds <i>HK\$'000</i>	Actual use of proceeds before the Update UOP Plan <i>HK\$'000</i>	Refund from Termination <i>HK\$'000</i>	Updated UOP Plan <i>HK\$'000</i>	Actual use of proceed after the Updated UOP Plan <i>HK\$'000</i>	Unused amount <i>HK\$'000</i>	Expected timeline for utilising the remaining net proceeds <i>(Note)</i>
Subscription I							
Land project in Grenada	227,000	(182,830)	156,000	(200,170)	–	–	
Concrete Placing Business	–	–	–	120,000	(17,562)	102,438	Not applicable since 11 October 2023
Loan Finance Business	–	–	–	60,000	(26,608)	33,392	Not applicable since 11 October 2023
General working capital	25,220	(25,220)	–	20,170	–	20,170	Not applicable since 11 October 2023
Sub-total	<u>252,220</u>	<u>(208,050)</u>	<u>156,000</u>	<u>–</u>	<u>(44,170)</u>	<u>156,000</u>	

Note: As announced by the Company on 28 April 2023, the Company proposed the Buy-back Offer which involve, among others, the possible disposal of the entire issued share capital of Kingdom Honour Holdings Limited (“**Kingdom**”). As announced by the Company on 29 September 2023, total 119,999,994 out of 120,000,000 shares of Kingdom (i.e. approximately 100% of entire issued share capital of Kingdom) would be disposed in return of 119,999,994 shares of the Company being bought back for cancellation, the completion of the Buy-back Offer has been taken place on 11 October 2023, the date which Kingdom cease to be a subsidiary of the Company. In the event that Kingdom ceases to be a subsidiary of the Company, the Group will no longer receive the refund from the Termination and accordingly the unused amount of the Updated UOP Plan will no longer be applicable.

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

During the Reporting Period, neither the Company, nor any of its subsidiaries repurchased, redeemed or sold any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

DIRECTOR'S INTERESTS IN COMPETING BUSINESS

During the Reporting Period and up to the date of this announcement, the Directors confirm that none of the controlling shareholders of the Company or the Directors and their respective close associates (as defined in the Listing Rules) is interested in any business which competes or is likely to compete, directly or indirectly, with the Group's business apart from the business operated by the Group.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

It is the belief of the Board that good corporate governance plays a vital part in maintaining the success of the Company. The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value accountability. The Company has complied with the applicable code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules save and except for Code Provision A.2.1 throughout the Reporting Period.

AUDIT COMMITTEE

The Company established the audit committee (the "**Audit Committee**") with terms of reference in compliance with Rules 13.21 of the Listing Rules and code provision C.3 of the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee is to serve as a focal point for communication among the Directors, the external auditors and the management relate to financial reporting, risk management, internal controls and auditing. The Audit Committee also assists the Board in fulfilling its responsibilities by providing an independent review of the financial reports, ensuring the effectiveness of the Company's internal control and risk management system. The Audit Committee currently comprises three independent non-executive Directors with Mr. Tam Ping Kuen Daniel as the chairman and the other members are Ms. Chen Weijie and Mr. Zhao Hangen.

REVIEW OF THE INTERIM FINANCIAL RESULTS

The interim financial results of the Group for the Reporting Period are unaudited but have been reviewed and approved by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules, and adequate disclosures have been made.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement is available for viewing on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.chongkin.com.hk). The interim report of the Company for the Reporting Period containing all information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board
Chong Kin Group Holdings Limited
Zhang Jinbing
Chairman

Hong Kong, 23 November 2023

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Zhang Jinbing and Mr. Leung Chi Kwong Joe; and three independent non-executive Directors, namely Mr. Tam Ping Kuen Daniel, Ms. Chen Weijie and Mr. Zhao Hangen.