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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)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2024

FINANCIAL RESULTS

The board of Directors (the “**Board**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 March 2024 together with the comparative audited figures for the year ended 31 March 2023, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (restated)
Revenue	4	896,689	708,782
Cost of revenue		(820,107)	(637,437)
Gross profit		76,582	71,345
Other income and gains or losses, net	5	1,629	1,635
Administrative and other operating expenses		(53,384)	(52,624)
Expected credit loss on financial assets, net		(200)	(1,353)
Finance costs	7	(11,648)	(6,333)
Share of results of an associate		522	1,521
Profit before income tax	6	13,501	14,191
Income tax	8	(2,809)	(2,632)
Profit for the year		10,692	11,559
Other comprehensive income			
<i>Item that will not be reclassified to profit or loss:</i>			
— Remeasurements of provision for long service payments		21	—
Other comprehensive income for the year		21	—
Total comprehensive income for the year		10,713	11,559
Earnings per share:			
— Basic and Diluted (HK cents)	10	1.06	1.14

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i> (restated)
Non-current assets			
Property, plant and equipment		32,078	34,356
Intangible asset		790	790
Interest in an associate		14,726	14,204
Financial assets at fair value through profit or loss		24,226	26,403
Rental deposits	<i>11</i>	223	262
Deferred tax assets		165	387
		<hr/>	<hr/>
Total non-current assets		72,208	76,402
Current assets			
Trade and other receivables	<i>11</i>	78,205	94,334
Contract assets		355,879	323,011
Amount due from an associate		6,564	6,404
Financial asset at fair value through profit or loss		–	368
Pledged bank deposits		25,000	25,000
Bank balances and cash		43,006	57,000
		<hr/>	<hr/>
Total current assets		508,654	506,117
Current liabilities			
Trade and other payables	<i>12</i>	274,631	313,472
Contract liabilities		11,576	11,676
Lease liabilities		1,277	1,731
Bank borrowings, secured		164,157	136,834
Provision of taxation		765	130
		<hr/>	<hr/>
Total current liabilities		452,406	463,843
Net current assets		<hr/> 56,248 <hr/>	<hr/> 42,274 <hr/>
Total assets less current liabilities		<hr/> 128,456 <hr/>	<hr/> 118,676 <hr/>

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000 (restated)
Non-current liabilities			
Provision for long service payments	<i>12</i>	717	655
Lease liabilities		731	1,726
		<hr/>	<hr/>
Total non-current liabilities		1,448	2,381
		<hr/>	<hr/>
Net assets		127,008	116,295
		<hr/> <hr/>	<hr/> <hr/>
Capital and reserves			
Share capital	<i>13</i>	10,130	10,130
Reserves		116,878	106,165
		<hr/>	<hr/>
Total equity		127,008	116,295
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2024

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 “**Construction Works**”).

The directors of the Company consider the Company’s ultimate parent is JT Glory Limited, a company incorporated in the British Virgin Islands (“**BVI**”).

2. CHANGES IN ACCOUNTING POLICIES

(a) Adoption of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”)

The Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) has issued a number of new and 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

Apart from the below, none of these new and amendments to HKFRSs has a material impact on the Group’s financial performance and financial position for the current or prior period and/or on the disclosures set out in these consolidated financial statements. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

*Impacts on application of HKFRS 17 (including the October 2020 and February 2022 Amendments) Insurance Contracts (“**HKFRS 17**”)*

The Group has applied the new standard and the relevant amendments for the first time in the current year.

HKFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes HKFRS 4 Insurance Contracts.

HKFRS 17 defines an insurance contract as a contract under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

Certain contracts entered into by the Group, e.g. surety bonds, meet the definition of insurance contracts under HKFRS 17. However, these contracts are specifically scoped out from HKFRS 17 and the Group continues to account for these contracts under relevant accounting standards. Therefore, the application of HKFRS 17 in the current year had no material impact on the consolidated financial statements.

Disclosure of Accounting Policies — Amendments to HKAS 1 and HKFRS Practice Statement 2

The amendments to HKAS 1 and HKFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group’s disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group’s financial statements.

(b) New guidance on accounting for the MPF-LSP offsetting mechanism in Hong Kong issued by HKICPA

In June 2022, Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”) was enacted. The Amendment Ordinance abolished the use of the accrued benefits derived from employers’ mandatory contributions under the mandatory provident fund (“MPF”) scheme to offset severance payment and long service payments (“LSP”) (the “Abolition”). Subsequently, the Government of HKSAR announced that the Abolition will take effect on 1 May 2025 (the “Transition Date”).

Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to MPF to reduce the LSP in respect of an employee’s service from the Transition Date. In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date. In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP. However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made; instead these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit.

To better reflect the substance of the abolition of the offsetting mechanism, the Group has changed its accounting policy in connection with its LSP liability and has applied the above HKICPA guidance retrospectively. The cessation of applying the practical expedient in paragraph 93(b) of HKAS 19 in conjunction with the enactment of the Amendment Ordinance resulted in a catch-up profit or loss adjustment in June 2022 for the service cost up to that date and consequential impacts on current service cost, interest expense and remeasurement effects from changes in actuarial assumptions for the rest of 2022, with the corresponding adjustment to the comparative carrying amount of the LSP liability. This change in accounting policy did not have any material impact on the opening balance of equity at 1 April 2022. It also did not have a material impact on the company-level statement of financial position as at 31 March 2023 and 31 March 2024.

The following table summarises the impacts of the adoption of the HKICPA guidance on the comparatives presented in the Group's consolidated statement of comprehensive income for the year ended 31 March 2023 and the consolidated statement of financial position as at that date:

Consolidated statement of comprehensive income for the year ended 31 March 2023:	As previously reported <i>HK\$'000</i>	Effect of adoption of the HKICPA guidance <i>HK\$'000</i>	As restated <i>HK\$'000</i>
Cost of revenue	(637,111)	(326)	(637,437)
Gross profit	71,671	(326)	71,345
Administrative and other operating expenses	(52,583)	(41)	(52,624)
Profit before income tax	14,558	(367)	14,191
Income tax	(2,740)	108	(2,632)
Profit and total comprehensive income for the year	11,818	(259)	11,559
Earnings per share			
— Basic and diluted	1.17	(0.03)	1.14
Consolidated statement of financial position as at 31 March 2023:	As previously reported <i>HK\$'000</i>	Effect of adoption of the HKICPA guidance <i>HK\$'000</i>	As restated <i>HK\$'000</i>
Deferred tax assets	279	108	387
Total non-current assets	76,294	108	76,402
Trade and other payables	313,760	(288)	313,472
Total current liabilities	464,131	(288)	463,843
Net current assets	41,986	288	42,274
Total assets less current liabilities	118,280	396	118,676
Provision for long service payments	–	655	655
Total non-current liabilities	1,726	655	2,381
Net assets	116,554	(259)	116,295
Reserves	106,424	(259)	106,165
Total equity	116,554	(259)	116,295

Reconciliation of profit before income tax to net cash used in operating activities for the year ended 31 March 2023:	As previously reported HK\$'000	Effect of adoption of the HKICPA guidance HK\$'000	As restated HK\$'000
Profit before income tax	14,558	(367)	14,191
Operating profit before working capital changes	26,803	(367)	26,436
Increase in trade and other payables	176,789	367	177,156

The following table illustrates the amounts that would have been in the Group's consolidated statement of comprehensive income for the year ended 31 March 2024 and the consolidated statement of financial position as at that date, if the Group had not changed its accounting policy as noted above and had continued to apply the practical expedient in paragraph 93(b) of HKAS 19.

Consolidated statement of comprehensive income for the year ended 31 March 2024:	As reported HK\$'000	Backing out effect of adoption of the HKICPA guidance HK\$'000	If accounting policy had not been changed HK\$'000
Cost of revenue	(820,107)	60	(820,047)
Gross profit	76,582	60	76,642
Administrative and other operating expenses	(53,384)	41	(53,343)
Profit before income tax	13,501	101	13,602
Income tax	(2,809)	(13)	(2,822)
Profit for the year	10,692	88	10,780
Remeasurement of provision for long service payments	21	(21)	–
Other comprehensive income for the year	21	(21)	–
Total comprehensive income for the year	10,713	67	10,780

Consolidated statement of financial position as at 31 March 2024:	As reported HK\$'000	Backing out effect of adoption of the HKICPA guidance HK\$'000	If accounting policy had not been changed HK\$'000
Deferred tax assets	165	(121)	44
Total non-current assets	72,208	(121)	72,087
Trade and other payables	274,631	270	274,901
Total current liabilities	452,406	270	452,676
Net current assets	56,248	(270)	55,978
Total assets less current liabilities	128,456	(391)	128,065
Provision for long service payments	717	(717)	–
Total non-current liabilities	1,448	(717)	731
Net assets	127,008	326	127,334
Reserves	116,878	326	117,204
Total equity	127,008	326	127,334

Reconciliation of profit before income tax to net cash used in operating activities for the year ended 31 March 2024:	As reported <i>HK\$'000</i>	Backing out effect of adoption of the HKICPA guidance <i>HK\$'000</i>	If accounting policy had not been changed <i>HK\$'000</i>
Profit before income tax	13,501	101	13,602
Operating profit before working capital changes	29,788	101	29,889
Decrease in trade and other payables	(38,758)	(101)	(38,859)

(c) Amended HKFRSs that have been issued but are not yet effective

The following amendments to HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants (“ 2022 Amendments ”) ¹
HK Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKAS 21	Lack of Exchangeability ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹

¹ Effective for annual periods beginning on or after 1 January 2024

² Effective for annual periods beginning on or after 1 January 2025

³ No mandatory effective date yet determined but available for adoption

The Group is currently assessing the impact of the amendments. Based on a preliminary assessment, the amendments are not expected to have any material impact on the Group's financial statements.

3. SEGMENT REPORTING

The executive directors of the Company, who are the chief operating decision-makers of the Group, review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports reviewed by the executive directors of the Company that are used to make strategic decisions.

Management regularly reviews the operating results from a project-based perspective. The reportable operating segment derives revenue primarily from provision of construction and consultancy works and project management services. Business segment information is not considered necessary other than the Group's results and financial position as a whole by the executive directors of the Company.

The Group's revenue and results are all derived from provision of construction and consultancy works and project management services in Hong Kong and no consolidated assets of the Group are located outside Hong Kong.

Information about major customers

Revenue from major customers, each of them accounted for 10% or more of the Group's revenue, are set out below:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer I	124,155	N/A ¹
Customer II	121,230	N/A ¹
Customer III	91,215	N/A ¹
Customer IV	N/A ¹	141,709
Customer V	N/A ¹	91,735
Customer VI	N/A ¹	84,221

¹ The corresponding revenue did not contribute over 10% of the total revenue of the Group for the respective period.

4. REVENUE

Revenue, which is also the Group's turnover, represents the Construction Works income. Revenue recognised from the principal activities during the year is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contract with customers by major services:		
Substructure building works services	3,813	22,801
Superstructure building works services	881,143	614,593
Repair, maintenance, alteration and addition services	11,733	71,388
	896,689	708,782

5. OTHER INCOME AND GAINS OR LOSSES, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank interest income	527	17
Subsidies from an industry association in relation to provision of Construction Works	1,247	729
Sales of scrap materials	895	8
Dividend income from financial assets at fair value through profit or loss	805	4,655
Government subsidies (<i>Note</i>)	123	2,259
Gain on disposal of property, plant and equipment	–	4
Changes in fair value of financial assets at fair value through profit or loss	(2,545)	(6,426)
Others, nets	577	389
	<u>1,629</u>	<u>1,635</u>

Note: For the year ended 31 March 2024, government grants of HK\$123,000 (2023: HK\$2,259,000) was obtained from Employment Support Scheme (“ESS”) under the Anti-epidemic Fund launched by the Hong Kong SAR Government supporting the payroll of the Group’s employees. Under the ESS, the Group had to commit to spend these grants on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time. The Group does not have any unfulfilled obligations relating to this program as at 31 March 2024 and 2023.

6. PROFIT BEFORE INCOME TAX

This is arrived at after charging the following:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (restated)
Auditor’s remuneration	1,280	1,200
Depreciation in respect of:		
— Owned assets	225	372
— Leased assets	3,523	3,958
	<u>3,748</u>	<u>4,330</u>
Employee benefit expenses (including directors’ emoluments)		
— Salaries, allowances and other benefits	74,999	57,804
— Contribution to defined contribution retirement plan	2,768	1,819
— Provision for long service payments	101	367
	<u>77,868</u>	<u>59,990</u>
Short-term leases expenses:		
— Buildings	1,904	1,416
— Equipment	27,252	10,892

7. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on bank borrowings	11,343	6,103
Interest on lease liabilities	305	230
	<u>11,648</u>	<u>6,333</u>

8. INCOME TAX

The amounts of income tax in the consolidated statement of comprehensive income represent:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (restated)
Current tax		
— Hong Kong Profits Tax	2,673	130
— (Over)/under-provision for prior years	(86)	25
Deferred tax	222	2,477
	<u>2,809</u>	<u>2,632</u>

Hong Kong profits tax is calculated at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year with tax relief of ceiling of HK\$3,000 (2023: HK\$6,000) per case, except for one subsidiary of the Group which is qualifying entity under the two-tiered profits tax regime. Under which, two-tiered rates on the estimated assessable profits arising in Hong Kong at 8.25% on assessable profits up to HK\$2 million and 16.5% on any part of assessable profits over HK\$2 million.

The two-tiered profits tax rates regime is applicable to a nominated qualifying entity in the Group.

9. DIVIDEND

The board of directors did not declare an interim dividend during the years. The board of directors did not recommend the payment of any final dividend for the years ended 31 March 2024 and 2023.

10. EARNINGS PER SHARE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (restated)
Earnings		
Earnings for the purpose of basic and diluted earnings per share	<u>10,692</u>	<u>11,559</u>
	2024	2023
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,013,000,000	1,013,000,000
Effect of dilutive potential ordinary shares: — Share options (<i>Note</i>)	<u>N/A</u>	<u>N/A</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,013,000,000</u>	<u>1,013,000,000</u>

Note: For the years ended 31 March 2024 and 2023, the computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of the Company's share options was higher than the average market price for shares.

11. TRADE AND OTHER RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	45,171	65,422
Less: Expected credit loss	<u>(224)</u>	<u>(647)</u>
	<u>44,947</u>	<u>64,775</u>
Deposits	2,964	2,194
Dividend receivable	87	727
Other receivables (<i>Note</i>)	<u>7,173</u>	<u>6,912</u>
	10,224	9,833
Less: Expected credit loss	<u>(4,726)</u>	<u>(4,724)</u>
	<u>5,498</u>	<u>5,109</u>
	50,445	69,884
Prepayments	<u>27,983</u>	<u>24,712</u>
	<u>78,428</u>	<u>94,596</u>
Less: Rental deposits under non-current assets	<u>(223)</u>	<u>(262)</u>
	<u><u>78,205</u></u>	<u><u>94,334</u></u>

Note: As at 31 March 2024, included in other receivables was an amount of approximately HK\$20,000 (2023: HK\$Nil) due from the ultimate holding company of the Group. The amount due is unsecured, interest-free and repayable on demand.

Movements in the expected credit loss in respect of trade receivables during the year are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At beginning of year	647	868
Expected credit loss (reversed)/recognised during the year	(73)	296
Written off during the year	<u>(350)</u>	<u>(517)</u>
At end of year	<u><u>224</u></u>	<u><u>647</u></u>

Movements in the expected credit loss in respect of other receivables during the year are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At beginning of year	4,724	3,994
Expected credit loss recognised during the year	<u>2</u>	<u>730</u>
At end of year	<u><u>4,726</u></u>	<u><u>4,724</u></u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	44,947	38,921
31–60 days	<u>–</u>	<u>25,854</u>
	<u><u>44,947</u></u>	<u><u>64,775</u></u>

12. TRADE AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (restated)
Trade payables (<i>Note</i>)	198,064	243,897
Retention payables	59,528	55,102
Other payables, accruals and deposits received	17,021	14,473
Provision for long service payments	<u>735</u>	<u>655</u>
	275,348	314,127
Less: Provision for long service payments under non-current liabilities	<u>(717)</u>	<u>(655)</u>
	<u><u>274,631</u></u>	<u><u>313,472</u></u>

Note: The credit period granted by suppliers and contractors is normally 30 to 60 days.

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	112,281	150,759
31–60 days	46,397	49,031
61–90 days	16,411	24,651
91–180 days	15,305	10,685
181–365 days	496	1,158
Over 365 days	7,174	7,613
	<u>198,064</u>	<u>243,897</u>

13. SHARE CAPITAL

The share capital as at 31 March 2024 and 2023 represented the issued share capital of the Company as detailed below:

Ordinary shares of HK\$0.01 each	<i>Number</i>	<i>HK\$'000</i>
Authorised		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	10,000,000,000	<u>100,000</u>
Issued and fully paid		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	1,013,000,000	<u>10,130</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

We are a main contractor in Hong Kong principally engaged in providing (i) substructure building works services; (ii) superstructure building works services; and (iii) repair, maintenance, alteration and addition for an existing structure (“**RMAA**”) works services.

In general, substructure and superstructure building works 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, and the scope of our RMAA works consisted of improvement, fitting-out works, renovation works, restoration works and external works.

The Group’s revenue for the year ended 31 March 2024 recorded at approximately HK\$896.7 million which represented an increase of approximately HK\$187.9 million or 26.5% from approximately HK\$708.8 million for the year ended 31 March 2023.

	Year ended 31 March		Increase/ (Decrease)
	2024	2023	
	HK\$’000	HK\$’000	%
Substructure building works services	3,813	22,801	(83.3)
Superstructure building works services	881,143	614,593	43.4
RMAA works services	11,733	71,388	(83.6)
	896,689	708,782	26.5

(i) Substructure building works services

For the year ended 31 March 2024, revenue recorded in this segment amounted to approximately HK\$3.8 million (2023: approximately HK\$22.8 million). The decrease by approximately HK\$19.0 million was mainly due to a new project is still in an early stage which substantial progress of the works services were not performed during the year ended 31 March 2024.

(ii) Superstructure building works services

For the year ended 31 March 2024, revenue recorded in this segment amounted to approximately HK\$881.1 million (2023: approximately HK\$614.6 million). The increase by approximately HK\$266.6 million was mainly due to the increase in number of new projects commenced and the projects with substantial work progress during the year ended 31 March 2024.

(iii) RMAA works services

For the year ended 31 March 2024, revenue recorded in this segment amounted to approximately HK\$11.7 million (2023: approximately HK\$71.4 million). The decrease by approximately HK\$59.7 million was mainly due to the projects with comparatively small size was awarded as compared to the year ended 31 March 2023.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 March 2024 recorded at approximately HK\$896.7 million which represented an increase of approximately HK\$187.9 million or 26.5% from approximately HK\$708.8 million for the year ended 31 March 2023. The increase in total was mainly due to an increase from superstructure building works services amount to approximately HK\$266.6 million offset by a decrease from RMAA works services amount to approximately HK\$59.7 million.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by approximately HK\$5.2 million or 7.3%, from approximately HK\$71.3 million for the year ended 31 March 2023 to approximately HK\$76.6 million for the year ended 31 March 2024. The increase was mainly due to the increase in the number of projects commenced for the year ended 31 March 2024. During the year ended 31 March 2024, the gross profit margin was approximately 8.5%, which is lower than the gross profit margin of prior year of approximately 10.1%.

Other Income and Gains or Losses, net

Other income and gains or losses, net remain stable at approximately HK\$1.6 million for the years ended 31 March 2023 and 2024 since the changes in fair value of financial assets at fair value through profit or loss ("FVTPL") were offset by the decrease in dividend income from financial assets at FVTPL.

Administrative and Other Operating Expenses

Administrative and other operating expenses increased by approximately HK\$0.8 million or 1.4% from approximately HK\$52.6 million for the year ended 31 March 2023 to approximately HK\$53.4 million for the year ended 31 March 2024.

Administrative and other operating expenses mainly consist of employee benefit expense (including salaries, allowances, other benefits, contribution to defined contribution retirement plan and provision for long services payments), legal & professional fee, business development cost, depreciation and others. The increase was mainly attributable to the increase in employee benefit expense of approximately HK\$4.1 million, offset by the decrease in legal and professional fee of approximately HK\$1.1 million, in business development cost of approximately HK\$1.0 million, in depreciation expense of approximately HK\$0.8 million and in donation expense of approximately HK\$0.3 million.

Finance Costs

Finance Costs increased by approximately HK\$5.3 million or 83.9% from approximately HK\$6.3 million for the year ended 31 March 2023 to approximately HK\$11.6 million for the year ended 31 March 2024, which was mainly due to an increase in average bank borrowings and interest rate during the year ended 31 March 2024.

Income Tax

Income tax increased by approximately HK\$0.2 million or 6.7% from approximately HK\$2.6 million for the year ended 31 March 2023 to approximately HK\$2.8 million for the year ended 31 March 2024.

Profit for the Year Attributable to the Owners of the Company

Net profit decreased by approximately HK\$0.9 million or 7.5% from approximately HK\$11.6 million for the year ended 31 March 2023 to approximately HK\$10.7 million for the year ended 31 March 2024.

The decrease in net profit was mainly due to the increase in gross profit which resulted from more new superstructure building works services projects commenced and offset by the increase in finance costs due to an increase in average bank borrowings and interest rate during the year ended 31 March 2024.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2024, the Group had total assets of approximately HK\$580.9 million, which is financed by total liabilities and shareholders' equity of approximately HK\$453.9 million and HK\$127.0 million, respectively. The Group's current ratio remained stable at approximately 1.1 at 31 March 2023 and 31 March 2024.

GEARING RATIO

The gearing ratio of the Group as at 31 March 2024 was approximately 130.8% (31 March 2023: approximately 120.6%), which is calculated based on the total lease liabilities and total bank borrowings divided by total equity as at the respective reporting date.

CONTINGENT LIABILITIES

As at 31 March 2024, there were no significant contingent liabilities for the Group.

COMMITMENTS

As at 31 March 2024, there were no significant capital commitments for the Group.

CHARGES ON GROUP ASSETS

Assets with a carrying value of approximately HK\$81.6 million were pledged as securities for the Group's banking facilities.

SEGMENT INFORMATION

Segment information is presented for the Group as disclosed on note 3 to this results announcement.

FOREIGN EXCHANGE EXPOSURE

The Group was not exposed to foreign exchange risk during the year ended 31 March 2024.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year. 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.

CAPITAL STRUCTURE

The shares of the Company were successfully transferred from the GEM Board to the Main Board of the Stock Exchange on 18 September 2017. On 10 May 2018, the Company has allotted and issued 13,000,000 consideration shares at an issue price of HK\$0.39 per consideration share as part of the consideration in accordance with the terms and conditions of the Share Purchase Agreement of the acquisition of 30% of New Bright Engineering Limited. There has been no other change in the capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares.

As at 31 March 2024, the Company's issue share capital was HK\$10,130,000 and the number of its issued ordinary share was 1,013,000,000 of HK\$0.01 each.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have plans for material investments or capital assets during the year ended 31 March 2024.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the year ended 31 March 2024, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2024, the Group employed a total of 171 employees (31 March 2023: 143 employees). The staff costs of our Group (including salaries, allowances, other benefits, contribution to defined contribution retirement plan and provision for long service payments) for the year ended 31 March 2024 were approximately HK\$77.9 million (31 March 2023: approximately HK\$60.0 million).

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

SIGNIFICANT INVESTMENTS HELD

Except for investment in its subsidiaries and investment in associate, the Group did not hold any significant investments during the year ended 31 March 2024.

EVENTS AFTER THE REPORTING PERIOD

There were no materials events after the reporting period.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group believes that the risk management practices are important and use its best effort to ensure it is sufficient to mitigate the risks present in our operations and financial position as efficiently and effectively as possible.

- I. Our revenue is mainly derived from projects which are not recurring in nature and any significant decrease in the number of our projects would affect our operations and financial results;
- II. We depend on our suppliers for concrete, steel and other construction materials, and any shortage or delay of supply, or deterioration in the quality, of the same could materially and adversely affect our operations, and we may not be able to identify an alternative source of stable supply with acceptable quality and price;
- III. We may be involved in construction and/or labour disputes, legal and other proceedings arising from our operations from time to time and may face significant legal liabilities as a result;
- IV. We determine our tender price based on the estimated time and costs to be involved in a project, yet the actual time and costs incurred may deviate from our estimate due to unexpected circumstances, thereby adversely affecting our operations and financial results;
- V. We rely on our Board members and senior management staff, and their departure would adversely affect our operations and financial results;
- VI. Our works are labour intensive. If we or our subcontractors experience any shortage of labour, industrial actions, strikes or material increase in labour costs, our operations and financial results would be adversely affected;
- VII. Expiry, withdrawal, revocation, downgrading and/or failure to renew any of our various registrations and certifications would adversely affect our operations and financial results; and
- VIII. There is no guarantee that we would not be subject to any claims in relation to defects of our works, which may result in further costs to make good the defects, and/or deduction of the retention monies to be released and/or claims from our customers against us.

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 year ended 31 March 2024.

DIVIDEND

The board of directors did not declare an interim dividend during the years.

The board of directors did not recommend the payment of any final dividend for the year ended 31 March 2024 (2023: nil).

AUDIT COMMITTEE

The Company has established an audit committee with the written terms of reference in compliance with the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 of the Listing Rules. The Group’s consolidated financial statements for the year ended 31 March 2024 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2024 comply with applicable accounting standards, the Listing Rules and that adequate disclosures have been made.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as a code of conduct regarding directors’ securities transactions.

All the directors have confirmed, following specific enquiry by the Company that they have complied with the required standard as set out in the Model Code for the year ended 31 March 2024 and up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICE

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

Mr. Ng Choi Wah currently assumes the role of both chairman of the Company 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 CG Code as set out in Appendix C1 to the Listing Rules with the exception for code provision C.2.1 as disclosed above for the year ended 31 March 2024.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 March 2024 as set out in the preliminary announcement have been agreed by the Company's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND DESPATCH OF ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chingleeholdings.com). The annual report for the year ended 31 March 2024 containing all the information required by the Listing Rules will be despatched to the Company's shareholders and available on the above websites in due course.

By Order of the Board
Ching Lee Holdings Limited
Ng Choi Wah
Chairman

Hong Kong, 21 June 2024

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.