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**Dragon Rise Group Holdings Limited**  
**龍昇集團控股有限公司**

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

**(Stock code: 6829)**

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

**FINANCIAL HIGHLIGHTS**

- Revenue of the Group for the Reporting Period amounted to approximately HK\$471.8 million (six months ended 30 September 2023: approximately HK\$331.3 million).
- Profit attributable to the equity holders of the Company for the Reporting Period amounted to approximately HK\$5.9 million (six months ended 30 September 2023: profit approximately HK\$5.4 million).
- Basic and diluted earnings per share attributable to equity holders of the Company for the Reporting Period amounted to approximately HK cents 0.41 (six months ended 30 September 2023: earnings per share approximately HK cents 0.45).
- The Board has resolved not to declare any interim dividend for the Reporting Period (six months ended 30 September 2023: nil).

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 September 2024*

		<b>Six months ended 30 September</b>	
		<b>2024</b>	2023
	<i>Notes</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
		<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Revenue</b>	5	<b>471,830</b>	331,316
Direct costs		<u>(447,968)</u>	<u>(308,086)</u>
<b>Gross profit</b>		<b>23,862</b>	23,230
Other gain/(loss), net	7	<b>1,155</b>	(1,286)
Administrative expenses		<b>(17,608)</b>	(13,856)
Reversal/(provision) of expected credit losses (“ECL”) allowance on trade receivables and contract assets, net		<b>1,909</b>	(676)
Finance costs	8	<u>(2,111)</u>	<u>(140)</u>
<b>Profit before income tax</b>	9	<b>7,207</b>	7,272
Income tax expense	10	<u>(1,573)</u>	<u>(1,885)</u>
<b>Profit for the period</b>		<u><b>5,634</b></u>	<u>5,387</u>
<b>Profit for the period attributable to:</b>			
Equity holders of the Company		<b>5,916</b>	5,388
Non-controlling interests		<u>(282)</u>	<u>(1)</u>
		<u><b>5,634</b></u>	<u>5,387</u>
		<i>HK cents</i>	<i>HK cents</i>
<b>Earnings per share attributable to equity holders of the Company</b>			
Basic and diluted	12	<u><b>0.41</b></u>	<u>0.45</u>

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2024</b>	2023
<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
<b>Profit for the period</b>	<b>5,634</b>	5,387
<b>Other comprehensive gain:</b>		
<i>Items that may be reclassified</i>		
<i>subsequently to profit or loss:</i>		
Exchange differences on translation of overseas operations	<u>621</u>	<u>–</u>
<b>Total comprehensive income for the period</b>	<b><u>6,255</u></b>	<b><u>5,387</u></b>
<b>Total comprehensive income for the period</b>		
<b>attributable to:</b>		
Equity holders of the Company	<b>6,160</b>	5,388
Non-controlling interests	<u>95</u>	<u>(1)</u>
	<b><u>6,255</u></b>	<b><u>5,387</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

		As at 30 September 2024	As at 31 March 2024
	<i>Notes</i>	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		20,168	21,712
Investment property		3,490	3,910
Financial asset at fair value through profit and loss		<u>1,000</u>	<u>1,000</u>
		<u>24,658</u>	<u>26,622</u>
<b>Current assets</b>			
Trade and other receivables	13	80,135	30,377
Contract assets	14	216,474	228,219
Cash, bank balances and pledged deposits		<u>63,366</u>	<u>133,962</u>
		<u>359,975</u>	<u>392,558</u>
<b>Current liabilities</b>			
Trade and other payables	15	(34,586)	(85,673)
Contract liabilities		(456)	(464)
Borrowings		(50,660)	(58,505)
Lease liabilities		(2,028)	(806)
Current tax liabilities		<u>(3,736)</u>	<u>(1,585)</u>
		<u>(91,466)</u>	<u>(147,033)</u>
<b>Net current assets</b>		<u>268,509</u>	<u>245,525</u>
<b>Total assets less current liabilities</b>		<u>293,167</u>	<u>272,147</u>

		As at <b>30 September 2024</b>	As at 31 March 2024
	<i>Notes</i>	<b>HK\$'000</b> <b>(unaudited)</b>	<b>HK\$'000</b> <b>(audited)</b>
<b>Non-current liabilities</b>			
Borrowings		–	(2,000)
Lease liabilities		<b>(2,824)</b>	(521)
Deferred tax liabilities		<b>(1,202)</b>	(1,791)
		<u><b>(4,026)</b></u>	<u>(4,312)</u>
<b>Net assets</b>		<u><b>289,141</b></u>	<u>267,835</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>16</i>	<b>14,400</b>	12,000
Reserves		<u><b>274,308</b></u>	<u>255,497</u>
Equity attributable to equity holders of the Company		<b>288,708</b>	267,497
Non-controlling interests		<u><b>433</b></u>	<u>338</u>
<b>TOTAL EQUITY</b>		<u><b>289,141</b></u>	<u>267,835</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2024

## 1. GENERAL INFORMATION

Dragon Rise Group Holdings Limited (the “**Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law (as revised) of the Cayman Islands on 22 February 2017. The Company’s shares are listed on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 8 February 2018. The addresses of the registered office and the principal place of business of the Company were Office K, 12/F., Kings Wing Plaza 2, No.1 On Kwan Street, Shatin, Hong Kong. With effect from 13 May 2024, the address of its registered office and the principal place of business is changed to Unit 09, 28/F, North Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The Company is an investment holding company, and its subsidiaries (collectively, the “**Group**”) are principally engaged in undertaking foundation works in Hong Kong as a subcontractor and trading of construction material.

As at 30 September 2024, the Directors considered the Company’s immediate and ultimate holding company to be Fame Circle Limited, a company incorporated in the British Virgin Islands (the “**BVI**”) and wholly owned by Mr. Yip Yuk Kit (“**Mr. Yip**”, Mr. Yip and Fame Circle Limited each being a “**Controlling Shareholder**”).

## 2. BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 September 2024 have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange and Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The condensed consolidated interim financial statements do not include all of the information and disclosures required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 March 2024.

The condensed consolidated interim financial information is unaudited.

The condensed consolidated interim financial statements are presented in thousands of units of Hong Kong dollars (“**HK\$’000**”), except when otherwise indicated, which was approved for issue by the Board of Directors on 28 November 2024.

## 3. ADOPTION OF NEW OR AMENDED HKFRSs

### (a) Amended HKFRSs that are effective for annual period beginning on 1 April 2024

The condensed consolidated interim financial statements for the six months ended 30 September 2024 have been prepared in accordance with the accounting policies adopted in the Group’s annual consolidated financial statements for the year ended 31 March 2024, except for the adoption of the following amended HKFRSs which are effective as of 1 April 2024.

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020)
	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 1	Non-current liabilities with covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The adoption of these amended HKFRSs had no material impact on how the results and financial position of the Group for the current and prior periods have been prepared and presented.

#### 4. USE OF JUDGEMENTS AND ESTIMATES

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

In preparing these condensed consolidated interim 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 annual consolidated financial statements of the Group for the year ended 31 March 2024.

#### 5. REVENUE

The Group's principal activities are disclosed in Note 1 of the condensed consolidated interim financial statements.

Revenue recognised for the six months ended 30 September 2024 and 2023 are as follows:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Contracting revenue	418,071	331,316
Sales of construction materials	53,759	–
	<u>471,830</u>	<u>331,316</u>
<b>Timing of revenue recognition under HKFRS 15</b>		
Services transferred over time	418,071	331,316
Good transferred at a point in time	53,759	–
	<u>471,830</u>	<u>331,316</u>

#### Contracting revenue

Revenue from construction contracts are recognised over time as the Group's performance creates and enhances an asset that the customer controls which referred as the designated areas where the construction work services performed. The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the services transferred to the customer to date relative to the remaining services promised under the contract.

#### Sales of construction materials

Revenue from sales of construction materials are recognised at a point in time when the Group transfers control of the assets to the customer.

## 6. SEGMENT INFORMATION

The chief operating decision-maker (the “CODM”) has been identified as the executive Directors of the Company. The CODM regard the Group’s business of foundation construction services as a single operating segment and review the overall results of the Group as a whole to make decision about resources allocation. Accordingly, no segment analysis information is presented.

### Geographical information

No separate analysis of segment information by geographical segment is presented as the Group’s revenue and non-current assets are principally attributable to a single geographical region, which is Hong Kong.

### Information about major customers

Revenue from customers which individually contributed over 10% of the Group’s revenue are as follows:

	Six months ended	
	30 September	
	2024	2023
	HK\$’000	HK\$’000
	(unaudited)	(unaudited)
Customer A	N/A *	68,918
Customer B	128,507	171,877
Customer C	156,207	43,594
Customer D	<u>94,396</u>	<u>N/A *</u>

\* The corresponding revenue did not contribute over 10% of total revenue of the Group.



**7. OTHER GAIN/(LOSS), NET**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Net losses from changes in fair value on investment property	(420)	(440)
Consultancy fee income	625	–
Rental income	84	78
Interest income	563	438
Exchange difference, net	303	(1,141)
Others	–	(221)
	<u>1,155</u>	<u>(1,286)</u>

**8. FINANCE COSTS**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Bank loans interest	2,018	98
Finance charges on lease liabilities	93	42
	<u>2,111</u>	<u>140</u>

## 9. PROFIT BEFORE INCOME TAX

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Profit before income tax is stated after charging:		
<b>(a) Staff costs (including Directors' remuneration)</b>		
– Salaries, wages and other benefits	88,171	60,159
– Retirement scheme contributions ( <i>note (i)</i> )	<u>2,497</u>	<u>3,105</u>
Staff costs (including Directors' remuneration) ( <i>note (ii)</i> )	<u><u>90,668</u></u>	<u><u>63,264</u></u>
<b>(b) Other items</b>		
Depreciation, included in:		
Direct costs		
– Owned assets	5,147	9,861
– Right-of-use assets	118	–
Administrative expenses		
– Owned assets	–	120
– Right-of-use assets	<u>1,162</u>	<u>443</u>
	<u><u>6,427</u></u>	<u><u>10,424</u></u>
Lease charges:		
– Short term lease of office	85	72
– Short term lease of machinery	<u>8,843</u>	<u>12,045</u>
	<u><u>8,928</u></u>	<u><u>12,117</u></u>
Subcontracting charges (included in direct costs)	60,998	49,290
Cost of sales of construction materials (included in direct costs)	50,609	–
Outgoings in respect of investment property	6	11
Auditor's remuneration	696	685
(Reversal)/provision of expected credit loss (“ECL”) allowance on trade receivables and contract assets, net	(1,909)	676
Donation	<u>–</u>	<u>48</u>

Notes:

- (i) During the six months ended 30 September 2024 and 2023, there were no contributions forfeited by the Group on behalf of its employees who left the plan prior to vesting fully in such contribution, nor had there been any utilization of such forfeited contributions to reduce future contributions. As at 30 September 2024 and 2023, no forfeited contributions were available for utilization by the Group to reduce the existing level of contributions.
- (ii) Staff costs (including Directors' remuneration)

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Direct costs	<b>80,611</b>	56,846
Administrative expenses	<b>10,057</b>	6,418
	<b>90,668</b>	63,264

**10. INCOME TAX EXPENSE**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Current tax:		
Hong Kong Profits Tax ( <i>note a</i> )	<b>1,577</b>	205
Overseas tax ( <i>note b</i> )	<b>585</b>	–
Deferred tax	<b>(589)</b>	1,680
Total income tax expense	<b>1,573</b>	1,885

Notes:

- (a) Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying entities will be taxed at 8.25%, and the profits above HK\$2 million will be taxed at 16.5%. The profits of entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at 16.5%. For the six months ended 30 September 2024, Hong Kong profits tax of a subsidiary of the Company is calculated in accordance with the two-tiered profits tax rates regime.
- (b) Taxation on overseas profit has been calculated on the assessable profit for the period at the rates of taxation prevailing in the country in which the Group operates.

## 11. DIVIDENDS

No interim dividend was paid or declared by the Company during the six months ended 30 September 2024 (six months ended 30 September 2023: nil).

## 12. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to equity holders of the Company is based on the following:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<b>Earnings</b>		
Profit for the period attributable to equity holders of the Company	<u><b>5,916</b></u>	<u>5,388</u>
	<b>'000</b>	<b>'000</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares	<u><b>1,440,000</b></u>	<u>1,200,000</u>

The calculation of the basic earnings per share for the six months ended 30 September 2024 is based on the profit for the period attributable to equity holders of the Company of HK\$5,916,000 (six months ended 30 September 2023: profit of HK\$5,388,000) and the weighted average number of ordinary shares of 1,440,000,000 in issue during the period (six months ended 30 September 2023: 1,200,000,000 in issue during the period).

There were no dilutive potential ordinary shares outstanding during the six months ended 30 September 2024 and 2023 and therefore, diluted earnings per share equals to basic earnings per share.

### 13. TRADE AND OTHER RECEIVABLES

	As at 30 September 2024 <i>HK\$'000</i> (unaudited)	As at 31 March 2024 <i>HK\$'000</i> (audited)
<b>Trade receivables</b>		
– from third parties	74,829	28,753
Less: ECL allowance, net	<u>(732)</u>	<u>(27)</u>
	<b>74,097</b>	28,726
<b>Deposit, prepayment and other receivables</b>		
Other receivables	41	480
Prepayment ( <i>note</i> )	5,068	879
Utility and other deposits	819	182
Amount due from the ultimate holding company	<u>110</u>	<u>110</u>
	<u>6,038</u>	1,651
	<u><b>80,135</b></u>	<u>30,377</u>

*Note:*

Prepayment of HK\$3,735,000 was made for purchasing materials as at 30 September 2024 (31 March 2024 (audited): HK\$408,000).

The Directors of the Group consider that the fair values of trade and other receivables which are expected to be recovered within one year are not materially different from their carrying amounts, because their balances have short maturity periods on their inception.

#### **Trade receivables**

The Group usually provides customers with a credit term of 28 to 90 days (31 March 2024: 28 to 90 days). For the settlement of trade receivables from provision of construction services, the Group usually reaches an agreement on the term of each payment with the customer by taking into account of factors such as, among other things, the credit history of the customer, its liquidity position and the Group's working capital needs, which varies on a case-by-case basis that requires the judgment and experience of the management.

To measure the ECL, trade receivables and contract assets have been grouped based on shared common credit risk characteristics. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the ECL rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The ECL allowance on trade receivables are estimated by reference to historical observed default experience of the debtors and an analysis of the debtor's current financial position, adjusted for forward-looking information that is available without undue cost or effort. As at 30 September 2024, ECL allowance of HK\$732,000 (31 March 2024 (audited): HK\$27,000) was recognised on these debtors.

Based on the invoice dates, the ageing analysis of the trade receivables net of ECL allowance is as follows:

	<b>As at 30 September 2024 HK\$'000 (unaudited)</b>	<b>As at 31 March 2024 HK\$'000 (audited)</b>
0–30 days	55,925	22,868
31–60 days	11,509	4,894
61–90 days	<u>6,663</u>	<u>964</u>
	<u><b>74,097</b></u>	<u><b>28,726</b></u>

#### 14. CONTRACT ASSETS

	<b>As at 30 September 2024 HK\$'000 (unaudited)</b>	<b>As at 31 March 2024 HK\$'000 (audited)</b>
Unbilled revenue	70,301	161,438
Retention receivables	149,060	72,282
Less: ECL allowance, net	<u>(2,887)</u>	<u>(5,501)</u>
	<u><b>216,474</b></u>	<u><b>228,219</b></u>

#### Notes:

Unbilled revenue represents the Group's right to receive consideration for work completed and not yet billed because the rights are conditional upon the satisfaction by the customers on the construction work completed by the Group and the work is pending for the certification by the customers. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the time the Group obtains the certification of the completed construction work from the customers.

Retention receivables included in contract assets represent certified contract payments in respect of works performed for which payments are withheld by customers for retention purposes and the amount retained is withheld on each payment up to a maximum amount calculated on a prescribed percentage of the contract sum.

The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the expiry date of the period for the provision of assurance by the Group on the service quality of the construction work performed by the Group. The amount of contract assets expected to be recovered/settled over one year is HK\$72,194,000 (31 March 2024 (audited): HK\$29,751,000), all of the remaining balances were expected to be recovered/settled within one year.

As at 30 September 2024, ECL allowance of HK\$2,887,000 was recognised against the gross amount of contract assets (31 March 2024 (audited): HK\$5,501,000).

## 15. TRADE AND OTHER PAYABLES

	As at 30 September 2024 <i>HK\$'000</i> (unaudited)	As at 31 March 2024 <i>HK\$'000</i> (audited)
Trade payables ( <i>note (a)</i> )	26,568	80,159
Accruals and other payables ( <i>note (b)</i> )	<u>8,018</u>	<u>5,514</u>
	<u><b>34,586</b></u>	<u><b>85,673</b></u>

*Notes:*

(a) Ageing analysis of trade payables based on the invoices date is as follows:

	As at 30 September 2024 <i>HK\$'000</i> (unaudited)	As at 31 March 2024 <i>HK\$'000</i> (audited)
0–30 days	24,959	72,258
31–60 days	1,230	6,667
61–90 days	<u>379</u>	<u>1,234</u>
	<u><b>26,568</b></u>	<u><b>80,159</b></u>

(b) As at 30 September 2024, accruals and other payables mainly comprised of: (1) accrued professional fee of HK\$3,753,000 (31 March 2024 (audited): HK\$1,938,000); (2) accrued employee benefits of approximately HK\$1,665,000 (31 March 2024 (audited): HK\$1,247,000); and (3) amount due to a director which amounted to HK\$1,808,000 (31 March 2024 (audited): HK\$1,476,000). The amount due is unsecured, interest-free and repayable on demand.

## 16. SHARE CAPITAL

	<i>Number of shares</i>	<i>HK\$'000</i>
<b>Authorised:</b>		
As at 30 September 2024 (unaudited) and 31 March 2024 (audited)	<u>10,000,000,000</u>	<u>100,000</u>
<b>Issued and fully paid:</b>		
As at 31 March 2024 (audited)	1,200,000,000	12,000
Placing of shares ( <i>note</i> )	<u>240,000,000</u>	<u>2,400</u>
As at 30 September 2024 (unaudited)	<u>1,440,000,000</u>	<u>14,400</u>

*Note:*

On 26 July 2024, the Company entered into the placing agreement with a placing agent pursuant to which the placing agent has agreed, as agent of the Company, to procure to not less than six places to subscribe for up to 240,000,000 placing shares at the placing price of HK\$0.064 per placing share. The shares issued rank pari passu with other shares in issue in all aspects. The placing of shares was completed on 9 August 2024.



## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY REVIEW

According to the “2024 Annual Report on Economic Freedom in the World” published by the Fraser Institute, Hong Kong has been acknowledged as the world’s freest economy, characterised by bustling trade activities that propel regional development. In this context, Hong Kong’s economy demonstrated signs of recovery in the first half of 2024. The semi-annual economic report released by the Government of Hong Kong Special Administrative Region (the “**Government**”) stated that the real Gross Domestic Product (GDP) of Hong Kong increased by 3.3% year-on-year (YOY) in the second quarter.

For the construction industry, according to the provisional results released by the Census and Statistics Department on 11 September 2024, the total nominal value of completed construction works by major contractors in the second quarter of 2024 amounted to HK\$68.3 billion, representing a 2.3% increase compared to the same period in 2023. The primary driving force of this growth stems from the increase in public initiatives such as municipal projects and the development of new districts.

There is also an increasing adoption of modular integrated construction for its efficiency and cost-saving benefits, alongside a growing focus on incorporating renewable energy solutions.

For foundation industry where the Group mainly operates, in the first quarter of 2024, the total amount of piling and related foundation projects amounted to HK\$469.2 million, representing a decrease of 14.3% compared to the corresponding period in the previous year. In the second quarter, this figure dropped further to HK\$442.8 million, reflecting a 20.5% decrease YOY. Although the number of foundation projects has decreased compared to 2023, overall they are still relatively sufficient compared to the levels during the pandemic period.

### BUSINESS REVIEW AND OUTLOOK

The Group is a seasoned subcontractor in Hong Kong’s construction industry, with three decades of experience, mainly engaging in foundation works for commercial and residential building construction. The Group has developed the experience and capability to offer a comprehensive range of foundation construction and related services. It specialises in (i) ELS and pile cap construction works; (ii) disposal of excavated materials from piling; and (iii) ancillary services including dismantling of shoring, site formation, steel fixing and site clearance. Kit Kee Engineering Limited (“**Kit Kee Engineering**”), the principal operating subsidiary, is registered with the Construction Industry Council under the Subcontractor Registration Scheme under the sub-register of the structural and civil trade group.

In recent years, the Group has begun exploring new opportunities, including venturing into projects within the new energy sector, the adoption of modular integrated construction techniques, as well as trading of construction materials. While these initiatives are still in the early stages, they align with broader industry trends towards innovation and sustainability.

During the Reporting Period, the Group had been awarded 6 projects with an original contract sum of approximately HK\$586.8 million. The Group's revenue during the Reporting Period amounted to approximately HK\$471.8 million, representing an increase of approximately HK\$140.5 million, or 42.4%, compared to that of the corresponding period last year. The Group's gross profit registered an approximately 3.0% or HK\$0.7 million increase, amounting to HK\$23.9 million for the Reporting Period. The Group's net profit amounted to approximately HK\$5.6 million, representing an increase of approximately HK\$0.2 million, or 3.7%.

In the foreseeable future, the overall economic development of Hong Kong is projected to sustain a relatively stable trajectory, without strong momentum or significant crises. The Government maintains its forecast for Hong Kong's real GDP growth in 2024 within the range of 2.5-3.5%.

In the construction sector, in recent years, the decline in property prices in recent years has led to reduced investments by private developers in new residential projects, resulting in a decrease of private residential construction. However, Government-led construction projects are expected to increase. Annual expenses on infrastructure projects will average around HK\$90 billion, an increase of approximately 17% compared to the average of HK\$76 billion per year over the past five years. This level of public investment will allow Hong Kong to sustain construction activities, and provide employment opportunities for industry practitioners.

Simultaneously, the entire construction industry is confronting significant structural challenges, notably a shortage of skilled labour. As per the "Construction Industry Manpower Forecast" report published by the Construction Industry Council of Hong Kong, it is projected that the disparity between the supply and demand of labour in the construction sector will progressively escalate, potentially reaching 55,000 by the year 2027. This issue is expected to drive up labour costs for companies in the construction industry, impacting their profitability.

As a well-established entity in the industry, the Group, amidst the landscape of coexisting opportunities and challenges, is committed to upholding its competitive advantage through the delivery of high-quality construction projects and the cultivation of robust client relationships. Moreover, the Group shall vigilantly track industry shifts, align with trends, and pursue a broader spectrum of revenue streams and commercial prospects.

## **FINANCIAL REVIEW**

### **Revenue**

For the Reporting Period, the revenue of the Group had increased by approximately HK\$140.5 million or approximately 42.4% compared to the corresponding period in 2023, from approximately HK\$331.3 million to approximately HK\$471.8 million. The increase was primarily attributable to the increase in number of sizable projects.

### **Gross profit and gross profit margin**

For the Reporting Period, the direct costs of the Group had increased by approximately HK\$139.9 million or approximately 45.4% compared to the corresponding period in 2023, from approximately HK\$308.1 million to approximately HK\$448.0 million. The gross profit of the Group had increased by approximately HK\$0.7 million or approximately 3.0% compared to the corresponding period in 2023, from approximately HK\$23.2 million to approximately HK\$23.9 million. The Group's gross profit margin for the Reporting Period was approximately 5.1%, as compared with approximately 7.0% in the corresponding period in 2023. The decrease in gross profit margin was mainly due to low profit margin for certain projects.

### **Other gain/loss**

Other gain/loss mainly included net loss from changes in fair value on investment property, interest income, net exchange difference and consultancy fee income. For the Reporting Period, other gain had increased by approximately HK\$2.5 million or approximately 192.3% compared to the corresponding period in 2023, from loss of approximately HK\$1.3 million to gain of approximately HK\$1.2 million. The increase in gain was mainly due to (1) the new consultancy fee income of approximately HK\$0.6 million and (2) the increase of gain on exchange difference of approximately HK\$1.4 million compared to the corresponding period in 2023, from loss of approximately HK\$1.1 million to gain of approximately HK\$0.3 million.

### **Administrative expenses**

Administrative expenses mainly included staff costs, professional fee and general office expense. For the Reporting Period, administrative expenses had increased by approximately HK\$3.7 million or approximately 26.6% compared to the corresponding period in 2023, from approximately HK\$13.9 million to approximately HK\$17.6 million. The increase was primarily attributable to the increase in staff costs.

## **Finance costs**

For the Reporting Period, finance costs increased by approximately HK\$2.0 million or approximately 2,000.0% compared to the corresponding period in 2023, from approximately HK\$140,000 to approximately HK\$2.1 million. The increase in finance costs was mainly due to the increase in average borrowings during the Reporting Period.

## **Income tax expense**

For the Reporting Period, income tax expense decreased by approximately HK\$0.3 million or approximately 15.8% compared to the corresponding period in 2023, from approximately HK\$1.9 million to approximately HK\$1.6 million. Such decrease was driven by the increase in deferred tax credit for the Reporting Period.

## **Net profit**

For the Reporting Period, net profit increased by approximately HK\$0.2 million or approximately 3.7% compared to the corresponding period in 2023, from approximately HK\$5.4 million to approximately HK\$5.6 million. The increase was primarily due to the impact of the increase in gross profit as discussed above.

## **LIQUIDITY, FINANCIAL POSITION AND CAPITAL STRUCTURE**

The shares of the Company (the “**Shares**”) were successfully listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 8 February 2018 (the “**Listing**”) and there has been no change in the capital structure of the Group since then. As at 30 September 2024, the Company’s issued capital was HK\$14.4 million and the number of its issued ordinary shares was 1,440,000,000 shares of HK\$0.01 each.

As at 30 September 2024, the Group had total cash, bank balances and pledged bank deposits of approximately HK\$63.4 million (31 March 2024: approximately HK\$134.0 million). The decrease was mainly due to the increase of trade receivable during the Reporting Period.

As at 30 September 2024, the Group had short-term bank borrowings and corporate bond amounting to approximately HK\$50.7 million (31 March 2024: approximately HK\$58.5 million). The gearing ratio of the Group as at 30 September 2024, calculated by dividing total borrowings (including lease liabilities) by total equity was approximately 19.2% (31 March 2024: approximately 23.1%).

## **TREASURY POLICY**

The Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

## **CHARGES ON GROUP ASSETS**

As at 30 September 2024, the Group had pledged (i) an investment property situated in Hong Kong of approximately HK\$3.5 million (31 March 2024: approximately HK\$3.9 million); and (ii) approximately HK\$19.8 million and RMB13.0 million bank deposits (31 March 2024: approximately HK\$19.8 million and RMB13.0 million bank deposits) in order to secure bank facilities granted to Kit Kee Engineering.

## **EXPOSURE TO FOREIGN EXCHANGE RATE RISKS**

Although the Group had bank deposit in RMB, the Group mainly operates in Hong Kong and most of the revenue and transactions arising from its operations were settled in Hong Kong dollars, the Directors are of the view that the Group's foreign exchange rate risks are insignificant. Thus, the Group had not entered into any derivative contracts to hedge against the foreign exchange rate risk during the Reporting Period.

## **CAPITAL EXPENDITURE**

During the Reporting Period, the Group invested approximately HK\$0.3 million in the purchase of property, plant and equipment. All of these capital expenditures were financed by internal resources.

## **CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

As at 30 September 2024, the Group had no material capital commitments (31 March 2024: nil).

As at 30 September 2024 and 31 March 2024, the Group was involved in a number of claims, litigations and potential claims against the Group in relation to work-related injuries and non-compliances. The Directors are of the opinion that the claims, litigations and non-compliances are not expected to have a material impact on the consolidated financial statements, and the outcome for potential claims is uncertain. Accordingly, no provision had been made to the interim results.

## **SEGMENT INFORMATION**

The Board regards the Group's business as a single operating segment and reviews the overall results of the Group as a whole to make decisions about resources allocation. Accordingly, no segment analysis information is presented and no separate analysis of segment information by geographical segment is presented as the Group's revenue and non-current assets are mainly attributable to a single geographical region, which is Hong Kong.

## **SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES**

During the Reporting Period, the Group did not have any significant investment held or any material acquisitions or disposals of subsidiaries, associated companies or joint ventures.

## **FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS**

The Group did not have any plans for material investments or capital assets during the Reporting Period.

## **INTERIM DIVIDEND**

The Board has resolved not to declare any interim dividend for the Reporting Period (six months ended 30 September 2023: nil).

## THE PLACING OF NEW SHARES UNDER GENERAL MANDATE IN AUGUST 2024

In August 2024, the Company raised net proceeds of approximately HK\$14.9 million (the “**Placing Proceeds**”) from its placing of 240,000,000 Shares to not less than six places at the placing price of HK\$0.064 each per placing share under general mandate for the general working capital of the Group.

By October 2024, all of the Placing Proceeds were utilised for the general working capital of the Group.

## EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2024, we employed a total of 425 full-time employees (including two executive Directors but excluding three independent non-executive Directors), as compared to a total of 338 full-time employees as at 31 March 2024. The remuneration packages that the Group offers to employees includes salary, discretionary bonuses and other cash subsidies. In general, the Group determines employee salaries based on each employee’s qualifications, position and seniority. The Group has designed an annual review system to assess the performance of its employees, which forms the basis of its decisions with respect to salary raises, bonuses and promotions. The total staff costs incurred by the Group for the Reporting Period was approximately HK\$90.7 million compared to approximately HK\$63.3 million for the corresponding period in 2023. Various on-the-job trainings were provided to the employees.

The remuneration of the Directors is decided by the Board upon the recommendation from the remuneration committee of the Company having regard to the Group’s operating results, individual performance and comparable market statistics.

## EVENTS AFTER THE REPORTING PERIOD

On 13 September 2024, the Company announced to propose a consolidation of every ten (10) shares in issue of par value of HK\$0.01 each into one (1) consolidated share of par value of HK\$0.10 each (“**Consolidated Share**”) in the share capital of the Company (“**Share Consolidation**”).

The Company further announced to raise gross proceeds of up to approximately HK\$28.8 million by way of right issue of up to 144,000,000 new shares (“**Right Shares**”) at the subscription price of HK\$0.20 per Right Share on the basis of one (1) Right Share for every one (1) Consolidated Share held on the record date on 25 November 2024. The transaction was not completed as at the date of this announcement.

For details of Share Consolidation and Right Shares, please refer to the Company’s announcements dated 13 September 2024, 4 October 2024 and 21 November 2024, the circular of the Company dated 18 October 2024 and the prospectus of the Company dated 28 November 2024.

## CORPORATE GOVERNANCE/OTHER INFORMATION

### Interests of Directors and Chief Executive in Shares, Underlying Shares and Debentures of the Company and the Associated Corporations

As at 30 September 2024, the interests and short positions of the Directors or chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which, pursuant to section 352 of the SFO, were entered in the register referred to therein, or were, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) in the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), notified to the Company and the Stock Exchange, were as follows:

#### *i. Long Position in the Shares*

Name of Director(s)	Capacity/Nature	Number of ordinary shares held/ interested in	Percentage of shareholding
Mr. Yip Yuk Kit	Interest in a controlled corporation ( <i>Note</i> )	890,000,000	61.8%

*Note:* The Company is owned as to 61.8% by Fame Circle Limited. Fame Circle Limited is legally and beneficially owned as to 100% by Mr. Yip. Under the SFO, Mr. Yip is deemed to be interested in the same number of Shares held by Fame Circle Limited.

#### *ii. Long Position in the Shares of Associated Corporation*

Name of Director(s)	Name of associated corporation	Capacity/Nature	Number of ordinary shares held/ interested in	Percentage of interest
Mr. Yip Yuk Kit	Fame Circle Limited	Beneficial interest	50,000	100%



Save as disclosed above, as at 30 September 2024, none of the Directors or chief executives had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which, pursuant to section 352 of the SFO, were entered in the register referred to therein, or were, pursuant to the Model Code, notified to the Company and the Stock Exchange.

### **Interests of Substantial and Other Shareholders in the Shares and Underlying Shares**

As at 30 September 2024, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had or were deemed to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

<b>Name</b>	<b>Capacity/Nature</b>	<b>Number of shares held/ interested in</b>	<b>Percentage of interest</b>
Fame Circle Limited	Beneficial interest ( <i>Note 1</i> )	890,000,000	61.8%
Ms. Yip Lai Ping	Interest of spouse ( <i>Note 2</i> )	890,000,000	61.8%

*Notes:*

1. Fame Circle Limited is owned as to 100% by Mr. Yip. Mr. Yip is the sole director of Fame Circle Limited. Under the SFO, Mr. Yip is deemed to be interested in the same number of Shares held by Fame Circle Limited.
2. Ms. Yip Lai Ping is the spouse of Mr. Yip. Under the SFO, Ms. Yip Lai Ping is deemed to be interested in the same number of Shares in which Mr. Yip is interested.

Save as disclosed above, as at 30 September 2024, no other person had or were deemed to have any interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

## **Share Option Scheme**

The Company has adopted a share option scheme (the “**Share Option Scheme**”) on 18 January 2018. Pursuant to the Scheme, certain eligible participants, among others, the Directors of the Company and employees of the Group, may be granted options to subscribe for shares of the Company. The principal terms of the Share Option Scheme are summarised in Appendix V to the Prospectus. The purpose of the Share Option Scheme is to attract and retain the best available personnel of the Group, to provide additional incentive to employees (full-time and part-time), Directors, consultants, advisors, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 18 January 2018, and there is no outstanding share option as at 30 September 2024.

## **Purchase, Sale or Redemption of the Company’s Securities**

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s securities.

## **Directors’ Interests in Contracts of Significance**

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Reporting Period.

## **Sufficiency of Public Float**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient amount of public float for its Shares as required under the Listing Rules during the Reporting Period and up to the date of this announcement.

## **Competing Interests**

The Directors confirmed that none of the Directors, the Controlling Shareholders of the Company, the substantial shareholders of the Company or their respective close associates are interested in any business apart from the Group’s business which competes or is likely to compete, directly or indirectly, with the Group’s business during the Reporting Period, or has any other conflict of interests with the Group as required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

## **Corporate Governance Practices**

### ***Compliance with the Corporate Governance Code***

The Group recognises the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. The Group is committed to maintaining good corporate governance to safeguard the interest of shareholders and to achieve effective accountability because the Group believes that is the best way to maximise shareholders' value.

The Company has adopted the corporate governance code (the “**CG code**”) contained in Part 2 of Appendix C1 to the Listing Rules. Pursuant to code provision C.2.1 of the CG Code, the roles of the chairman of the Board (the “**Chairman**”) and the chief executive officer of the Company (the “**Chief Executive Officer**”) should be separate and should not be performed by the same individual. Mr. Yip was the Chairman and Chief Executive Officer during the Reporting Period. As Mr. Yip has been assuming day-to-day responsibilities in operating and managing Kit Kee Engineering since August 1993, the Board is of the view that it is in the best interest of the Group to have Mr. Yip taking up both roles for effective management and business development.

Save for the above deviation, the Board considers that during the Reporting Period, the Company had complied with all of the code provisions set out in the CG Code.

### ***Compliance with the Model Code for Securities Transactions by Directors***

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all Directors, all Directors confirmed that they complied with the Model Code and its code of conduct regarding directors' securities transactions at all applicable times during the Reporting Period.

### **Audit Committee**

The Company established an Audit Committee on 18 January 2018 with written terms of reference in compliance with the CG Code. The primary roles of the Audit Committee include, but are not limited to, (a) making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; (b) monitoring the integrity of financial statements and annual reports and accounts, half-yearly reports and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgments contained in them; and (c) reviewing the financial controls, internal controls and risk management systems.

The Audit Committee consists of three members who are all independent non-executive Directors, namely, Mr. Chan Wa Shing, Mr. Chan Ka Yu and Mr. Lee Kwok Lun. Mr. Lee Kwok Lun is the Chairman of the Audit Committee.

### **Review of Interim Results**

The interim financial results of the Group for the Review 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 that adequate disclosures have been made.

### **Appreciation**

The Board would like to take this opportunity to express its sincere gratitude to the management team and staff for their hard work and contributions, and to the shareholders, investors and business partners for their trust and support.

### **PUBLICATION OF THE UNAUDITED INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

The interim results announcement of the Company is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and on the website of the Company ([www.kitkee.com.hk](http://www.kitkee.com.hk)). The interim report of the Company for the Reporting Period containing all the relevant information required by the Listing Rules will be dispatched to the shareholders of the Company and will be available on the websites of the Stock Exchange and the Company in due course.

By order of the Board  
**Dragon Rise Group Holdings Limited**  
**Yip Yuk Kit**  
*Chairman and Executive Director*

Hong Kong, 28 November 2024

*As at the date of this announcement, the Board comprises Mr. Yip Yuk Kit and Mr. Cheung Chun Fai as executive Directors; and Mr. Chan Ka Yu, Mr. Lee Kwok Lun and Mr. Chan Wa Shing as independent non-executive Directors.*