ANNUAL REPORT 2020

CHONG KIN
創建集團(控股)有限公司

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

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Jinbing *(Chairman and Chief Executive Officer)*
Mr. Ni Biao
Mr. Yang Rui (appointed on 2 September 2019)

Non-Executive Director

Mr. Yan Haiting (appointed on 23 January 2020)

Independent Non-Executive Directors

Mr. Tam Ping Kuen Daniel
Dr. Zhu Zhengfu
Dr. Li Yifei

AUDIT COMMITTEE

Mr. Tam Ping Kuen Daniel *(Chairman)*
Dr. Zhu Zhengfu
Dr. Li Yifei

REMUNERATION COMMITTEE

Mr. Tam Ping Kuen Daniel *(Chairman)*
Dr. Zhu Zhengfu
Dr. Li Yifei

NOMINATION COMMITTEE

Mr. Zhang Jinbing *(Chairman)*
Mr. Tam Ping Kuen Daniel
Dr. Zhu Zhengfu
Dr. Li Yifei

COMPANY SECRETARY

Ms. Lee Eva

AUTHORISED REPRESENTATIVES

Mr. Zhang Jinbing
Ms. Lee Eva

REGISTERED OFFICE IN THE CAYMAN ISLANDS

P.O. Box 1350, Clifton House, 75 Fort Street,
Grand Cayman, KY1-1108, Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 6808, 68th Floor, Central Plaza
18 Harbour Road, Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited
Clifton House, 75 Fort Street,
P.O. Box 1350,
Grand Cayman, KY1-1108, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre,
183 Queen's Road East, Hong Kong

LEGAL ADVISER AS TO HONG KONG LAW

D. S. Cheung & Co.

AUDITOR

KTC Partners CPA Limited

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of East Asia Limited
China CITIC Bank Corporation Limited
China Construction Bank (Asia) Corporation Limited
Citibank (Hong Kong) Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

STOCK CODE

01609

WEBSITE

www.chongkin.com.hk

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Chong Kin Group Holdings Limited (the "**Company**"), together with its subsidiaries (the "**Group**"), I am delighted to present the annual report of the Group for the year ended 31 March 2020 (the "**Year**").

REVIEW

In 2020, the new energy vehicle industry in the PRC is experiencing changes following the accumulation of new technology, new energy vehicles gradually replaced by new models with better battery life, higher efficiency and more environment friendly. The government promotes reduction in fossil fuels consumption by way of new energy vehicle subsidies and road restriction free policies, the policies shifted from the purchase subsidies for car makers and consumers to subsidies for setting up of charging facilities and low power consumption technologies.

Online shopping and e-commerce has been driving the continuous increasing demand for environmental friendly and more efficient express delivery. Demand for logistics distribution increase substantially during festive and sale seasons, demand for transportation and logistics services increased significantly in the past few years during those periods. The Group's capability for outsourcing services helps to connect the e-commerce platform and logistics companies by solving their seasonal increase in demand of distribution services, this conduce the development of the Group by utilise the resources in the industry.

During the Year, the Group expand its business into finance leasing in Mainland China in complement to the new energy vehicles and logistics related business, through our efforts in the vertical diversification of the business and supported by the early national policies in the promotion of the purchase of new energy vehicles, the Group's overall revenue increased by 23.2% to approximately HK$518.6 million compare to the previous year.

The concrete placing and other ancillary services business of the Group was adversely affected by the continued weakening of the local construction and infrastructure market and also the social unrest in Hong Kong, the operation of the overseas subsidiaries of the Group were temporarily interrupted by the stay home restrictions that imposed during the Chinese New Year holiday season.

During the Year, the Group has been constantly reviewing its business portfolio, striving to strike a balance in deploying the resources between developing its new energy vehicles and logistics related business and seeking new businesses and investments, aimed at strengthening the Group's business development in order to enhance shareholders' value and maintain long-term sustainable growth. The Group has considered streamlining its existing business portfolio. 河南平創新能源有限公司 (Henan Pingchuang New Energy Co., Limited*) (the "**Henan Pingchuang**") has underperformed since the formation of the joint venture in 2018, as the lithium-ion battery project was delayed due to the technical consideration arising from the integrated battery management system. The Group does not expect this project to generate satisfiable investment returns in the short term and had effectively disposed 68% of the unpaid equity interest in Henan Pingchuang. The disposal of the above business will help strengthen our financial and liquidity positions.

At the same time, the Group has been pursuing different opportunities that may expand the business portfolio of the group. During the Year, the Group engaged Lenient Sunrise Limited ("**Lenient Sunrise**"), as manager to provide management services in order to promote the growth and development of the cross-border payment and money exchange services business in the United Kingdom.

The Group is committed to playing an active role in the community, through jointly organising charity events and making charitable donations supporting local initiatives. The Directors and senior managements of the Group are also actively involved in charitable activities. We believe that this commitment can lead to greater sense of belonging among the Group's employees and is also attractive to prospective employees, suppliers and customers.

* *For identification purpose only*

CHAIRMAN'S STATEMENT

FORWARD

The coming year will be challenging due to the weakening global economy caused by the epidemic of coronavirus disease 2019 (the "**COVID-19 Outbreak**"). The Directors will continue to assess the impact brought by COVID-19 Outbreak on the operation and financial performance of the Group and continue to implement various measures to cope with the adverse changes in the business environment.

Looking ahead, in view of the change in the subsidy policy in the PRC for purchase of new energy vehicles and uncertainties in economic development, the Group will hold up bulk purchases of new energy vehicles for sales purpose. The Group will concentrate existing resources in core and low risks businesses for upcoming year, adopt changing strategies and open for new opportunities.

In response to the market shrink across multiple industries, the Group will shift its business concept and philosophy by building on its presence in existing established markets to ensure continuing stable business development and exploring untapped markets while. Meanwhile, the Company will continue to expedite its expansion in overseas markets to diversify and further broaden the source of income. The Group will adopt more prudent approach to consider all potential mergers or acquisitions or cooperation opportunities with strong potential partners to maximise the return of shareholders of the Company (the "**Shareholders**") in the long-term.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to all Shareholders, customers, subcontractors and business partners for their trust and support to the Group. I also appreciate our management and staff members for their persistent faith and significant contributions to the Group. In the coming years, we shall continue to explore new opportunities and strive for business growth to bring the best returns for our Shareholders.

Zhang Jinbing
Chairman

Hong Kong, 24 June 2020

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Year, the Group continued to focus on the business of (i) provision of concrete placing and other ancillary (the "**Concrete Placing**") services as a subcontractor for both public and private sector projects, including building and infrastructure related projects in Hong Kong; and (ii) the provision of new energy vehicle and logistics related (the "**NEV and Logistics**") services including new energy vehicle sales and leasing, road freight transportation, logistics park development and warehousing services, and the provision of finance leasing services in Mainland China; and (iii) the provision of cross-border payment and money exchange services in the United Kingdom.

The operating and financial performance of the Group were adversely impacted by the social unrest in Hong Kong, the ongoing trade dispute between China and the United States and the COVID-19 Outbreak. These factors contributed to the decline of global and local economic activities which burdened the normal operations of the Group.

As at 31 March 2020, the Group had 11 concrete placing contracts on hand, including contracts in progress and contracts which are yet to commence, with an estimated contract value of approximately HK$81 million. As at 31 March 2019, the Group had 28 concrete placing contracts on hand with an estimated contract value of approximately HK$153 million.

On 25 April 2019, the Group completed the acquisition of 華耀融資租賃（深圳）有限公司 (Hua Yao Finance Leasing (Shenzhen) Company Limited*) and commenced the provision of finance leasing services. The NEV and Logistics business sold some of the new energy vehicles to its customers by way of finance lease via the finance leasing company. The finance leasing business enhanced the performance of the NEV and Logistics business in Mainland China.

The NEV and Logistics business in the Mainland China is facing downward pressure caused by macroeconomic performance that is affecting the domestic economy by creating challenges such as structural adjustments and increase in costs. The Group, therefore, adjusted its business plan to sell most of the new energy vehicles to self-employed drivers and corporate customers, and some of the buyers in turn provided driving services to the logistics customers of the Group.

On 24 November 2019, the Group engaged Lenient Sunrise as manager to provide management services for the promotion and development of the cross-border payment and money exchange services business in the United Kingdom.

FINANCIAL REVIEW

Revenue

The revenue of the Group for the Year increased by 23.2% to approximately HK$518.6 million compared to that of approximately HK$420.9 million for the previous year. The increase in revenue was largely driven by the higher revenue from the NEV and Logistics and finance leasing segment, which offset the decrease in revenue from the Concrete Placing segment.

The increase in revenue was contributed by (i) the income from the sales of new energy vehicles which was enhanced by the newly established finance leasing business; (ii) finance lease income from customers of the NEV and Logistics business and other independent third parties formed a new source of income for the Year; (iii) the increase in transportation service income due from the increase in transportation capacity following the growth in the number of new energy vehicles; and (iv) the income from the cross-border payment and money exchange services business in the United Kingdom also contributed positively to the revenue of the Group.

* *For identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit and Gross Profit Margin

The overall gross profit of the Group for the Year increased by 10.9% to approximately HK$44.1 million compared to that of approximately HK$39.7 million for the previous year. The increase was mainly contributed by the increase in the revenue from the NEV and Logistics and finance leasing segment.

Due to the delay in the progress of concrete placing projects, extra costs was incurred for the maintenance of minimum site staff members and machineries for the prolonged projects, this adversely affected the overall gross profit of the Group. The gross profit margin for the Year was approximately 8.5%, as compared to 9.4% for the previous year.

Other Income

Other income mainly comprises gain on disposal of property, plant and equipment, loan interest income, rental income from the leasing of facilities, interest portion recognised on instalment sales, reimbursement of employees' compensation from insurers for injured workers, government grants and fair value gain on financial assets. During the Year, other income amounted to approximately HK$35 million as compared to approximately HK$5 million for the previous year. The increase in other income was mainly contributed by the gain on disposal of new energy vehicles that were classified as equipment and the loan interest income from an independent third party and the insurance claims during the Year.

Impairment Loss on Goodwill

Reference is made to the announcements of the Company dated 12 June 2018, 15 October 2018, 22 October 2018 and 25 October 2018 in relation to the acquisition of the entire issued share capital of Stand East Investment Limited ("**Stand East**") by the Company. Goodwill arisen from the acquisition of Stand East and its subsidiaries ("**Stand East Group**") accounted for an intangible asset created from the consideration paid, by the issue and allotment of 152,960,000 shares of the Company at the closing price per share at the completion date of the acquisition on 22 October 2018, which was higher than the identifiable net assets of Stand East Group.

The Group engaged the independent external valuer, Vision Appraisal and Consulting Limited, to perform the goodwill impairment review and the fair value of the profit guarantees. The review is based on the NEV and Logistics business operated by the subsidiary of Stand East using cash flow projections approved by the management covering a period of five years, and impairment loss occurs when the recoverable amount is below the carrying value.

The management expects that the COVID-19 Outbreak has had and will continue to have a material impact on the business environment and increased the probability of an adverse economic situation where the NEV and Logistics business operates, that has weakened the financial positions of its customers, which are key data used for the projection of cash flow. There is significant uncertainty on the prevalence and duration of the economic impact on the customers' ability to meet their debt obligations as and when it falls due. The national and local government policies on the promotion of new energy vehicles are one of the key assumptions used in the cash flow projections, taking into account recent development that indicated subsidies have tended to decline, the management has taken a more cautious approach on the projection of the future revenue of the NEV and Logistics business, it is in the view of that the CGU will temporarily discontinue NEV sales and concentrating existing resources on core and low risks business areas for upcoming few years, adopt changing strategies and open for new opportunities.

The impairment loss on goodwill assessed by the independent external valuer for the Year is approximately HK$254.6 million (2019: approximately HK$116.7 million). Factors that affected the impairment assessment for the Year has been explained in the previous paragraph, where the 2019 impairment loss mainly represented the elimination of the difference between the fair values of the shares of the Company based on closing price per share at the completion date of the acquisition on 22 October 2018 and at the date of entering into the sale and purchase agreement on 12 June 2018. Further details of the impairment loss on goodwill are set out in Note 17 to the consolidated financial statements.

Fair Value Gain on Contingent Consideration Receivables

An arrangement was made by the Company and the former owner of Stand East Group at the time of acquisition whereby the former owner guaranteed to the Company that the audited net profit after tax for Zhong Jun Kai Xuan Automotive Leasing Company Limited ("**Zhong Jun**") prepared in accordance to the HK GAAP for the respective three financial years ended 31 December 2019, 2020 and 2021 shall not be less than HK$20 million for each year, otherwise, the former owner undertakes to pay the shortfall equal to the amount of (HK$20 million – actual net profits) x 22.944 to the Company.

According to the consolidated audited financial statement of Zhong Jun, the net profit after tax prepared in accordance to HK GAAP has met the minimum profit guarantee of HK$20 million for the financial year ended 31 December 2019. The satisfactory performance mainly attributable to the government promotional policies on NEV for car makers and consumers.

The fair value gain on contingent consideration receivable is approximately HK$53.1 million for the Year (2019: approximately HK$34.2 million). In view of the government policies on new energy vehicles shifted from purchase subsidies for car makers and consumers to subsidies for setting up of charging facilities and low power consumption technologies, the trade war between China and USA and also the unexpected circumstances of COVID-19 Outbreak which has a continual effect on the operational and financial performance of the CGU, the management considers that it is prudent for the CGU to adjust its forecast and adopts a conservative and prudent view on its growth and development of the NEV and Logistics related business.

If the profit guarantee is not met at all or partially, the Company will not release all the consideration shares, which are now subject to escrow arrangement, to the Vendors and the Investors, unless the Company is compensated according to the formula as set out above. Further details of the fair value gain on contingent consideration receivables are set out in Note 18 to the consolidated financial statements.

Selling and Distribution Expenses

Selling and distribution expenses of the Group for the Year increased to approximately HK$6.5 million compared to that of approximately HK$1.8 million for the previous year. The selling and distribution expense comprised mainly salaries and benefits of sales and marketing staff, advertising and promotion expenses of the NEV and Logistics business. The increase was attributable to the rise in marketing expenses incurred for the sale of new energy vehicles for the Year.

Administrative and Other Operating Expenses

The administrative and other operating expenses of the Group for the Year increased by 56.6% to approximately HK$87.7 million compared to that of approximately HK$56 million for the previous year. The increase in administrative and other operating expenses was mainly due to (i) the increase of employee related costs, including the salaries of directors and staffs, employer's contributions for social insurance and pension funds and employment related expenditure in relation to the expansion of the NEV and Logistics business in the PRC; (ii) the increase of rental, office expenses depreciations of furniture and equipment following the increase in the number of offices established in different cities in Mainland China; and (iii) the service fee charged by the car maker for the centralised management of new energy vehicles that were acquired by the Group.

Finance Costs

Finance costs of the Group for the Year increased by 95.8% to approximately HK$21 million compared to that of approximately HK$10.7 million for the previous year. The finance costs mainly comprised the interest charges on a loan from the former substantial shareholder and the interest charges on the secured loan from Industrial Bank Company Limited for the financing of the acquisition of new energy vehicles in the PRC. The increase was mainly attributable to the interest charges on the secured loan from Industrial Bank Company Limited.

MANAGEMENT DISCUSSION AND ANALYSIS

Income Tax Expense

Income tax expenses primarily consists of current income tax and deferred income tax, the PRC subsidiaries of the Group are subject to the Enterprise Income Tax as determined under PRC tax laws and accounting standards, and the Group's subsidiary in the United Kingdom are subject to the Corporate Tax in the United Kingdom.

Income tax expense of the Group for the Year increased to approximately HK$8.4 million compared to that of approximately HK$1 million for the previous year. The increase in income tax was attributable to the improvement in taxable income of the PRC subsidiaries for the Year and the underprovision of Hong Kong profits tax in prior years.

Loss for the Year

As a combined result of the factors discussed above, the Group's net loss for the Year was approximately HK$246 million as compared to a net loss of approximately HK$107.2 million for the previous year.

Final Dividend

The Board does not recommend the payment of a final dividend for the year ended 31 March 2020 (2019: Nil).

FINANCIAL CONDITIONS ANALYSIS

Property, Plant and Equipment

As at 31 March 2020, the property, plant and equipment of the Group amounted to approximately HK$53 million (2019: approximately HK$123 million), property, plant and equipment consisting mainly of office equipment, machineries for the Concrete Placing segment, the new energy vehicles for the operation of NEV and Logistics segment. The decrease was attributed to the sale new energy vehicles as a way to adapt to the changes in market conditions and regulations, the sold new energy vehicles were classified as equipment previously.

Finance Lease Receivables

As at 31 March 2020, the finance lease receivables amounted to approximately HK$173.7 million (2019: approximately HK$23.3 million). The significant increase in finance lease receivables was mainly due to promoting the sales of new energy vehicles by way of instalment and via the finance leasing company of the Group by way of finance lease. The Group granted customers from the NEV and Logistics and finance leasing segment of payment by way of instalment over a term of 24 to 48 months.

Finance lease receivables are denominated in Renminbi and mainly secured by lease assets, deposits and lease assets repurchase arrangement where applicable. Additional collaterals may be obtained from customers to secure their repayment obligations under finance leases and such collaterals include property, plant and equipment, guarantee of the customers and/or their related parties.

Inventories

As at 31 March 2020, the inventories amounted to approximately HK$45.3 million (2019: approximately HK$341.8 million), consisting mainly of new energy vehicles for sales purpose. The decrease in inventories was due to the promotion of sales during the Year.

Trade and Other Receivables

As at 31 March 2020, the trade and other receivables amounted to approximately HK$109.2 million (2019: approximately HK$273.8 million), consisting of trade receivables, prepayments, deposit and other receivables. The decrease was mainly due to the release of deposit and prepayment as payables to car makers and services providers after the new energy vehicles being delivered and services being rendered.

Overview of Assets and Liabilities

As at 31 March 2020, the total assets of the Group were approximately HK$916.1 million, representing a decrease of 38.5% as compared to approximately HK$1,490.1 million as at 31 March 2019. The total current assets were approximately HK$531 million, representing 58% (2019: 63.2%) of the total assets.

As at 31 March 2020, the total liabilities of the Group were approximately HK$237.6 million, representing a decrease of 67.7% as compared to approximately HK$736.6 million as at 31 March 2019. The total current liabilities were approximately HK$230 million, representing 96.8% (2019: 97.5%) of the total liabilities.

As at 31 March 2020, the net current assets of the Group were approximately HK$301.1 million, representing an increase of 34.1% as compared to the net current assets of approximately HK$224.5 million as at 31 March 2019.

As at 31 March 2020, the Group's machinery and equipment with an aggregate net book value of approximately HK$1.4 million (2019: approximately HK$33.4 million) and inventories of Nil (2019: approximately HK$169.7 million) were pledged under secured loans from bank.

CASH FLOW ANALYSIS

The primary uses of capital of the Group are to fund its businesses and to manage the working capital of its daily operations. During the Year, the Group had cash generated from operating activities of approximately HK$25.5 million, as compared to a cash used in operating activities of approximately HK$159.7 million for the previous year. The net cash generated from investing activities of the Group was approximately HK$51.7 million for the Year as compared to approximately HK$1.3 million for the previous year, the cash inflow was mainly generated from the sale of new energy vehicles that were classified as equipment in the NEV and Logistics segment. The net cash used in financing activities of the Group was approximately HK$74.1 million for the Year as compared to the net cash generated from financing activities of approximately HK$182.9 million for the previous year, the cash outflow was mainly used to the repayment of bank loan borrowed in previous year.

GEARING RATIO

Gearing ratio is calculated by dividing all interest-bearing debts by total equity at the year end date and expressed as a percentage, interest-bearing debts are defined to include payables not incurred in the ordinary course of business. The gearing ratio of the Group as at 31 March 2020 was 22% (2019: 52.7%). As a result of the settlement of the short term loan from Industrial Bank Company Limited and the significant loss incurred for the Year, the Group's gearing ratio decreased.

CAPITAL MANAGEMENT

The objective of the Group's capital management is to ensure adequate return and to uphold the assets of the Group to continue as going concern. The Group actively and regularly reviews and adjust capital structure to cope with changes in economic conditions.

CAPITAL EXPENDITURE

The Group's capital expenditures principally consist of expenditures on office equipment. During the Year, the Group incurred capital expenditures of approximately HK$12.1 million.

MANAGEMENT DISCUSSION AND ANALYSIS

COMMITMENTS

The contractual commitments of the Group were primarily related to the leases of its office premises. Upon the adoption of HKFRS 16 Leases, the operating lease commitment disclosed under previous standards were recognised as lease liabilities in the Consolidated Statement of Financial Position as at 31 March 2020.

The Group did not have significant capital commitments as at 31 March 2020 (2019: Nil).

RISK MANAGEMENT

The finance leasing business of the Group faces a variety of risks in its daily business operations, including credit risk, liquidity risk, interest rate risk, operational risk, and legal and compliance risk. The Group recognises the importance of an effective risk management system for identifying and mitigating these risks. The Group has developed a risk management system tailored to the characteristics of its business operations, with a focus on managing the risks through comprehensive due diligence on customers, independent information review and multi-level approval process. The Group will continue to monitor and review the operation and performance of the risk management system, and improve the system from time to time to adapt to the changes in market conditions and regulatory environment.

The cross-broader payment and money exchange services business of the Group faces the risks of compliances that imposed by governmental authorities, risk of fraud and credit risks. Additionally, the operating stores transact a significant amount of business in cash, although we have safeguards in place, cash transactions have a higher exposure to fraud and theft than other types of transactions, the failure of agents holding significant amounts to remit funds to us or to repay such amounts, or the loss of cash in operating stores could have a material adverse effect our business, financial condition and results of operations. The Group has a range of prevention controls in place to mitigate the risks.

FOREIGN EXCHANGE RISK

The Group operates in several jurisdictions and is exposed to foreign exchange risk that comes from holding assets and liabilities in multi currencies and guaranteeing customers a forex rate on their money transfers for a limited period of time. Asset and liability foreign exchange risks come mainly from the Renminbi, British pound and US dollar. Foreign exchange risk comes from future commercial transactions and recognised assets and liabilities. The forex risk in relation to customer money transfer is actively monitored, the Group continuously monitors its foreign exchange position and, when necessary, will hedge foreign exchange exposure arising from contractual commitments.

In addition, as the reports of the Group is in Hong Kong Dollars, a strengthening of the Hong Kong Dollar against other currencies will also have a negative impact on the reported earnings of the Group that relate to its income earned in geographies outside Hong Kong.

LEGAL PROCEEDINGS

As of the date of this report, the Company is in the legal proceedings against the borrower in relation to loan and interest receivable with an aggregate claim amount of approximately HK$44.3 million (2019: approximately HK$55.5 million), the High Court has granted orders for sale of the assets of the borrower, and the Company is in the process to execute such orders to recover the outstanding loan and interest receivable. Based on current assessment, the management believes that no impairment is necessary in respect of the loan and investment receivables as the balances are considered fully recoverable.

In addition, 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.

Other disclosed above, the Group did not have any significant legal proceedings.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2020, the Group had a staff roster of 350 members (2019: 576). The related staff costs (including directors' emoluments) for the Year amounted to approximately HK$145.1 million (2019: approximately HK$207.5 million), the decrease in staff costs were mainly due to the reduced cost of sales in the Concrete Placing segment. Remuneration of employee is determined according to individual employee's performance and the prevailing trends in different areas and reviewed on an annual basis. The Group also contributes to the Mandatory Provident Fund and provides medical insurance to its employees. In addition, discretionary performance bonus is available at the discretion of the Directors. 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.

CONTINGENT LIABILITIES

Save as stated in the above section headed "Legal Proceedings", the Group had no material contingent liabilities as at 31 March 2020 (2019: Nil).

EVENTS AFTER THE REPORTING PERIOD

On 16 April 2020, the Company was informed by Prestige Rich Holdings Limited ("**Prestige Rich**"), a controlling shareholder of the Company, that Prestige Rich and Lenient Sunrise have entered into a sales and purchase agreement in relation to the sale and purchase of 156,430,000 shares of the Company, which represents 16% of the issued shares of the Company. Upon completion of the disposal, Prestige Rich will continue to be a controlling shareholder of the Company holding approximately 48.8% of the issued shares of the Company, and Lenient Sunrise will become a substantial shareholder of the Company and will hold 156,430,000 shares representing 16% of the issued shares of the Company subject to a 36-month non-disposal undertaking.

SIGNIFICANT INVESTMENTS

The Group did not hold any significant investments during the Year.

MATERIAL ACQUISITIONS AND DISPOSALS

Reference is made to the announcement of the Company dated 30 December 2019 and 8 January 2020, where the Group entered into a sales and purchase agreement with an independent third party in relation to the sale of the right to acquire 68% of the unpaid equity interest of Henan Pingchuang at RMB1. The deemed disposal of the above business will help strengthen our financial and liquidity positions.

Saved as disclosed above, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures.

MANAGEMENT DISCUSSION AND ANALYSIS

PROFIT GUARANTEE

On 12 June 2018, the Company and Prosperous East Investment Limited ("**Prosperous East**") entered into an agreement in relation to the acquisition of the entire issued share capital of Stand East, satisfied by the issue and allotment 152,960,000 shares of the Company, to be procured by Prosperous East for provision of new investment of RMB60 million in Stand East Group and guarantee to the Company that the total net profits of NEV and Logistics business operated by the subsidiary of Stand East, after tax prepared in accordance to HK GAAP calculated on a consolidated basis, shall meet the minimum sum of HK$20 million for each of the financial years ended 31 December 2019, 2020 and 2021.

According to the consolidated audited financial statement of Zhong Jun, the operating subsidiary of Stand East, for the financial year ended 31 December 2019, it has met the minimum profit guarantee.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 31 March 2020.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has funded the liquidity for the Year and capital requirements primarily through capital contributions from shareholders, bank and other borrowings, cash inflows from operating activities and proceeds received from the issue of new shares under specific mandate based on the circular of the Company dated 31 May 2019.

As at 31 March 2020, the Group had total cash and bank balances of approximately HK$47.2 million (2019: approximately HK$45.5 million).

As at 31 March 2020, the Group had loan and interest receivable amounting to approximately HK$67.5 million (2019: approximately HK$55.5 million). As stated in the paragraph headed "Legal proceedings", the Company is in the process against the borrower to recover approximately HK$44.3 million among the loan and interest receivables. The High Court has granted orders for sale of the assets of the borrower, and the Company will execute such orders to recover the outstanding loan and interest receivables. Based on current assessment, the management believes that no impairment allowance is necessary in respect of those loans and interest receivables as the balances are considered fully recoverable.

The borrowings of the Group as at 31 March 2020 was approximately HK$126.4 million (2019: approximately HK$371.1 million), the decrease was due to the settlement of the secured loan advanced from the Industrial Bank Company Limited for the financing of the acquisition of new energy vehicle.

As at 31 March 2020, the share capital and equity attributable to the owners of the Company amounted to approximately HK$9,778,000 and HK$655,690,000 respectively (2019: approximately HK$9,178,000 and HK$730,063,000 respectively).

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

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 2020.

USE OF NET PROCEEDS FROM THE SUBSCRIPTION OF NEW SHARES

Reference is made to the announcements of the Company dated 15 April 2019 and 26 July 2019 and the circular of the Company dated 31 May 2019 (the "**Circular**") relating to the subscription of new ordinary shares of HK$0.01 each (the "**Share**") of the Company under specific mandate (the "**Subscription**"). The Company and the subscriber, Prestige Rich, a company controlled by Mr. Zhang Jinbing, entered into the subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue, and Prestige Rich has conditionally agreed to subscribe for 60,000,000 new Shares (the "**Subscription Shares**") of the Company at the subscription price of HK$3.5 per share. The aggregate nominal value of the Subscription Share is HK$600,000. The net proceeds after deducted from the professional fees and other related expenses ("**Net Proceeds**") from the Subscription were approximately HK$209.7 million, on such basis, the net price of each Subscription Share is approximately HK$3.495. The purpose of the Subscription is for the Company to raise capital for the development and the expansion of the existing business of the Group. The use of proceeds has been consistent with the disclosure in the Circular and the announcement issued on 7 November 2019 in connection with the intend change in use of proceeds. The total Net Proceeds received were applied by the Group during the period from the completion date up to 31 March 2020 are as follows:

Use of Net Proceeds:	**Planned use of proceeds** HK$'000	**Actual use of proceeds from the Completion Date to 31 March 2020** HK$'000	**Unused amount** HK$'000	**Expected timeline for utilising the remaining net proceeds** *(Note 2)*
Investment of the finance leasing business	88,350	88,350	–	–
The establishment of finance Leasing company in Mainland China or the possible acquisitions *(Note 1)*	91,013	–	91,013	End of year 2021
General working capital	30,337	12,942	17,395	End of year 2021
Total	209,700	101,292	108,408	

Any net proceeds that were not applied immediately have been placed in the short-term deposits with licensed banks or invested in short term investment products in order to generate higher returns.

Notes:

1. As at 7 November 2019, there was a sum of approximately HK$121,350,000 of the net proceeds unutilised (the "**Unutilised Net Proceeds**"). The Unutilised Net Proceeds were originally allocated for investment of the finance leasing business of the Group in the PRC via payment of the registered capital of Hua Yao Finance Leasing. In view of the latest government policies on financial subsidies for the promotion and application of new energy vehicles and also the differential local tax preferential policies in various parts of the PRC, the Board has considered and resolved of the change in the use of the Unutilised Net Proceeds from the Subscription and re-allocated approximately 75% of the Unutilised Net Proceeds for possible acquisitions or the establishment of financial leasing company in other parts of the PRC and the rest as general working capital of the Company. For details, please refer to the announcement of the Company dated 7 November 2019.

2. The expected timeline for utilising the remaining net proceeds is based on the best estimation of the Company taking into account, among others, prevailing and future market conditions and business development and needs, and therefore is subject to change.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Director

Mr. Zhang Jinbing (張金兵先生) ("Mr. Zhang"), aged 48, is an executive Director, Chairman of the Board and chairman of the nomination committee of the Company. Mr. Zhang is also the controlling shareholder (as defined in the Rules Governing the Listing of Securities in the Stock Exchange of Hong Kong Limited (the "**Listing Rules**")) of the Company. Mr. Zhang graduated with a Bachelor of Arts degree from Guangzhou Foreign Language Institute in 1994. He has extensive experience in corporate management. Mr. Zhang has served as Co-Chairman of the board of directors and non-executive Director of Apollo Future Mobility Group Limited ("**Apollo FMG**"), a company listed on the Stock Exchange (stock code: 860), since 24 November 2017. He was an executive Director of Apollo FMG for the period from January 2015 to 23 November 2017 and Chairman of Apollo FMG for the period from June 2015 to 23 November 2017. Mr. Zhang has also served as Chairman and executive Director of State Energy Group International Assets Holdings Ltd, a company listed on the Stock Exchange (stock code: 918), since October 2018. He was also an executive director of Synertone Communication Corporation, a company listed on the Stock Exchange (stock code: 1613), for the period from August 2012 to April 2014.

Mr. Ni Biao (倪彪先生) ("Mr. Ni"), aged 56, is an executive Director of the Company. Mr. Ni obtained a Bachelor's degree in Economics and Management from 中共中央黨校附屬函授學院 (Central Party School of the Central Committee of the Communist Party of China*) in June 1988 and an Executive Master of Business Administration from Cheung Kong Graduate School of Business in 2012. Mr. Ni was also awarded a certificate in international chief executive officers programme by the Overseas Education College Shanghai Jiaotong University in November 2013. Mr. Ni has over 24 years of experience in management. He has served as director and chairman of the board of 杭州恒豐控股有限公司 (Hangzhou Hengfeng Holdings Ltd.*) since November 2000 and 杭州江濱一號健身有限公司 (Hangzhou Jianbin Yihao Ltd.*) since February 2008. He also joined 奧高國際（杭州）高爾夫教育科技股份有限公司 (Ao Gao Guoji (Hangzhou) Golf Education Holdings Ltd.*) in May 2016 as the director and chairman of the board. Mr. Ni is currently the vice president of 浙江省高爾夫球協會 (Zhejiang Golf Association*), the managing director of 浙江總會 (The General Association of Zhejiang*) and the vice-chairman of 浙江省僑商會 (Zhejiang Association of Overseas Chinese Entrepreneurs*). Prior to joining the Company, Mr. Ni was a director of 杭州廣安經濟發展有限公司 (Hangzhou Guangan Economics Development Ltd.*) from February 1995 to March 1998. He was also a director and general manager of 浙江申大進出口有限公司 (Zhejiang Shenda Import and Export Trade Company Ltd.*) from April 1998 to May 2012 and a director and general manager of 杭州經豐置業有限公司 (Hangzhou Jingfeng Zhiye Ltd.*) from July 2004 to September 2015. Mr. Ni was appointed as the Dean of the Overseas Education College Shanghai Jiaotong University Golf Branch from 2012 to 2016.

Mr. Yang Rui (楊蕤先生) ("Mr. Yang"), aged 54, was appointed as an executive Director of the Company with effect from 2 September 2019. Mr. Yang graduated from 中南工業大學 (Central South University of Technology*) in the PRC with a Bachelor Degree in Metallurgical Analytical Chemistry in 1988 and obtained a Master Degree in Business Administration from Murdoch University in Western Australia in 2001. Mr. Yang has extensive senior managerial experiences serving various PRC and multinational companies particularly in the field of import and export of non-ferrous metals. Prior to joining the Company, Mr. Yang held key management positions including president, deputy general manager and business development manager at several companies in the PRC and Hong Kong including Royal International Trading Limited since 2002, Shum Yip Nonfemet Hong Kong Limited from 1995 to 2000 and China National Nonferrous Metals Import and Export Corporation Guangzhou and Shenzhen Branch from 1989 to 1995, the principal business of these companies involve sale and promotion of non-ferrous metals and related products.

* *For identification purpose only*

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Non-Executive Director

Mr. Yan Haiting (閆海亭先生) ("Mr. Yan"), aged 57, was appointed as a non-executive Director of the Company with effect from 23 January 2020, Mr. Yan graduated from Henan University in China with a Bachelor of Art degree in 1988 and obtained a Master's Degree in Economics from Renmin University of China in 2001. Mr. Yan joined the foreign investment department of the People's Bank of China (the "**PBC**") in 1996 responsible for its financial affairs in Hong Kong, Macau and Taiwan, and was transferred to the international department of PBC in 1999 responsible for financial affairs in America. From the period in 2001 and 2002, he was seconded to The Hongkong and Shanghai Banking Corporation in the United Kingdom to learn corporate financial and asset management business. Mr. Yan served as deputy director and was promoted to the position of director in the international department of PBC from the period 2003 to 2005. From 2006 to 2010, he was the chief representative (counselor title) of PBC of Europe, responsible for the coordination with major economics in Europe, policy research and formulating proposals to PBC and the State Council of China regarding the formulation of and decisions in economic and financial policies. From 2010 to 2013, Mr. Yan served as the vice chairman and chief executive officer of Agriculture Bank of China (UK) Limited, responsible for business and market operations. From 2014 to 2017, Mr. Yan acted as the executive director and chief executive officer of China First Capital Group Limited, a public company listed on the Main Board of the Stock Exchange of Hong Kong (Stock Code: 1269), which is principally engaged in automotive parts business and financial services business. Currently, Mr. Yan is the vice chairman and executive director of GoSource Group Limited, chairman of GoSource Italy s.r.l. and executive director of GoSource Capital Limited.

Independent Non-Executive Directors

Dr. Zhu Zhengfu (朱征夫博士) ("Dr. Zhu"), aged 55, is an independent non-executive Director, member of the audit committee, the remuneration committee and the nomination committee of the Company. Dr. Zhu obtained the qualification of the independent directorship jointly awarded by the China Securities Regulatory Commission and School of Management, Fudan University in the PRC in April 2002. He received a Master's and Doctoral degree in laws from Wuhan University, the PRC in July 1987 and December 1997 respectively. Dr. Zhu is also a member of the National Committee of the Chinese People's Political Consultative Conference and the vice president of All China Lawyers Association. Dr. Zhu is an independent non-executive director of Dongjiang Environmental Company Limited, a company listed on the Stock Exchange (stock code: 895), Zall Group Ltd., a company listed on the Stock Exchange (stock code: 2098), and Poly Real Estate Group Co., Ltd. the shares of which are listed on Shanghai Stock Exchange (stock code: 600048). Dr. Zhu was an independent non-executive director of Beijing Honggao Creative Construction Design Co., Ltd. the shares of which are listed on Shenzhen Stock Exchange (stock code: 2504) for the period from November 2014 to November 2017, a member of the supervisory committee of CSSC Offshore & Marine Engineering (Group) Company Limited a company listed on the Stock Exchange (stock code: 317) since May 2011 and an independent non-executive director of Apollo FMG for the period from May 2015 to November 2017, a company listed on the Stock Exchange (stock code: 860).

Dr. Li Yifei (李亦非博士) ("Dr. Li"), aged 55, is an independent non-executive Director, member of the audit committee, the remuneration committee and the nomination committee of the Company. Dr. Li graduated from the School of Economics of Wuhan University in 1985 and obtained a Doctoral degree in Economics in December 2000. He is the chairman of the board of directors of 廣州華藝企業集團有限公司 (Guangzhou Huayi Enterprise Group Co., Ltd*), a committee member of the Guangdong Province Committee of the Chinese People's Political Consultative Conference, president of 廣州市大藝文化藝術基金會 (Guangzhou Dayi Culture and Arts Fund*) and member of the board of directors of Wuhan University. Dr. Li was also an independent non-executive director of Apollo FMG for the period from May 2015 to November 2017, a company listed on the Stock Exchange (stock code: 860).

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BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Tam Ping Kuen Daniel (譚炳權先生), ("Mr. Tam"), aged 56, is an independent non-executive Director, chairman of the audit committee and remuneration committee and member of nomination committee of the Company. Mr. Tam is the founder of Daniel Tam & Co., Certified Public Accountants (Practising). He holds a Master of Science in Financial Economics degree from the University of London in 1995. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants since 1996. Mr. Tam has served as an independent non-executive director of Apollo FMG since May 2006, a company listed on the Stock Exchange (stock code: 860).

SENIOR MANAGEMENT

Ms. Shang Yan Ling (尚研玲女士) ("Ms. Shang") is a director of Zhong Jun, one of the major operating subsidiaries of the Group carrying out the transportation and logistics related business in the PRC, she is responsible for the overall management, business strategy and development of Zhong Jun. Ms. Shang has been a shareholder, legal representative and managing director of 江門天譽粉煤灰貿易有限公司 (Zhengmin Tianyu Coal Trading Company Limited*) and its subsidiaries since 2007 which provided logistics services to a large corporation in the PRC. She is also the Founder and the director of 廣合聯豫科技有限公司 (Guang He Lian Yu Technology Limited*), and the deputy general manager of 洛陽東風新能源汽車有限公司 (Luoyang Dong Feng New Energy Motor Co Ltd*), responsible for developing and operating the management team as well as external financing since 2014.

Mr. Yang Wenjun Andy (楊文軍先生) ("Mr. Andy Yang"), is a Director of Newport Services (UK) Limited ("**Newport**"), the operating subsidiary of the Group carrying out the cross-boarder payment services and money exchange business in the United Kingdom. He is responsible for the management and operations of Newport in accordance with the by-laws of Company and the government regulations, and to actively promote the cross-boarder payment services and money exchange business. Mr. Andy Yang graduated from Beijing Economics College with bachelor's degree in Economics, obtained master degree in Economics from Renmin University of China, he is also a licenced member of Canadian Securities Institute. Mr. Andy Yang was served as general manager for Bank of China, Beijing head office and Hungary, and Sumitomo Mitsui Banking Corporation Suzhou Branch, he is also the director of VS1 Business Services (Europe) Limited and MSBG International Holdings Limited.

Mr. Cheung Yuk Kei (張玉其先生) ("Mr. Cheung") is a director of the four major operating subsidiaries of the Group carrying out the concrete placing and other ancillary services business namely, Kam Fung Engineering Limited, Global Sunny Engineering Limited, Sang Fu Engineering Limited and Richway Mechanical Engineering Co., Limited. Mr. Cheung is primarily responsible for monitoring projects of the concrete services business of the subsidiaries. Mr. Cheung has over 35 years of experience in the concrete services industry in Hong Kong.

Ms. Lee Eva (李綺華女士) ("Ms. Lee") is the company secretary of the Company (the "**Company Secretary**"). Ms. Lee is admitted as a solicitor in Hong Kong and focusing on capital markets and corporate finance work. Ms. Lee graduated from the London School of Economic and Political Science with Masters of Laws (Distinction).

Ms. Chan Mui (陳梅女士) ("Ms. Chan") is the chief financial officer of the Company, responsible for overseeing the financial reporting, financial management and internal control of the Company. Ms. Chan is a fellow member of the Association of Chartered Certified Accountants. She has extensive experience in the auditing, accounting and financial management. Before joining the Group, Ms. Chan worked for several companies listed on the Stock Exchange.

COMPANY SECRETARY

Ms. Lee Eva is the company secretary of the Company. Details of her qualifications and experience are set out in the paragraph headed "Senior management" in this section.

* *For identification purpose only*

CORPORATE GOVERNANCE PRACTICES

The Board is committed to upholding a high standard of corporate governance practices and business ethics in the firm belief that they are crucial to improving the efficiency and performance of the Group and to safeguard the interests of the Shareholders. The Board reviews the Company's corporate governance practices from time to time in order to meet the expectations of stakeholders and complies with increasingly stringent regulatory requirements, and to fulfill its commitment to excellence in corporate governance. Set out below are the principles of corporate governance as adopted by the Company.

CORPORATE GOVERNANCE CODE

The Company has applied the principles of and complied with the applicable code provisions (the "**Code Provisions**") as set out under the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules during the Year. The Directors periodically review on the Company's corporate governance policies and will propose any amendment, if necessary, to ensure compliance with the Code Provisions from time to time.

MODEL CODE FOR SECURITIES TRANSACTIONS

Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as a code of conduct of the Company for Directors' securities transactions. In response to a specific enquiry by the Company, all Directors have confirmed that they had fully complied with the requirements of the Model Code during the Year.

Securities Transactions by Senior Management and Staff

The senior management and staff have been individually notified and advised about the Model Code by the Company.

CORPORATE GOVERNANCE FUNCTIONS

It is the responsibility of the Board to determine the appropriate corporate governance practices applicable to the Company's circumstances and to ensure processes and procedures are in place to achieve the Company's corporate governance objectives.

The duties of the Board in performing its corporate governance functions under the CG Code include:

1. to develop and review the Company's policies and practices on corporate governance and make recommendations;

2. to review and monitor the training and continuous professional development of Directors and senior management of the Company;

3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

4. to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors of the Company; and

5. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

The Board is responsible for performing the corporate governance functions set out in code provision D.3.1 of the CG Code. As at the date of this annual report, the Board has reviewed and monitored (a) the Company's corporate governance policies and practices, (b) training and continuous professional development of Directors and senior management, (c) the Company's policies and practices on compliance with legal and regulatory requirements, (d) the Company's code of conduct and (e) the Company's compliance with the CG Code disclosure requirements.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

Each newly appointed Director shall receive formal, comprehensive and tailored induction on the first occasion of his appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of directors' responsibilities and obligations under the Listing Rules and relevant statutory requirements.

In compliance with Code Provision A.6.5 of the CG Code, all the Directors have participated in continuous professional development organized in the form of in-house training and seminars to keep them refreshed of their knowledge and skill and understanding of the Group and its business to update their skills and knowledge on the latest development or changes in the relevant statutes, the Listing Rules and corporate governance practices. The Company will also update the Directors of any material changes in the Listing Rules and corporate governance practices from time to time.

The training of each Director received during the Review Period is summarised as below:

Name of Director	Reading materials regarding regulatory update and corporate governance matters	Attending seminars/in-house training relevant to the Company's business, Listing Rules compliance and risk management
Executive Directors		
Mr. Zhang Jinbing *(Chairman & Chief Executive Officer)*	✓	✓
Mr. Ni Biao	✓	✓
Mr. Yang Rui (appointed on 2 September 2019)	✓	✓
Non-executive Director		
Mr. Yan Haiting (appointed on 23 January 2020)	✓	✓
Independent non-executive Directors		
Mr. Tam Ping Kuen Daniel	✓	✓
Dr. Zhu Zhengfu	✓	✓
Dr. Li Yifei	✓	✓

THE BOARD

Role and function

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the audit committee (the "**Audit Committee**"), the nomination committee (the "**Nomination Committee**") and the remuneration committee (the "**Remuneration Committee**") (together, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference. Further details of these committees are set out in the sections headed "Audit Committee", "Nomination Committee" and "Remuneration Committee" below.

Composition

As at the date of this annual report, the Board currently comprises seven members, consisting of three executive Directors, one non-executive and three independent non-executive Directors. The List of Directors is set out in the section headed "Directors' Report" of this annual report.

There is a balance of skills and experience for the Board, which is appropriate for the requirements of the business of the Company. Biographical details of the Directors and senior management of the Company are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 14 to 16 of this annual report.

The Directors have no financial, business, family or other material or relevant relationship with each other.

Pursuant to the code provision A.5.6 of the CG Code, listed issuers are required to adopt a board diversity policy. The Board has adopted the board diversity policy with a view to achieve a sustainable and balanced development of the Group. In designing the Board's composition, board diversity has been considered from a number of aspects, including but not limited to gender age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. This diversity policy is reviewed annually by the nomination committee of the Company and where appropriate, revisions will be made with the approval from the Board.

Board Meetings

The Board meets regularly to discuss and formulate the overall strategy to monitor the operation and financial performance of the Group. The Company Secretary assists the Chairman in drawing the agenda of each meeting and each Director may request inclusion of matters in the agenda. All Directors have access to the Company Secretary who is responsible for ensuring that Board procedures are complied with and all applicable rules and regulations are followed.

CORPORATE GOVERNANCE REPORT

Pursuant to Code Provision A.1.1 of the CG Code, the Board should meet regularly and Board meetings should be held as at least four times a year. Additional meetings would be arranged if and when required. Directors may participate either in person or through electronic means of communications. During the Year, a total of 16 Board meetings and two general meetings were held and the attendance records are as follows:

Name of Director	Meetings attended/ Number of general meetings attended	Meetings attended/ Number of Board meetings
Executive Directors		
Mr. Zhang Jinbing *(Chairman and Chief Executive Officer)*	2/2	13/16
Mr. Ni Biao	0/2	15/16
Mr. Yang Rui (appointed on 2 September 2019)	0/2	9/16
Non-executive Director		
Mr. Yan Haiting (appointed on 23 January 2020)	0/2	2/16
Independent non-executive Directors		
Mr. Tam Ping Kuen Daniel	0/2	14/16
Dr. Zhu Zhengfu	0/2	14/16
Dr. Li Yifei	0/2	14/16

Access to information

The Directors may seek independent professional advice in appropriate circumstances, at the Company's expenses. The Company will, upon request, provide separate independent professional advice to Directors to assist the relevant Directors to discharge their duties to the Company.

The Board is supplied with relevant information by the senior management pertaining to matters to be brought before the Board for decision as well as reports relating to operational and financial performance of the Group before each Board meeting. Where any Director requires more information than is volunteered by the management, each Director has the right to separately and independently access the Company's senior management to make further enquiries if necessary.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 of the CG Code as set out in Appendix 14 to the Listing Rules states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Zhang Jinbing was appointed as the Chairman of the Board and chief executive officer of the Company since 12 January 2018. Notwithstanding the deviation from code provision A.2.1, the Board believes that with the support of the management, vesting the roles of both chairman and chief executive officer on the same person can facilitate execution of the Group's business strategies and provide a strong and consistent leadership to the Group. The Board considers that the appointment of Mr. Zhang Jinbing as the Chairman of the Board and the chief executive officer of the Company will not impair the balance of power as all major decisions are made in consultation with members of the Board. In addition, under the supervision by the Board which currently consists of three executive Directors, one non-executive Director and three independent non-executive Directors, the interests of the shareholders of the Company will be adequately and fairly represented.

NON-EXECUTIVE DIRECTOR

Code Provision A.4.1 stipulates that non-executive director shall be appointed for a specific term, subject to re-election, whereas Code Provision A.4.2 states that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

On 23 January 2020, Mr. Yan Haiting was appointed as non-executive Director of the Company for a specific term of three years and is subject to retirement by rotation every three years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors are considered by the Board to be independent of the management and free of any relationship that could materially interfere with the exercise of their independent judgments. The Board considered that each of the independent non-executive Directors brings his own relevant expertise to the Board and its deliberations. None of the independent non-executive Directors has any business or financial interests with the Group nor has any relationship with other Directors.

Pursuant to Rules 3.10(1) and 3.10(2) of the Listing Rules, the Company has currently appointed three independent non-executive Directors for a term of two years commencing from their respective dates of appointment. One of the three independent non-executive Directors have appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee. No less than one-third of the Directors are subject to retirement by rotation at each annual general meeting in accordance with the amended and restated memorandum and articles of association of the Company.

APPOINTMENTS AND RE-ELECTION OF DIRECTORS

Nomination Policy

The Board has adopted the following policies for the nomination of directors.

Selection Criteria

In determining the suitability of a candidate, the Nomination Committee and the Board shall consider the potential contributions that a candidate can bring to the Board and/or the Group.

The Nomination Committee would consider a candidate in terms of qualifications, skills, experience, independence and other factors. The following shows a non-exhaustive list of selection criteria:

- the candidate's race, reputation, character and integrity;
- the candidate's qualifications, skills, knowledge, business judgment and experience which are relevant to the operations of the Group; and
- the relevant factors set out in the board diversity policy of the Company (as amended from time to time).

Nomination Procedures

The evaluation, recommendation, nomination, selection and appointment or re-appointment of each proposed Director shall be assessed and considered by the Nomination Committee and the Board against the selection criteria and the board diversity policy of the Company.

In the context of appointment of any proposed candidate to the Board:

- the Nomination Committee may take such measures that it considers appropriate in connection with its identification and evaluation of candidates, including referrals from the Directors, shareholders, management, advisers of the Company;

- the Nomination Committee shall identify and ascertain the character, qualification, knowledge and experience of the candidate and perform adequate due diligence in respect of such candidate; and

- the Nomination Committee shall make recommendations by submitting the candidate's personal profile to the Board for its consideration.

According to the articles of association of the Company (the "**Articles of Association**"), any Director so appointed by the Board shall hold office, in the case of filling a casual vacancy, only until the next following general meeting of the Company or, in the case of an addition to their number, until the next following annual general meeting of the Company who shall then be eligible for re-election at such general meeting. Every Director is appointed for a specific term and is subject to retirement by rotation at least once every three years.

In accordance with Article 108(a) of the Articles of Association, at each annual general meeting, at least one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Mr. Yang Rui, Mr. Yan Haiting, Dr. Li Yifei and Dr. Zhu Zhengfu will retire from office at the forthcoming annual general meeting of the Company (the "**AGM**") and being eligible, offer themselves for re-election.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Nomination Committee and the Remuneration Committee, for overseeing particular aspects of the Company's affairs. All Board Committees of the Company are established with defined written terms of reference. The terms of reference of the Board Committees are posted on the websites of the Company and the Stock Exchange and are available to Shareholders upon request.

AUDIT COMMITTEE

As at the date of this report, the Audit Committee comprises three members, namely Mr. Tam Ping Kuen Daniel (chairman), Dr. Zhu Zhengfu and Dr. Li Yifei, all being independent non-executive Directors. Further details on the terms of reference of the Audit Committee are available on the website of the Company and the website of the Stock Exchange.

The primary responsibilities of the Audit Committee include:

- to be primarily responsible for making recommendations and advice to the Board on the appointment, reappointment and removal of the external auditors, and to approve and review the remuneration and terms of engagement of the external auditors;

- to review and monitor the external auditors' independence and objectivity and the effectiveness of the internal audit process in accordance with applicable standards;

- to develop and implement policy on engaging an external auditors to supply non-audit services, and to review and monitor the extent of non-audit works undertaken by external auditors;

- to monitor the integrity of financial statements and the annual report and accounts and half-year report, and to review significant financial reporting judgments contained in them;

- to discuss the risk management and internal control systems with management of the Group to ensure that the management of the Group has performed its duty to have an effective risk management and internal control systems; and

- to develop and review the Group's policies and practices on corporate governance and make recommendations to the Board and monitor the Group's policies and practices on compliance with legal and regulatory requirements.

The Audit Committee has explicit authority to investigate any activity within its terms of reference and the authority to obtain outside legal or other independent professional advice if it considers necessary. It is given access to and assistance from the employees and reasonable resources to discharge its duties properly.

During the Year, the Board had no disagreement with the Audit Committee's view on the re-appointment of the external auditors. The financial statements for the Year and this annual report have been reviewed by the Audit Committee.

According to the current terms of reference, meetings of the Audit Committee shall be held at least twice a year. Two meetings were held during the Year, issues concerning the financial reporting and internal control were discussed, the attendance of each member is set out as follows:

Audit Committee	**Meeting attended/ Eligible to attend**
Mr. Tam Ping Kuen Daniel *(Chairman)*	2/2
Dr. Zhu Zhengfu	2/2
Dr. Li Yifei	2/2

NOMINATION COMMITTEE

As at the date of this report, the Nomination Committee comprises four members, namely Mr. Zhang Jinbing (chairman), Mr. Tam Ping Kuen Daniel, Dr. Zhu Zhengfu and Dr. Li Yifei. A majority of the members of the Nomination Committee namely Mr. Tam Ping Kuen Daniel, Dr. Zhu Zhengfu and Dr. Li Yifei are independent non-executive Directors. Mr. Zhang Jinbing, the chairman of the Nomination Committee is also the Chairman and executive Director of the Company. Further details on the terms of reference of the Nomination Committee are available on the website of the Company and the website of the Stock Exchange.

The principal responsibilities of the Nomination Committee include:

- review the structure, size and composition of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- review the Company's board diversity policy and the progress on achieving the objectives set for implementing the said policy;
- identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- assess the independence of independent non-executive Directors;
- make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive officer; and
- conform to any requirement, direction, and regulation that may from time to time be contained in the memorandum and articles of association of the Company or imposed by the Listing Rules or applicable law.

Meeting of the Nomination Committee shall be held at least once a year. Three meetings were held during the Year, issues concerning revision of the structure size and composition of the Board and the board diversity policy were discussed, the attendance of each member is set out as follows:

Nomination Committee	**Meeting attended/ Eligible to attend**
Mr. Zhang Jinbing *(Chairman)*	3/3
Mr. Tam Ping Kuen Daniel	3/3
Dr. Zhu Zhengfu	3/3
Dr. Li Yifei	3/3

REMUNERATION COMMITTEE

As at the date of this report, the Remuneration Committee comprises three members, namely Mr. Tam Ping Kuen Daniel (chairman), Dr. Zhu Zhengfu and Dr. Li Yifei, all being independent non-executive Directors. Further details on the terms of reference of the Remuneration Committee are available on the website of the Company and the website of the Stock Exchange.

The principal responsibilities of the Remuneration Committee include:

- consult the chairman of the Board and/or chief executive about their remuneration proposals for other executive Directors;
- make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- make recommendations to the Board on the remuneration packages of individual executive Directors and senior management below Board level;
- make recommendations to the Board on the remuneration of independent non-executive Directors;
- consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries;
- review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct;
- ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration; and
- conform to any requirement, direction, and regulation that may from time to time be contained in the memorandum and articles of association of the Company or imposed by the Listing Rules or applicable law.

Three meetings were held during the Year. The Remuneration Committee considers the remuneration of the executive Directors and senior management and made recommendations to the Board taking into consideration industry practices and norms in compensation, in addition to the performance relative to the Company and its subsidiaries and the performance of the individual Directors. The Company reviews the remuneration package annually taking into consideration of the market practice, competitive market position and individual performance.

Remuneration Committee	Meeting attended/ Eligible to attend
Mr. Tam Ping Kuen Daniel *(Chairman)*	3/3
Dr. Zhu Zhengfu	3/3
Dr. Li Yifei	3/3

AUDITORS' REMUNERATION

The Audit Committee of the Group is responsible for considering the appointment and re-election of external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect to the Group. KTC Partners CPA Limited has been re-appointed as the auditor of the Group. The statement of the external auditors of the Group regarding their reporting responsibilities for the consolidated financial statements of the Group is set out in the Independent Auditors' Report on pages 57 to 64 of this annual report.

The remuneration paid or payable to the external auditor of the Group, KTC Partners CPA Limited or their affiliated firms, in respect of audit services and non-audit services for the year ended 31 March 2020 is set out below:

Services rendered	**Fees paid/ payable** HK'000
Audit services	1,300
Non-audit services	260
	1,560

KTC has been engaged as the auditors of the Company since 3 May 2018, to fill the causal vacancy following the resignation of HLB Hodgson Impey Cheng Limited ("**HLB**"), as the Company and HLB could not reach a consensus on the audit fee for the financial year 31 March 2018. The Company was charged HK$573,600 for non-audit services and nil audit services fee by HLB or their affiliated firms for the financial years from 2018 to 2019.

DIVIDEND POLICY

The dividend policy of the Company is to distribute to its Shareholders the funds surplus to the operating needs, current and future business development of the Group as determined by the Board. The Company may declare and pay dividends to the Shareholders subject to the criteria as set out below.

In accordance with the Articles of Association and subject to the relevant laws of the Cayman Islands, the Company in general meeting may from time to time declare dividends in any currency to be paid to the Shareholders but no dividend shall be declared in excess of the amount recommended by the Board.

Dividends may be declared and paid out of the profits of the Company, realized or unrealized, or from any reserve set aside from profits which the Board determine is no longer needed. With the sanction of an ordinary resolution, dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the relevant laws under the Cayman Islands.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the establishment, maintenance and review of the Group's risk management and internal control systems. The Board must ensure that the Company establishes and maintains effective risk management and internal control systems to meet the objectives and safeguard the interests of the Shareholders and the assets of the Company.

The Board oversees the Group's the overall risk management and internal control systems on an ongoing basis. At the same time, the Group endeavours to identify risks, control impact of the identified risks and facilitate implementation of coordinated mitigating measures. The risk management and internal control systems which are compatible with the Committee of Sponsoring Organisations of the Treadway Commission (COSO) – Integrated Framework 2013 principles. They are designed to manage rather than eliminate the risk of failures in order to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group has established a risk management policy which sets out the process of identification, evaluation and management of the principal risks affecting the business.

1. Each division is responsible for identifying and assessing principal risks within its divisions on a quarterly basis and establishing mitigation plans to manage the risks identified;

2. The senior management is responsible for overseeing the Group's risk management and internal control activities, attending quarterly meetings with each division to ensure principal risks are properly managed, and new or changing risks are identified and documented;

3. The Board is responsible for reviewing and approving the effectiveness and adequacy of the Group's risk management and internal controls systems.

The risk management framework, coupled with the internal controls of the Group, ensures that the risks associated with different business units are effectively controlled in line with the Group's risk appetite.

The Group does not have an internal audit department, an annual review has conducted on whether there is a need for such an internal audit department is required. Given the Group's relatively simple corporate and operation structure, as opposed to diverting resources to establish a separate internal audit department, the Board, as supported by the Audit Committee, is directly responsible for risk management and internal control systems of the Group and for reviewing its effectiveness. The Group engaged an external consultant, Zhonghui Anda Risk Services Limited, to perform annual review on risk management and assess the internal control system, and to make recommendations for improving and strengthening the risk management and internal control system. No significant area of concern that may affect the financial, operational, compliance, control and risk management of the Group has been identified. The Board considered the Group's internal control system to be effective and adequate.

COMPANY SECRETARY

The Company has engaged Ms. Lee Eva ("**Ms. Lee**") as the Company Secretary. In compliance with rule 3.29 of the Listing Rules, Ms. Lee has confirmed that she has undertaken no less than 15 hours of relevant professional training during the year in compliance with Rule 3.29 of the Listing Rules. Her biographical details are set out in the section headed "Biographies of Directors and Senior Management".

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders and potential investors is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company has adopted the shareholders' communication policy with the objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company (including the financial performance, strategic goals and plans, material development, governance and risk profile). The Company also recognises the importance of timely and non-selective disclosure of information, which will enable shareholders and potential investors to make the informed investment decisions.

To promote effective communication, the Company maintains the website at www.chongkin.com.hk, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. Latest information on the Group including annual and interim reports, announcements and other corporate communications which will be sent to Shareholders and/or published are updated on the websites of the Stock Exchange (www.hkexnews.hk) and the Company's website in a timely fashion.

The forthcoming AGM of the Company will be held on Wednesday, 26 August 2020. The notice of the AGM, setting out details of each proposed resolutions, voting procedures and other relevant information, will be sent to shareholders at least 20 clear business days before the AGM.

SHAREHOLDERS' RIGHTS

General meeting

The general meeting of the Company provides an opportunity for communication between the Shareholders and the Board. The Chairman of the Board as well as chairmen of the Audit Committee, Nomination Committee and Remuneration Committee, or in their absence, their duly appointed delegates are available to answer questions at the Shareholders' meetings. The auditor of the Company is also invited to attend the Company's AGM and is available to assist the Directors in addressing queries from the Shareholders relating to the conduct of the audit and the preparation and contents of the Independent Auditors' Report. Separate resolutions are proposed at the AGM on each substantial issue, including the election of the individual Directors.

At any general meeting, a resolution put to the vote of the meeting shall be decided by poll save that the Chairman of the meeting may, pursuant to the Listing Rules, allow a resolution be voted by a show of hands, in accordance with Article 72 of the Articles of Association. The Chairman will explain such rights and procedures during the AGM before voting on the resolutions.

Pursuant to Article 64 of the Articles of Association, Shareholders can make a requisition to convene an extraordinary general meeting ("**EGM**"). The procedures for the Shareholders to convene an EGM are as follows:

(1) any one or more Shareholders (the "**Requisitionist**") holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition to the Board or the company secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition.

(2) such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the Requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) shall be reimbursed by the Company.

Procedures for putting forward proposals at shareholders' meeting

Shareholders are welcomed to suggest proposals relating to the operations, strategy and/or management of the Group at shareholders' meeting. Proposals shall be sent to the Board or the company secretary by written requisition of his/her proposal (the "**Proposal**") together with his/her detailed contact information to the Company Secretary at the Company's principal place of business in Hong Kong at Room 6808, 68th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong in the manner as set out above.

The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Board will be asked to include the Proposal in the agenda for the general meeting.

The notice period to be given to all the Shareholders for consideration of the Proposal raised by the Shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:

– at least 21 days' notice in writing if the Proposal requires approval by way of a special resolution of the Company in an EGM or resolution of the Company in an AGM.

– at least 14 days' notice in writing if the Proposal requires approval in any other EGM.

Shareholders' enquiries

For matters in relation to the Board, Shareholders may send their enquiries and concerns to the Board by addressing them to the company secretary or relevant personnel by mail to the Company's principal place of business in Hong Kong at Room 6808, 68th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong (Tel: +852 2123 8400, Fax: +852 2123 8402).

For share registration related matters, such as share transfer and registration, change of name or address, loss of share certificates or dividends warrants, the registered Shareholder can contact:

Branch Share Registrar and Transfer Office in Hong Kong
Tricor Investor Services Limited
Address: Level 54, Hopewell Centre,
183 Queen's Road East, Hong Kong
Tel: (852) 2980 1333
Fax: (852) 2810 8185

SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

During the Year, there is no change in the Company's constitutional documents.

LOOKING FORWARD

The Company will keep on reviewing its corporate governance standards on a timely basis and the Board endeavor to take the necessary actions to ensure compliance with the required practices and standards including the provisions of the Code on Corporate Governance Code introduced by the Stock Exchange.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ABOUT THE REPORT

Chong Kin Group Holdings Ltd and its subsidiaries are pleased to present our Environmental, Social and Governance Report (the "**ESG Report**"). The report concerns environmental and social impacts, policies and initiatives of the Group to demonstrate our long-term commitment to ensure that our activities, at all levels, are economically, socially and environmentally sustainable. Additional information in relation to the Group's corporate governance and financial performance can be referred to our annual report for the year ended 31 March 2020.

1.1. Scope and Reporting Boundary

The scope of the ESG Report covers the environmental and social performances of the principal operating activities of the Group, which were principally engaged in the provision of new energy vehicles and logistics related services in the PRC, and the provision of, concrete placing and other ancillary services in Hong Kong, spanning over the period from 1 April 2019 to 31 March 2020 ("**Reporting Period**" or "**FY2019 — FY2020**"). Part of the content may look back upon the performance of the Group in past years with a view to presenting the report in a more informative and comparable manner. The reporting boundary includes the operation entities in Hong Kong and PRC.

1.2. Reporting Guidelines

The "Environmental, Social and Governance Reporting Guide" (the "**ESG Reporting Guide**") which is set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("**HKEX**") is the reporting framework of this ESG Report.

1.3. Reporting Principles

The reporting principles of this ESG Report are governed by "materiality" and "quantitative". With respect to "materiality", we ensure that ESG issues discussed in this report are sufficiently important and material to investors and stakeholders including clients, communities, employees, institutions, governments, non-governmental organizations, shareholders, subcontractors, suppliers and industry associations. With respect to "quantitative", Key Performance Indicators ("**KPI**") required by the ESG Reporting Guide are measurable such that the effectiveness of our ESG policies and management systems can be evaluated and validated continuously.

The Group is determined to be a responsible enterprise and is committed to perfecting its business and improving the local community. In order to determine what issues are relevant and material to our business with respect to sustainability, the Group is aware that the key is to understand what issues that our stakeholders concerned most. We define our stakeholders as people who affect our business or who are affected by our business. In our daily business, we actively exchange information with our stakeholders through our transparent platform while we are devoted to continuous improvement of our communication system. In addition, we are committed to maintaining a long-term partnership with our stakeholders and are actively engaged in addressing their concerns with timely follow-up actions. The Group is working to create a sustainable growth for the benefit of all our stakeholders.

We welcome comments and suggestions from our stakeholders. You may provide your comments or views with respect to this ESG Report or our sustainability initiatives via email to info@chongkin.com.hk.

1.4. Reporting Framework

With reference to the ESG Reporting Guide and the Group's business operation, the presentation of our ESG Report divides the relevant aspects and KPI, which are considered to be relevant and material to the Group, into four subject areas: Environmental Protection, Employment and Labour Practices, Operating Practices and Community Investments.

A complete index in compliance with the ESG Reporting Guide is also available at the end of this report for reference. Except for provisions that the Group considers are inapplicable to its operations, for which explanations have been given on the rightmost column in the said index, this report is compliant with all the "comply or explain" provisions set out in the ESG Reporting Guide.

1.5. Data Collection

Data in this report are extracted from the Group's internal management system and statistics, and part of the data collected in previous years. Unless otherwise stated, HKD is used in this report as its functional currency.

1.6. Report Availability

In addition to inclusion in the Group's Annual Report, this report is also accessible in electronic version from https://www.chongkin.com.hk.

1.7. Contact

We welcome all sorts of comments and suggestions from our stakeholders with respect to this ESG Report or our sustainability performance. Comments or views can be sent to info@chongkin.com.hk.

2. OUR ESG ACHIEVEMENT

The Group contemplates that ESG is an integral part of our principal business and also our ability to succeed in a relentlessly competitive market. As such, the Group has been continuously spending remarkable efforts to address various aspects of ESG, including greenhouse gas reduction, environmental compliance, health and safe work environment for employees, development and training opportunities for employees, customer satisfaction, and community investments.

3. ENVIRONMENTAL PROTECTION

3.1. Corporate Environmental and Compliance

In recent years, the government of the People's Republic of China ("**PRC**") has been actively promoting the initiative of "Ecological Civilization" to provide a coherent conceptual framework for adjustments to development that meets 21st century challenges, including creating green supply chains, greening of the Belt and Road Initiative and accelerating efforts to achieve goals in relation to climate change, pollution reduction, circular economy, low-carbon economy, green development and other global environment concerns.

In response to the national strategy, the Group is committed to upholding high environmental standards and to disseminating the concept of sustainable and green development via reducing waste discharge, carbon footprint and resource consumption, devoting human and financial resources for environmental conservation and promoting a harmonious and sustainable development among people, society and the environment. We believe that investment in sustainable and green development will, in the long term, benefit the operation of the Group and enable the Group to achieve strategic needs.

To achieve environmental sustainability, the Group formulated relevant rules and regulations for a sound and effective management of energy consumption, greenhouse gas ("**GHG**") emission, as well as discharge of domestic waste and sewage and other pollutants, highlighted as below.

- Comply with applicable environmental protection laws and regulations;
- Define appropriate goals, objectives and targets on a regular basis for our ESG management approach;
- Improve continuously the ESG management system and maintain rigorous standards; and
- Promote environmental awareness among the workforce with regular communication.

During the Reporting Period, the Group engaged the Hong Kong Quality Assurance Agency to conduct regular authentication of its ISO 14001 certification for waste management and resource provision in our construction works. We understand that the operation of machinery and equipment and the construction processes create noise, which may affect people nearby. As such, the Group strictly implements the guidelines with respect to construction noise pollution by our main contractors and comply with the Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong). Under the Ordinance, all constructions activities are governed and should only be carried out when the Construction Notice Permit ("**CNP**") is granted by the EPD. Furthermore, the Group complied with relevant laws and regulations relating to air and GHG emissions, discharge into water and land, and generation of hazardous and non-hazardous waste. The Group did not violate any environmental protection laws or regulations in the region of its operation, nor was it subject to significant fines, non-monetary penalties and litigation relating to environmental violations.

3.2. Exhaust Gas and GHG Emissions

The Group is well aware of the impact of global warming and climate change on the planet Earth and all human. Our operations, through consumption of various kinds of fossil fuel, inevitably release Nitrogen Oxides (NOx), Sulphur Oxides (SOx), and Carbon Dioxide (CO_2) into the air, which are considered to be one of the major sources of global warming. As such, we are paying close attention to our emissions to ensure that they comply with the industry standards, and that transparent data are communicated effectively throughout the Group to implement applicable changes, including reduction measures. Moreover, we are committed to reducing pollutant emissions and minimizing the damage and influence on ecological environment.

3.2.1. Emission Status in Hong Kong

The principal business of the Group in Hong Kong includes concrete services. The GHG emissions of the Group were mainly generated by electricity and fuels consumed for our operation. In order to reduce waste and minimize the consumption of electricity to better address GHG emission issues, the Group implemented various energy-saving measures, and have opted for more energy efficient fuel, such as Shell Fuel Save Diesel, for most of its machinery and vehicles.

In its endeavors to reduce emissions of air pollutants and noxious odours from our operation, the Group, during the Reporting Period, complied with the following environmental protection laws of Hong Kong in relation to GHG and waste water emissions, solid waste management and noise pollution, and obtained various international certifications to underscore its environmental commitment to the sustainable development.

- Machines have been granted with approval and are duly labelled (or have been exempted) as Non-road Mobile Machinery (NRMM) by the Environmental Protection Department (EPD) pursuant to the Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong) (Non-road Mobile Machinery) (Emission) Regulation.

- In compliance with the internationally accepted ISO 14001 Standard, we carry out constant review of existing works, planning and implementation of new initiatives, progress monitoring and pursuit of advancement, with an objective to maximize the effectiveness of energy-saving measures as well as reducing emissions and waste.

- All construction works must comply with the Air Pollution Control Ordinance and its subsidiary regulations, particularly the Air Pollution Control (Construction Dust) Regulation and Waste Disposal Ordinance. Under the amendment of the Air Pollution Control Ordinance in 2008 by the EPD, the Group ensures that the machines are compliant with the prescribed emission standards.

3.2.2. Emission Status in the PRC

The principal business of the Group in the PRC includes financial leasing and transportation and logistics services. During the Reporting Period, the Group adopted multiple initiatives to achieve a greener transportation and logistics operation, including:

- engaging new energy vehicles as the carrier to achieve “Green Logistics” with the aim to reduce carbon footprint, reduce GHG emissions and increase the cost-effectiveness of logistics resources;

- Our progress in overcoming some of the biggest challenges on the road to more sustainable transport, the Group are hoping to use the next generation of bioenergy.

- The Group also looks at prospects for de-carbonizing road transport using hydrogen, as net-zero emissions targets in near future help to drive the regulations and incentives that will be needed to finally take this low-carbon transport technology to scale as well as the digital drive to make travel safer and roads less congested on the road.

In addition to the emission reduction measures designed for the daily operation, the Group actively adopts electricity conservation and energy saving measures for the office operation,

- Migration to product material with a long durability and a low carbon footprint whenever possible;

- Maintaining indoor temperature at an optimal level for comfort;

- Providing on-off and zoning control of lighting and ventilation system in the workplace according to the operation schedule;

- Encouraging employees to switch off machines and devices, such as computers and monitors when not in use;

- Procuring energy efficient electrical appliances (such as those with Grade 1 energy labels, fridge with door) and systems;
- Encouraging employees to make the best use of modern telecommunication system to avoid unnecessary travel arrangement;
- Placing "Green Message" reminders on office equipment and workplace to further enhance employees' environmental awareness;
- Organizing training session including case studies to improve awareness of energy efficiency and GHG saving and to engage staff to adopt the energy saving practices; and
- Continuous replacement of aged air handling unit by more energy efficient ones with variable frequent drive control.

In accordance with the ESG Reporting Guide set out by HKEX, our environmental performance of "Emissions" during the Reporting Period is tabulated below.

Table 1 — Emissions

	Unit	FY2018–2019	FY2018–2019 Intensity	FY2019–2020	FY2019–2020 Intensity
GHG Emissions	CO_2e (kg)	121.1	0.21	61.66	0.18
Nitrogen Oxides	g	5,879.5	10.21	2,046.8	6.04
Sulphur Oxides	g	152.0	0.26	182.4	0.54
Particulate Matter	g	432.9	0.75	150.7	0.44

3.2. Waste Management

3.2.1. Waste Management Policy

Our principal waste management policy endeavours to achieve a green and paperless operation and a minimal generation of waste during our operation wherever possible and practical. Through the '4-R Principles — Reduce, Reuse, Replace and Recycle, the Group strives to achieve the target of reducing waste generation and aims at waste management from the source. Our waste management practice is compliant with laws and regulations relating to environmental protection in the region where we operate.

While educating our employees and business partners the significance of sustainable development, we constantly encourage all employees to reduce paper usage through duplex printing, paper recycle and frequent use of electronic information systems for material sharing or internal administrative documents. We encourage increased use of reusable product, such as envelopes, and better separation of waste streams for recycling, maintaining 100% recycling of used toner cartridges by collecting and returning all used cartridge to recycling agents. We encourage minimal consumption of paper towels in the workplaces.

3.2.2. Hazardous Waste and Non-hazardous Waste

The Group's business, by nature, does not directly produce hazardous waste throughout any part of our activities. Our waste management practice is compliant with laws and regulations relating to environmental protection.

Regarding our transportation operation, used engine oil is collected by a registered waste collector to ensure proper treatment and to reduce impacts on the environment. With respect to the construction operation, the Group upholds environmentally friendly standards and regulatory requirements in treating waste within its business operations. Special personnel are assigned to each project of the Group to oversee operations and ensure that construction waste can be processed in a timely and effective manner. Waste handling, transportation and disposal procedures are managed appropriately on-site by the main contractor of the construction project, to ensure that the waste management process is environmentally acceptable and in full compliance with statutory and contractual requirements. Waste management plan of the Group covers our daily working activities with an objective to systemically and strategically reduce waste, maximise the use of reusable and recyclable materials and encourage the upcycling of construction waste. Therefore, these key performance indicators (KPIs) are not significant to the Group's operation, and have not been disclosed in this report.

With respect to our office operations in Hong Kong and China, the non-hazardous wastes generated are mainly domestic waste, among which, recyclable wastes, such as paper, will be recycled for reuse. Our waste management practice is compliant with laws and regulations relating to environmental protection. The Group endeavors to recycle electronic waste throughout our operation wherever practical, ultimately reducing both the monetary and environmental costs involved in disposal of these electrical parts that would otherwise be scrapped and treated as hazardous waste.

3.2.3. Wastewater Discharge

The Group set up a wastewater collection basin at each construction site for wastewater handling with reference to the guidelines from main contractors. In addition, wastewater treatment facilities were set up for each site, to discharge any wastewater during the Reporting Period.

With respect to the wastewater management for other operations, the Group ensures all domestic sewage is discharged into the urban sewage pipe network for the proper sewage treatment to ensure compliance with relevant ordinances in Hong Kong and China.

Table 2 — Total Waste Discharge

	Unit	FY2019–2020
Non-hazardous Waste	tonnes	79.3

3.3. Use of Resources

In light of finite earth's resources, the Group considers the conservation of natural resources through low-carbon practices as an indispensable component of our sustainable business. Through actively promoting various environmental-friendly measures, we encourage an efficient use of resources, including energy, paper, water and other raw materials. The Group has initiated policies to raise the awareness of energy conservation and has adopted energy saving measures throughout our daily as elaborated in the section of Exhaust and GHG Emissions.

3.3.1. Water Consumption

The Group takes a cautious approach to water stewardship, seeking to maximize efficiency and reduce wastes. We strive to engage all employees, clients, suppliers and business partners to develop a habit of conserving water consciously. We do not have any problem with saving water. Water saving devices are installed at water taps in the office wherever possible. Pantry and washrooms are posted with environmental messages to remind employee the importance and urgency of water conservation. The utility facilities are maintained regularly for service to ensure that water seepage or leaking pipelines are replaced or repaired on a timely basis. Water supply and discharge at the construction sites are managed by the building manager. As a result, data of water consumption is not available for disclosure in this Report.

3.3.2. Packaging Material

Given our business nature, the Group does not have manufacturing facilities and consume a significant amount of packaging materials.

3.3.3. Environmental Performance

In accordance with the ESG Reporting Guide set out by HKEX, our environmental performance of "Energy and Resources Use" during the Reporting Period are tabulated below.

Table 3 — Energy and Resources Use

	Unit	FY2019–2020	Intensity
Electricity	kWh	60,225	177.65
Purchased Gas	Unit	n/a	n/a
Unleaded Petrol	L	10,342.8	30.51
Diesel	L	1,886.1	5.56
Paper	kg	670	1.98
Water	m^3	80.4	0.24

3.4. Going Forward

We are highly aware that the impact of climate change is increasingly prominent such that consumers are gradually becoming more sensitive to sustainability issues, for example, ecological and ethical footprints. The change of consumer mentality is progressively transforming the purchasing decisions. Where once customer would rarely question how a product was made or what it was made of, corporates are now expected to clearly state where products come from and how the ESG policies inform their choice of processes, materials and deployment of human resources.

ESG issues become now front and centre in boardrooms across the entire Group, being fully committed to instilling the consciousness of resources conservation and environmental protection into the work and life of every employee. We continue to seek business partners who share our philosophy, commitment to environment conservation and compliance with the applicable environmental laws and regulations. Although change is always difficult and requires careful management, we firmly believe that our commitment to environmental protection will become a part of our competitiveness, leading the Group to a greater success in the future and fulfil our responsibilities as a member of the community we all live in.

4. EMPLOYMENT AND LABOUR PRACTICES

4.1. Recruitment and Promotion

The experienced and competent workforce is constantly perceived by the Group as the key driver for our ongoing corporate development and growth. As such, it is therefore of paramount importance for us to proactively manage our talent pipeline and career development for employees. The Group is determined to set itself in a good position to maintain a robust business performance and growth together with our employees, with an objective to uphold an open, fair, just and reasonable human resource policy.

The Group has formulated the recruitment policy with respect to equal opportunities, diversity and anti-discrimination. We encourage differences and individuality in employees, with the philosophy that diversity can bring new ideas, dynamics and challenges to our operations. We discourage all forms of discrimination on gender, age, family status, sexual orientation, disability, race and religion. Our employment policy encourages hiring of talented people with physical or mental disabilities. We are committed to supporting our employees to maintain a family-friendly work environment because we respect their roles and responsibilities in their families. We strive to make sure employees and business partners comply with laws and regulations, follow ethical business practices and respect equal opportunity in employment. We bring in new recruits and equip them with necessary skill sets to develop a long-term rewarding career with us.

During the Reporting Period, we observed the applicable laws and regulations and follow our employment policies relating to recruitment and promotion, compensation and dismissal, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare, by providing competitive remuneration package, including internal promotion opportunities and performance-based bonus, so as to recruit and retain experienced employees.

4.2. Employment and Labour

In order to attract and retain our employees, which are our most valuable assets, the Group offers competitive wages, medical insurance, disability and invalidity coverage, maternity leave and other compensation to our employees. The Group decides the remunerations payable to its staff based on their duties, work experience and the prevailing market practices. Apart from basic remuneration, share options may be granted to eligible employees by reference to the performance of the Group and individual employees.

In Hong Kong, the Group complied with the Labour Law of Hong Kong and relevant employment laws and regulations throughout the Reporting Period, including the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) by participating in the Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") for our eligible employees, Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong), Employment Ordinance (Chapter 57 of the Laws of Hong Kong) (the "**EO**") and Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) (the "**ECO**") by offering competitive wages, medical insurance, disability and invalidity coverage, maternity leave and other compensation to our employees.

In the PRC, we participated in welfare schemes concerning pension insurance, unemployment insurance, maternity insurance, occupational injury insurance and medical insurance in accordance with the local regulations including the Regulations on the Administration of Housing Provident Funds and the Social Insurance Law of the PRC.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations in respect of human resources. We strictly prohibit discrimination, harassment and bullying at all workplaces. In accordance with the ESG Reporting Guide set out by HKEX, details of the Group's workforce during the Reporting Period are tabulated as well as presented in charts below.

Table 4 — Our Workforce

	FY2019–2020
Total Number of Employees as of 31 March 2020	350
Workforce by Gender	
Male	80%
Female	20%
Workforce by Employment Level	
Senior	12%
Middle	6%
Junior	82%
Workforce by Age Group	
Aged above 50 years old	24%
Aged below 30 years old	21%
Aged between 30 and 50 years old	55%
Workforce by Geographical Region	
PRC	26%
Hong Kong	72%
UK	2%
Turnover Rate by Gender	
Male	100%
Female	57.4%
Turnover Rate by Age	
Under 30 years old	100%
30–50 years old	78.5%
over 50 years old	100%

4.3. Occupational Health and Safety

The Group is highly aware that employees' health and safety is of paramount importance to our operation and therefore, the Group is determined to attaching great importance to a healthy, comfortable and safe working environment for our employees. The goals of our Occupational Safety and Health ("OSH") policy are highlighted as below.

- The OSH management system aims at identification, prevention and management of risks and hazards throughout the workplaces as well as follow-up actions for accidents or personal injuries;
- The OSH management system defines appropriate objectives and targets on a regular basis;
- Zero tolerance of accidents and injuries;
- Promotion of a positive safety culture among employees;
- Commitment to the provision of a safe and healthy working environment for the employees;
- Commitment to human and financial resources for the OSH management system; and
- Compliance with applicable laws and regulations in relation to occupational safety and health.

To achieve the goals of our OSH policy, the following measures are adopted:

- Formulation of emergency response plans, risk assessment and accident investigation mechanism so as to ensure legal compliance with OSH;
- Organization of fire drills and emergency evacuation simulations to raise the employees' awareness of fire prevention and to equip employees with appropriate knowledge and skills in the event of emergency;
- Provision of first aid kits and fire extinguishers in workplace;
- Assignment of competent and skilled staff to handle works with critical hazards or impacts related to OSH;
- Promotion of safety culture through various communication channels such as safety campaigns, discussion and sharing sessions;
- Organization of induction programs and safety training programs to new employees such that they can be familiar with our corporate policies in relation to health and safety matters as quickly as they can;
- Installation of air purifiers in relatively crowded areas such as conference and meeting rooms;
- Encourage contractors or sub-contractors to assist in the implementation of policies, procedures and practices related to OSH at work wherever practical;
- Prohibition of smoking and abuse of alcohol and drugs in the workplace;
- Provision of clean and tidy rest area such as corridors and pantry;
- Provision of adjustable chairs and monitors for eye protection; and

- Set up posters of proper working postures and lifting method accessible on the intranet and at appropriate locations in offices.

During the Reporting Period, the Group complied with the laws and regulations in relation to occupational safety and health in multiple regions, such as the Occupational Safety and Health Ordinance of the Laws of Hong Kong, Labour Law, Regulations on Period of Medical Treatment of Diseases or Non-work-related Injuries of Employees and Regulation on Work-Related Injury Insurance of the PRC. During the Reporting Period, the Group did not record any accidents that resulted in death or serious physical injury and did not identify any material non-compliance with laws and regulations relevant to health and safety of employees. Summary of work-related fatalities and injuries during the Reporting Period are shown in the table below.

Table 5 — Health and Safety

	FY2019–2020
No. of Work-Related Fatalities	0
Rate of Work-Related Fatalities	0
No. of Injuries at Work	13
Lost Days due to Injury at Work	2,636

4.4. Development and Training

The Group envisions that empowering its people through development and training is the cornerstone of our success in the long-run. The Group listens and responds to our people, striving to create an environment of continuous learning, to facilitate development of careers and to provide knowledge and skills for better fulfilment of roles and responsibilities. Our training programmes are designed not only to meet our business vision and to provide skillset required for the operation, but also for the benefit of society as a whole wherever possible.

Considering that each of the position is of unique professional and technical needs, the Group ensures that every new joiner receives proper orientation training and mentoring in order to help them adapt to the new working environment affirmatively and quickly. Continuous training is committed by the Group in different ways including internal training programs, comprehensive training for specific skill development, and courses for continuous professional development for relevant employees so as to ensure that they possess the appropriate qualities and skill-sets. Implementation of safety training and comprehensive risk assessments are also one of the most important tasks in the Group.

During the Reporting Period, employees at all levels satisfied their needs of trainings through multiple training programs, including induction training, technical skills training and pre-post training as summarised in Table 6 below. These training programs not only facilitate the career prospect of individual employee, but also further enhance the sustainable development of the Group. We organized professional training sessions and seminars for directors and senior management with topics generally including occupational safety, corporate governance, business development and strategy in order for them to develop and refresh their knowledge and skills. We additionally provided the management with a series of thematic courses to strengthen and refresh their knowledge, leadership and management skills, which is expected to drive the team to grow for the best interest of the Group.

During the Reporting Period, details of the development and training programs provided by the Group is summarized as below.

Table 6 — Employee Training

	Unit	FY2019–2020
Total hours of training received by employee	hours	1,238
Average hours of training per employee by ranking		
Senior Staff	hours	2.1
Intermediate Staff	hours	7.9
Junior Staff	hours	3.2
Average hours of training per employee by gender		
Male	hours	2.7
Female	hours	7.4
Percentage of employees trained by employment level		
Senior Staff	%	3.5
Intermediate Staff	%	100
Junior Staff	%	51.1
Percentage of employees trained by gender		
Male	%	48.5
Female	%	100

4.5. Harmonious Culture

The Group is strongly convinced that a harmonious corporate culture among the employees and management are always the key drivers to the Group's healthy and prosperous growth. To achieve this, we utilize a variety of channels, including:

- Regular all-staff meetings to update on business performance and the development of key projects.
- Employee engagement such as annual employee survey which provides a confidential route for employee feedback. Follow up actions ensure that employees' voices are heard and responded to at both corporate and team levels.
- Festive foods, such as mooncakes and fruit, were delivered to employees during certain traditional festivals (such as Lunar New Year and Mid-Autumn Festival) in recognition of their contributions and dedicated work to the Group. Regular and festival gatherings were organised during the Reporting Period to enhance the harmonious sprit of different levels of staff members throughout the Group.

The Group believes that such a corporate culture and harmonic working environment will naturally achieve a synergistic result to facilitate employee retention and to improve productivity.

4.6. Labour Standards

Being fully aware that exploitation of child and forced labour violates human rights and international labour conventions, the Group strictly prohibits the employment of any child labour and forced labour in any form. New employees are required to provide true and accurate personal data when they are onboard. Recruiters should strictly review the entry documents including medical examination certificates, academic certificates and identity cards. The Group constantly rejects to engage suppliers and contractors, that hire child labour or forced labour in their operations.

During the Reporting Period, the Group strictly complied with the laws and regulations in relation to prevention of child and forced labour, including the Employment Ordinance of Hong Kong (Chapter 57 of the Laws of Hong Kong) and Labour Law, Prohibition of Child Labour Provisions, Underage Workers Special Protection Provisions, Prohibition of Forced Labour and Prisoners Labour Policy and Procedures of the PRC as well as relevant legislations in the countries that we operate. No material non-compliance with the laws and regulations related to the prevention of child labour or forced labour have been found by the Group.

5. OPERATING PRACTICES

In order to achieve our goal to be a responsible corporate in the Asia-Pacific region, we realize that we must operate in a sustainable fashion with a comprehensive ESG management approach. In addition, it is essential to us to encourage all business partners to incorporate those sustainability practices and policies into their operation thoroughly in order to work together in our pursuit of sustainable development.

5.1. Innovation-Driven Development

The Group anticipates that innovation and technology strategies constantly play a crucial role in the long-term business development. As such, we are determined to set itself in a good position to continuously and proactively introduce products, services and processes derived from high-tech oriented research and development, into our operation and business model wherever commercially feasible and appropriate.

5.2. Supply Chain Management

The Group understands that the supply chain management is always one of the key aspects of the Group's operation. Our supply chain management team not only considers economic and commercial benefits during the tendering processes, but also evaluates the suppliers' and contractors' track record with respect to legal and regulatory compliance which include environmental, social and governance aspects.

With respect to our concrete services in Hong Kong, the Group has developed policy and procedures for selecting and monitoring subcontractors, suppliers and service providers, based on their performance in relation to their environmental compliance, sustainability, track records, quality of product or services delivered, prevailing market prices, delivery times, financial stability and reputation. Since the Group is certified as meeting ISO 9001:2008 quality management system standards, detailed regulations must be incorporated into the quality manual, procedures manual and quality plan. We ensure that materials and services are sourced from our approved list.

The Group has also adopted the initiatives promoted by the Alliance of Green Consumption and Green Supply Chain co-founded by the Environmental Certification Center of the Ministry of Environmental Protection, the China Environmental United Certification Center and other research institutes and social organizations, with the aim to facilitate the development of "green consumption" and "green supply chain". The Group encourages our business partners to adopt the best environmental and social practices and to disseminate the pursuit of sustainability into the core business, through develop energy-saving and consumption-reducing policies.

We believe that, through the above supply chain management system, we can minimize the potential environmental and social risks associated with the supply chain management. During the Reporting Period, the Group has in total 61 suppliers which are located in the PRC and Hong Kong.

5.3. Product Responsibility

To be a successful business, we are committed to the highest standards of service or product we deliver, maintaining continuous communication with our customers to ensure that we understand and fulfil their needs and expectations. While maintaining strict product quality, we keep track of emerging trends and continue to develop and optimize products that offer the best solutions to our customers.

The Group undertakes the defined quality assurance protocol to ensure products and services constantly meet customer requirements and legal and safety standards for its intended use and for circumstances of reasonably foreseeable misuse. We carry out regular assessment for each product type with respect to the aspects of environmental impact, health impact, safety and hazards associated with the raw materials. We ensure that every product is correctly labelled with sufficient information and directions for use required by legislation and industry codes of practice. We perform continuous and regular assessments of the product quality and review of opportunities for improvements and changes.

In Hong Kong, our Group, during the Reporting Period, complied with relevant laws and regulations, for instances, the Trade Description Ordinance (Chapter 362 of the Laws of Hong Kong). Our operation in the PRC, during the Reporting Period, complied with relevant laws and regulations in relation to advertising, labelling and consumer protection, such as "Consumer Protection Law of the People's Republic of China", the "Advertising Law of the People's Republic of China", and 'PRC Product Quality Law", by ensuring that there are no false and misleading messages in our advertisements and promotion activities. During the Reporting Period, the Group did not identify any material non-compliance of the laws and regulations related to the quality of products and services.

5.4. Customer Feedback and Handling

Realizing that our customer needs and expectations should be well addressed, the Group pays attention to the level of satisfaction of customers and their feedback. Regular communication channels and feedback systems are in place to gather information on satisfaction and suggestions for improvement from our diverse portfolio of customers. The Group established various complaints and feedback channels, such as telephone hotline, emails and websites, to collect suggestions and advice from customers.

The Group consolidated and comprehensively analysed the customers' feedback in order to identify the issues. Follow-up actions, including internal evaluation and modification of training programs for employees, will be taken to address the issues identified and to continuously improve our service delivered. Feedback will additionally be provided to the customers in a timely manner.

There were no cases of product recall nor complaints received against our services due to health and safety issues during the Reporting Period.

Table 7 – Product Recalls and Complaints

	FY2019
Percentage of complaints received about the products related to health and safety issues	n/a

5.5. Privacy Protection

The Group undertakes to strictly comply with relevant laws and regulations in relation to privacy that have an impact on the Group, to ensure that all data are securely kept in our internal system with access control. The Group sets out data privacy requirements in our corporate policies, under which customer data would be used exclusively for matters relating to the Group's operation only. We strive to ensure all collected data kept is free of unauthorized or accidental access, processing, erasure or other use.

5.7. Anti-Corruption

The Group makes every effort to uphold a high standard of business ethics and prohibition of any forms of bribery and corrupt practices. To prevent misconduct and corruption as part of the exercise of Corporate Governance, the Group has a Group-wide Code of Conduct in place. The Code of Conduct elaborates in detail on the prevention of bribery, fraud, corruption, conflicts of interest and gambling. We also require our employees to declare any conflict of interest, to avoid any possible such conflict with sub-contractors or suppliers, and we arrange seminars for our employees presented by the Independent Commission Against Corruption.

During the Reporting Period, the Group observed with related laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering, such as the Prevention of Bribery Ordinance (Chapter 201 of the laws of Hong Kong) and Criminal Law and the Regulations for Suppression of Corruption of the PRC. No cases of anti-corruption were concluded whereas the Audit Committee identified no complaint from employees during the Reporting Period.

5.8. Whistle-Blowing

In order to encourage our employees to report illegality, irregularity, malpractice, unethical acts or behaviours, inappropriate conducts or actions, which may damage the Group's interests, we established whistle-blowing policy and implement procedures for our employees to report improprieties via a confidential reporting channel to the extent that is made possible to all employees. The whistle-blowing policy and its procedures have been documented in the employee handbook and have been circulated among employees for their reference.

The Group is committed to addressing the "whistle-blowers" concerns in a fair and reasonable manner and to handling the reports with due care and conducting a comprehensive and independent investigation for each reasonably established report. All "whistle-blowers" who report in good faith are reasonably protected from retaliation or adverse consequence of their employment regardless of whether the allegation is substantiated.

5.9. Intellectual Property Rights

The Group is committed to compliance with relevant laws and regulations in relation to intellectual property right ("**IP rights**") by valuing and protecting its intellectual properties through patent fees and periodic trademark renewals.

In order to ensure that the customer's IP rights of products is properly protected during the outsourcing processes to suppliers, a confidentiality agreement regarding IP rights must be signed before engagement. Internally, we enter into standard employment contracts with our employees which contain provisions on intellectual property rights and confidentiality. Relevant employees of the Group have signed a written confirmation to (i) confirm that all intellectual property rights created or made during their employment with the Group shall belong to us; and (ii) agree not to use or disclose the confidential information relating to the product designs without authorisation of the Group.

6. COMMUNITY INVESTMENT

The Group is actively committed to making a better society through our active involvement in the community and partnership with local non-profit organizations, putting the best effort in helping the local communities and people in needs through community services and engagement, social support and sponsorship programs.

6.1. Community Services and Engagement

During the Reporting Period, we actively participated in social welfare activities, and cooperated with non-government organizations, and conveys the concept of military and civilian family members and contributes to the people in need. We consider the participation in those events is a good fit to our business whereas we will continue our involvement in the future.

6.2. Sponsorship Programmes

During the Reporting Period, the Group jointly organized the charity event of "Mother Smile Charity Night 2019" (2019母親微笑行動深圳慈善之夜) in Shenzhen in October 2019. The event was attended by a number of representatives of reputable institutions in the PRC, including China Women's Development Foundation (中國婦女發展基金會), China Association of Women Entrepreneurs (中國女企業家協會), Associação Geral das Mulheres de Macau (澳門婦女聯合總會), National Committee of the Chinese People's Political Consultative Conference (全國政協委員會), Chinese People's Political Consultative Conference of Guangdong Province (廣東省政協), Chinese People's Political Consultative Conference of Shenzhen City (深圳市政協) and United Front Work Department of the Shenzhen Municipal Committee of the Communist Party of the PRC (深圳市委統戰部). The charity event raised RMB12 million in total which would be used to support impoverished children for surgical correction of cleft lip. The Group made a sponsorship totaling RMB640,000 in addition to the personal contribution by the Group's directors and senior management.

Going forward, the Group continues to seek opportunities to serve the community, in wider areas of social concern and to foster the culture of active participation in community services, encouraging our staff members to be actively engaged in voluntary services and join hands together to disseminate the spirit of services in the community where we all depend on.

DIRECTORS' REPORT

The Board is pleased to present their annual report together with the audited consolidated financial statements of the Group for the year ended 31 March 2020.

PRINCIPAL PLACE OF BUSINESS

The Company was incorporated in the Cayman Islands with limited liability on 31 May 2016. The Company is domiciled in Hong Kong and has a principal place of business at Room 6808, 68th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the subsidiaries are set out in Note 13 to the consolidated financial statements.

BUSINESS REVIEW

The business review and outlook of the Group during the year are set out in the section headed "Management Discussion and Analysis" on pages 5 to 13 of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the consolidated statement of profit or loss on page 65 of this annual report.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM to be held on Wednesday, 26 August 2020, the register of members of the Company will be closed from Friday, 21 August 2020 to Wednesday, 26 August 2020, both days inclusive, during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the AGM, all transfer of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 20 August 2020.

KEY RISKS AND UNCERTAINTIES

The Group's financial condition, results of operation, business and prospects may be affected by a number of risks and uncertainties. The followings are the key risks and uncertainties identified by the Group relating to its business:

The Group has concentrated customer base and any decrease in the number of projects with the Group's five largest customers would adversely affect the Group's operations and financial results

The Concrete Placing business has a concentrated customer base and any decrease in the number of projects with the five largest customers would adversely affect the operations and financial results of this segment. The Group did not enter into any long-term service agreement or master service agreement with its Concrete Placing customers. Furthermore, the contracts for concrete placing works are awarded through tendering and are entered into on a project-by-project basis. Due to its non-recurring nature, there is no assurance that the Group will be able to retain its customers upon expiry of the contract period or that they will maintain their current level of business with the Group in the future. If there is a significant decrease in the number of projects or size of projects in terms of contract sums awarded by the five largest customers and if the Group is unable to obtain suitable projects of a comparable size and quantity as replacement, the financial conditions and operating results will be materially and adversely affected. Besides, if any of the five largest customers experiences any liquidity problem, it may result in delay or default in settling progress payments to the Group, which in turn will have an adverse impact on our cash-flows and financial conditions. The Group cannot guarantee that it will be able to diversify our customer base by obtaining significant number of new projects from its existing and potential customers.

Error or inaccurate estimation of project duration and the costs when determining the tender price or increase in construction costs may adversely affect the Group's profitability or result in substantial loss incurred by the Group

The Group's concrete placing and ancillary service projects are awarded through a competitive tendering process. The Group determines a tender price by estimating its operating costs under the contract duration as specified in the tender invitation documents. There is no assurance that tenders submitted by the Group contain no mistake and error. Such mistakes and errors may be in the form of inaccurate estimation, oversight of important tender terms, inadvertent typographical errors, errors in calculations, etc. Further, the Group's operating costs may increase due to inflation of raw materials and labour costs. In case of contracts awarded to the Group with mistakes or errors in the submitted tender or if there is a substantial increase in raw material and labour costs, the Group's profitability in a project might be adversely affected or the Group may be bound by the contract to undertake the project at a substantial loss.

Inaccurate estimation on project schedule, project costs and technical difficulties in the tendering process may result in cost overruns when the Group actually executes the awarded project. Many factors affect the time taken and the costs actually involved in completing concrete placing projects undertaken by the Group. Examples of such factors include shortage and cost escalation of labour and materials, adverse weather conditions, variations to the construction plans instructed by customers, stringent technical construction requirements, threatened claims and material disputes with main contractors, subcontractors and suppliers, accidents, and changes in the Government's policies. Other unforeseen problems or circumstances may also occur during project implementation. If any of such factors arises and remains unresolved, completion of construction works may be delayed or we may be subject to cost overruns or the Group's customers may even be entitled to unilaterally terminate the contract.

The Group depends on key management and experienced personnel generally, any failure to attract, motivate and retain staff could hinder its ability to maintain and grow business. The future success is significantly dependent upon the continued service of key employees, particularly in new business areas expanding into, such as finance leasing.

If the Group loses the services of any member of management or key personnel, the Group may not be able to locate suitable or qualified replacements and may incur additional expenses to recruit and train new staff. As the business develops, it may become difficult for the Group to continue to retain our employees. Employees including management of the Group, may choose to pursue other opportunities outside of the Group. If the Group unable to motivate or retain these employees, business and prospects of the Group could suffer. The size and scope of the business also requires to hire and retain a wide range of capable and experienced personnel who can adapt to a dynamic, competitive and challenging business environment. The Group will need to continue to attract and retain experienced and capable personnel at all levels, including members of management, as the Group's business and operations are expanding. Various incentive initiatives may not be sufficient to retain management and employees, competition for these individuals could cause the Group to offer higher compensation and other benefits to attract and retain them. Even if the Group were to offer higher compensation and other benefits, there can be no assurance that these individuals will choose to join or continue to work for us, failure to attract or retain key management and personnel could disrupt the business and growth.

Logistics related services are labour intensive, any shortages in staff, or increase in staff costs may materially and adversely affect the Group's business, results of operations, financial positions and prospects. The business operations and financial position may be materially and adversely affected by any economic slowdown in China as well as globally, and the changes in the laws and regulations in the PRC.

As a logistics related services provider in the PRC, the Group's business is service-oriented and labour intensive, and its success depends in part upon its ability to attract, retain and motivate suitable employees in terms of quality and quantity, in particular for those positions that require heavy physical work. Individuals who have the appropriate work experience or who are adequately trained are in demand. If the Group is unable to recruit and/or retain qualified individuals, its business growth may slow down and results of operations of the Group may be materially and adversely affected. Competition for experienced staff may require the Group to pay higher wages, resulting in increasing staff costs. The Group may not be able to pass these increased costs onto its customers, in which case costs of operation of the Group may increase and that its business, results of operations, financial positions and prospects may be materially and adversely affected.

A substantial portion of the operating assets of the Group are in the PRC, the Group expects that a material portion of the turnover will be derived from the operations in the PRC. The operation results and financial position are subject to a significant degree to the economic, political and legal developments of the PRC, including the extent of economic growth rate in China as well as globally, and future legislative and regulatory policies concerning new energy vehicles and foreign exchange policies in China including policies on the subsidies for car makers and consumers. The Group cannot predict whether changes in the PRC on laws, regulations and policies will have any material adverse effect on the current and further business or financial condition of the Group.

The international payments market is highly regulated. There is a risk that any new or changed regulations, could require the Group to increase its spending on regulatory compliance and/or change its business practices, which could adversely affect the Group's profitability.

There is a risk that such regulations could make it uneconomic for the Group to continue to operate in places that it currently does business, the Group may not comply with all applicable laws or have adequate compliance procedures in place to manage or prevent breaches of applicable laws, there is also a risk that the Group is required to pay significant penalties if it fails to maintain or follow adequate procedures in relation to on-boarding of clients or to detect and prevent money laundering, financing of terrorism, breaches anti-money-laundering laws or contravenes sanctions, as has been imposed on other companies by governmental authorities. If the Group's services are used to transfer money in connection with a fraud or theft, the Group may be required to take steps to recover the funds involved and may in certain circumstances be liable to repay amounts that it accepted for transfer, even after it has made the corresponding international payment. The Group has a range of fraud prevention controls in place to mitigate this risk.

Maintaining the strength of the Group's reputation is important to retaining and increasing the client base, preserving healthy relationships with its banks, partnerships, and other service providers, and successfully implementing the Group's business strategy. There is a risk that unforeseen issues or events may adversely affect the Group's reputation. This may impact on the future growth and profitability of the Group

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in Note 15 to the consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries during the year are set out in Note 13 to the consolidated financial statements.

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 69 of this annual report.

As at 31 March 2020, the Company has reserves amounted to approximately HK$551.5 million available for distribution (2019: approximately HK$720.9 million).

DIRECTORS

The Directors who held office during the year and up to the date of this annual report are:

Executive Directors

Mr. Zhang Jinbing *(Chairman and Chief Executive Officer)*
Mr. Ni Biao
Mr. Yang Rui (appointed on 2 September 2019)

Non-executive Directors

Mr. Yan Haiting (appointed on 23 January 2020)

Independent non-executive Directors

Mr. Tam Ping Kuen Daniel
Dr. Zhu Zhengfu
Dr. Li Yifei

DIRECTORS' SERVICE CONTRACT

Each of the executive Directors has entered into a service contract with the Company for a term of two years commencing from their respective dates of appointment, unless terminated by not less than one month's notice in writing served by either party on the other.

The non-executive director has entered into a service contract with the Company for a term of three years commencing from the date of appointment.

Each of the independent non-executive Directors has entered into an appointment contract with the Company for a term of two years commencing from their respective dates of appointment.

Save as disclosed above, none of the Directors, including those to be re-elected at the forthcoming annual general meeting, has a service contract with the Company or any of its subsidiaries which is not terminable by the employing company within one year without the payment of compensation (other than statutory compensation).

MANAGEMENT CONTRACTS

Reference is made to the announcement of the Company dated 24 December 2019. On 24 December 2019, the Company entered into a management agreement with Lenient Sunrise, under which the Company shall engage Lenient Sunrise to provide management services to Newport, an indirect wholly-owned subsidiary of the Company incorporated under the laws of England, for a term of six years.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2020, the interests and short positions of the Directors and chief executive 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 have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest or short positions which they are taken or deemed to have under such provisions of the SFO) or which, pursuant to section 352 of the SFO, have been entered in the register referred to therein, or have been, pursuant to the Model Code, notified to the Company and the Stock Exchange were as follows:

Long position in the Shares

Name of Director	Capacity/Nature	Number of Shares held/ interested in	Percentage of shareholding
Mr. Zhang Jinbing	interests in controlled corporation *(Note 1)*	633,600,000 *(Note 2)*	64.80% *(Note 2)*
Mr. Yang Rui	interests in controlled corporation *(Note 3)*	99,424,000 *(Note 3)*	10.17% *(Note 3)*

Notes:

1) These 633,600,000 Shares are held by Prestige Rich. Mr. Zhang Jinbing beneficially owns the entire issued share capital of Prestige Rich, which in turn beneficially owns 64.8% of the shareholding in the Company. Mr. Zhang Jinbing is the Chairman, an executive Director, chief executive officer of the Company and the chairman of the Nomination Committee. Mr. Zhang Jinbing is also a director of Prestige Rich.

2) On 16 April 2020, the Company has been informed by Prestige Rich that Prestige Rich has entered into a sales and purchase agreement in relation to the sale and purchase of 156,430,000 shares of the Company, representing approximately 16% of the issued shares of the Company (the "**Sale Shares**") with Lenient Sunrise (the "**Disposal**"). Upon completion of the Disposal, Prestige Rich will continue to be a controlling shareholder of the Company holding approximately 48.8% of the issued shares of the Company; and that Lenient Sunrise will become a substantial shareholder of the Company and will hold the Sale Shares subject to a 36-month non-disposal undertaking. Ms. Cao Aiguang beneficially owns the entire issued share capital of Lenient Sunrise, which will in turn beneficially own 16% of the shareholding in the Company by then.

3) The 99,424,000 shares are held by Prosperous East. Mr. Yang Rui beneficially owns the entire issued share capital of Prosperous East, which in turn beneficially owns 10.17% of the shareholding in the Company. Mr. Yang Rui is the executive Director of the Company, Mr. Yang Rui is also a director of Prosperous East.

Substantial shareholders' interests and short positions in Shares and underlying Shares

As at 31 March 2020, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interest or short position in Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of Shares held/ interested in	Percentage of shareholding
Prestige Rich	Beneficial owner	633,600,000 *(Note)*	64.80% *(Note)*
Prosperous East	Beneficial owner	99,424,000	10.17%
Joy Charm Holdings Limited	Beneficial owner	53,536,000	5.48%

Note:

On 16 April 2020, the Company has been informed by Prestige Rich that Prestige Rich has entered into a sales and purchase agreement in relation to the sale and purchase of 156,430,000 shares of the Company, representing approximately 16% of the issued shares of the Company with Lenient Sunrise. Upon completion of the Disposal, Prestige Rich will continue to be a controlling shareholder of the Company holding approximately 48.8% of the issued shares of the Company, and that Lenient Sunrise will become a substantial shareholder of the Company and will hold the Sale Shares subject to a 36-month non-disposal undertaking.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed under the sections headed "Share Option Scheme" and "Directors and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" in this report, at no time during the year were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company, or and any of its subsidiaries or fellow subsidiaries, a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights by means of the acquisition of Shares in or debentures of the Company or any other body corporate.

DIRECTORS' AND CONTROLLING SHAREHOLDERS INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed under the "Related Party Transactions" in Note 43 to the consolidated financial statements, there were no transaction, arrangement or contract of significance, to which the Company or any of its subsidiaries, its parent company, or its parent company's subsidiaries was a party, and in which a Director or an entity connected with a Director had a material interest, whether directly and indirectly, subsisted as at 31 March 2020 or any time during the Year, nor was there any other transaction, arrangement or contract of significance in relation to the Group's business between the Company or any of the Company's subsidiaries and a controlling shareholder or any of its subsidiaries.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the articles of association of the Company, every Directors shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto.

The Company has maintained appropriate directors' and officers' liability insurance and such permitted indemnity provision for the benefit of the Directors currently in force.

CONNECTED TRANSACTIONS

Reference is made to the announcements of the Company dated 15 April 2019 and 26 July 2019 and the circular of the Company dated 31 May 2019 relating to the subscription of new ordinary shares of HK$0.01 each (the "**Shares**") of the Company under specific mandate (the "**Subscription**"). On 15 April 2019, the Company and the subscriber, Prestige Rich, a controlling shareholder of the Company and therefore a connected person under Chapter 14A of the Listing Rules, entered into the subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue, and Prestige Rich has conditionally agreed to subscribe for 60,000,000 new Shares of the Company at the subscription price of HK$3.5 per share. The purpose of the Subscription is for the Company to raise capital for the development and expansion of the businesses of the Group. The net proceeds after deducted from the professional fees and other related expenses from the Subscription were approximately HK$209.7 million. On such basis, the net price of each Subscription Share is approximately HK$3.495.

Save for the above, there were no connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules. Details of related party transactions undertaken in the usual course of business are set out in Note 43 to the consolidated financial statement. None of these related party transactions constitute a discloseable connected transaction as defined under the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, turnover of the Group's five largest customers accounted for 31.5% (2019: 80.1%) of the total sales for the Year and sales to the largest customer included therein amounted to 9.3% (2019: 34.3%).

During the Year, purchase from the Group's five largest suppliers accounted for 42.5% (2019: 58.9%) of the total purchase for the Year and purchase to the largest supplier included therein amounted to 14.3% (2019: 18.11%).

To the best of the knowledge of the Directors, none of the Directors, their associates or any management shareholder who own more than 5% of the Company's issued share capital had material interests in the Group's five largest customers and suppliers.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHERS

Employees

The Group recognises employees as its valuable assets. The Group provides competitive remuneration package to attract, motivate and retain appropriate and suitable personnel to serve the Group. The Group has also adopted an annual review system to assess the performance of its staff, which forms the basis of the Group's decisions with respect to salary raises and promotions.

Customers

A majority of the Group's five largest customers have long-standing business relationship with the Group for a period ranging from approximately one to 15 years and the Group will therefore endeavour to accommodate their demands for the Group's services to the extent its resources allow in order to capture more opportunities for larger scale projects in the future. The Group's experience as a quality subcontractor in handling foundation works and construction wastes handling projects also give business advantage to the Group's customers to ensure projects are executed in accordance with their quality standard. The Group also sets up and adheres to key performance indices for services provided to its NEV and Logistics customers as to the NEV and Logistics services provided by the Group in Mainland China.

Suppliers and subcontractors

The Group encompasses working relationships with suppliers and subcontractors to meet the Group's customers' needs in an effective and efficient manner. The Group has set up an approved list of suppliers and it selects the suppliers from the list based on the quality of materials, timeliness of delivery, previous experience and length of partnership with the supplier, competitiveness of the price offered and reputation of the supplier.

Subject to the Group's capacity, resources level, types of work, cost effectiveness and complexity of the projects/tasks, the Group may subcontract certain works to other subcontractors. The Group maintains an internal list of approved subcontractors and carefully evaluate the performance of its subcontractors and selects them based on the experience, quality of works, timeliness of completion for past projects/tasks, reputation in the industry, past performances, cost and the Group's relationship with them.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed minimum public float under the Listing Rules during the Year.

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

No purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries during the Year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors or their respective close associates is or was interested in any business apart from the Group's business that competes or competed or is or was likely to compete, either directly or indirectly, within the Group's business at any time during the Year and up to the date of this annual report.

SHARE OPTION SCHEME

Pursuant to the written resolutions of the sole shareholder of the Company on 27 September 2016, the Company adopted a share option scheme (the "**Share Option Scheme**") with effect from 27 September 2016. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules and are summarised in the prospectus dated 30 September 2016 of the Company. The main purpose of the Share Option Scheme is to motivate employees to optimize their performance efficiency for the benefit of the Company, to attract and retain high quality staff, to provide additional incentive to employees (full time or part time), directors, consultants or advisors, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote success of the business of the Group.

The total number of Shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the Shares in issue at any point in time, without prior approval from the Shareholders. The number of Shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the Shares in issue at any point in time, without prior approval from the Shareholders. Options granted to substantial shareholders or independent non-executive Directors or any of their respective close associates (including a discretionary trust whose discretionary objects include substantial shareholders, independent non-executive Directors, or any of their respective close associates) in any 12-month period in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Shareholders.

Options granted must be taken up within seven days inclusive of the day on which such offer was made, upon payment of HK$1 per option. Options may be exercised at any time during a period as the Directors may determine which shall not exceed ten years form the date of grant. The exercise price is determined by the Directors, and will be at least the higher of (i) the closing price of the Shares on the date of grant, (ii) the average closing price of the Shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Share.

The Share Option Scheme will remain in force for a period of ten years commencing on the date of the adoption date (i.e. 27 September 2016) and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless otherwise terminated earlier by the Shareholders in general meeting.

No share options had been granted under the Share Option Scheme since its adoption. During the period between 17 October 2016 and the date of this annual report, no share option has been granted, exercised, cancelled or lapsed. As at the date of this annual report, the total number of shares available for issue under the Share Option Scheme was 76,480,000, representing 10% of the then entire issued share capital of the Company at the date of its adoption on 27 September 2016. Details of the Share Option Scheme are set out in Note 36 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report relating to the Share Option Scheme, no equity-linked agreements were entered into for the Year.

BORROWINGS

Details of bank borrowings of the Group as at 31 March 2020 are set out in Note 31 to the consolidated financial statements.

CHARITABLE DONATIONS

During the Year, the Group made charitable donations approximately HK$0.7 million (2019: approximately HK$0.8 million).

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association and there was no restriction against such rights under the laws of Cayman Islands, which would oblige the Company to offer new Share on a pro-rata basis to the existing Shareholders.

RETIREMENT BENEFITS SCHEMES

Details of the retirement benefits schemes are set out in Note 8 to the consolidated financial statements.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

The emoluments of the Directors and senior management of the Group are determined by the Remuneration Committee of the Company with reference to their relevant qualifications, experience, competence and the prevailing market conditions. None of the Directors waived or agreed to waive any emoluments during the Year.

Senior management's remuneration of the Group during the year falls within the following bands:

	No. of individuals
HK$1,000,001 to HK$2,000,000	3
HK$2,000,001 to HK$3,000,000	1

Details of the emoluments of the Directors and the five highest paid individuals of the Group during the Year are set out in Note 9 to the consolidated financial statements.

EMOLUMENT POLICY

Remuneration Committee is set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

AUDIT COMMITTEE

The Audit Committee had reviewed, together with the management and external auditor, the accounting principles and policies adopted by the Group and the audited consolidated financial statement for the Year.

AUDITORS

The consolidated financial statements of the Group for the year ended 31 March 2020 has been audited by KTC Partners CPA Limited ("**KTC**"). KTC will retire as auditor of the Company and, being eligible, offer themselves for re-appointment. A resolution for the reappointment of KTC as auditor of the Group will be proposed at the AGM.

KTC has been engaged as the auditors of the Company since 3 May 2018, to fill the causal vacancy following the resignation of HLB, as the Company and HLB could not reach a consensus on the audit fee for the financial year 31 March 2018.

ENVIRONMENTAL POLICIES

The Group is committed to support environmental sustainability and to maintain sustainable working practices. The Group strives to become an environmental-friendly corporation by adopts multiple initiatives to achieve a greener transportation and logistics operation in the PRC. The Group also endeavours to reduce emissions of air pollutants and noxious odours from our concrete placing operation to complies with the environmental protection laws of Hong Kong covering greenhouse gas and water emissions, solid waste management and noise pollution.

In order to comply with the applicable environmental protection laws, the Group has implemented an environmental management system which was certified to be in compliance with the standard required under ISO 14001:2015 since 4 June 2016. Apart from following the environmental protection policies formulated and required by our customers, the Group has also established its environmental management policy to ensure proper management of environmental protection and compliance of environmental laws and regulations by both its employees and workers of the subcontractors on, among others, air pollution, noise control and waste disposal.

DIRECTORS' REPORT

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Year, as far as the Group is aware, there were no material breach of or non-compliance with applicable laws and regulations that has a significant impact on the business and operation of the Group.

On behalf of the Board
Chong Kin Group Holdings Limited

ZHANG Jinbing
Chairman and Executive Director
Hong Kong, 24 June 2020

KTC Partners CPA Limited
Certified Public Accountants (Practising)
和信會計師事務所有限公司

TO THE MEMBERS OF
CHONG KIN GROUP HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Chong Kin Group Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 65 to 146, which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition contributed from construction works	
Refer to note 5 to the consolidated financial statements. For the year ended 31 March 2020, the Group recognised revenue from construction works of approximately HK$127,298,000. Most construction works take more than one year to complete and the scope of work may change during that time. Management estimate the revenue and budgeted costs at the commencement of the contracts and regularly assess the progress of construction works as well as the financial impact of scope changes, claims, disputes and liquidation damages. The management's estimate of revenue, budgeted costs as well as the progress of related construction works requires significant judgement and has a significant impact on the amount and timing of revenue recognised. For this reason, we identified revenue recognition from construction works as a key audit matter.	Our procedures in relation to construction contract revenue mainly included: • Discussing with management and the respective project teams about the progress of the projects and relevant contract terms; • Assessing management's estimates of the impact to revenue and budgeted costs arising from scope changes made to the original contracts, claims, disputes and liquidation damages with reference to supporting documents including variation orders and correspondence among the Group, customers, subcontractors and suppliers; • Testing on the actual costs incurred on construction work; • Recalculating the revised estimate of the progress of the construction works based on the latest budgeted final costs and the total actual costs incurred; • Recalculating the revenue recognised based on the revised estimate of the progress of the construction works; and • In respect of material contract assets, inspecting relevant contracts and correspondence with the customers, and assessing their creditworthiness with reference to publicly available information, where applicable.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Provision for expected credit losses ("ECL") of trade receivables and contract assets	
Refer to notes 25, 26 and 40 to the consolidated financial statements. As at 31 March 2020, the Group had gross trade receivables and contract assets of approximately HK$18,721,000 and HK$111,868,000 respectively as set out in Note 25 and Note 26 respectively to the consolidated financial statements. ECL for trade receivables and contract assets are based on management's estimate of the lifetime ECL to be incurred, which is estimated by taking into account the credit loss experience, ageing of overdue trade receivables, customers' repayment history and customers' financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgment. We have identified ECL assessment of trade receivables and contract assets as a key audit matter because assessing ECL of trade receivables and contract assets is a subjective area as it requires the management's judgment and uses of estimates.	Our procedures in relation to management's ECL assessment on trade receivables and contract assets included: • Reviewing and assessing the application of the Group's policy for calculating the ECL; • Evaluating techniques and methodology adopted by the management in the ECL model against the requirements of HKFRS 9; • Assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information and examining the actual losses recorded during the current financial year and assessing whether there was an indication of management bias when recognising loss allowances; • Inquiring management for the status of each of the material trade receivables past due as at year end and corroborating explanations from management with supporting evidence, such as understanding on-going business relationship with the customers based on trade records, checking historical and subsequent settlement records of and other correspondence with the customers; • Checking, on a sample basis, the ageing profile of the trade receivables as at 31 March 2020 to the underlying financial records and post year-end settlement to bank receipts.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Provision for expected credit losses ("ECL") of loan and interest receivables	
Refer to notes 24 and 40 to the consolidated financial statements. We identified the recoverability of loan and interest receivables as a key audit matter due to the use of judgement and estimates by the management in assessing the recoverability of loan and interest receivables. As set out in Note 24 to the consolidated financial statements, as at 31 March 2020, one of the loans in the Group's loan and interest receivables amounting to approximately HK$44,300,000 were past due and joint and several receivers have been appointed over the substantial assets beneficially owned by the borrower. ECL for the loan and interest receivables was assessed based on management's estimate of the present value of estimated future cash flows from realisation of the assets of the borrower. As disclosed in Note 24 to the consolidated financial statements, based on the current assessment by management, the Company has not provided any impairment losses in respect of its loan and interest receivables.	Our key procedures in relation to the directors' impairment assessment mainly included: • Reviewing and assessing the application of the Group's policy for calculating the ECL; • Evaluating techniques and methodology adopted by the management in the ECL model against the requirements of HKFRS 9; • Reviewing subsequent settlements of loan and interest receivables and corroborating enquiring with the management about the reasons for not considering a provision against unsettled past-due balances; • Inspecting orders for sale at the High Court in Hong Kong over the assets of the borrower; • Assessing the value of collaterals held for the respective loans with publicly available market price; and • Reviewing the repayment history to assess the credit-worthiness of the Group's borrowers.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Valuation of goodwill	
Refer to critical accounting judgements and key sources of estimation uncertainty in Note 4 and Note 17 to the consolidated financial statements. As at 31 March 2020, the gross carrying amount of the Group's goodwill amounted to approximately HK$491,171,000, and the net carrying amount was approximately HK$132,525,000. Impairment of goodwill is assessed by management by comparing the recoverable amount and carrying amount of the relevant cash generating unit at the end of the reporting period. Significant judgement and assumptions were required by management of the Group in assessing the recoverable amount of the cash generating unit. The recoverable amount was determined with reference to the value in use of the relevant cash generating unit, which required significant assumptions on discount rate and growth rate in order to derive the net present value in the discounted future cash flow analysis. Valuation prepared by independent professional valuer ("**the Valuer**") was obtained in respect of the fair value of the cash generating units in order to support management's estimates. We identified this area as a key audit matter as the carrying value of goodwill is significant to the consolidated financial statements and the management's impairment assessment of goodwill require the use of significant judgement and estimation.	Our audit procedures, among others, included: • Assessing the identification of the related cash generating unit; • Assessing the arithmetical accuracy of value-in-use calculations; • Obtaining the discounted future cash flow analysis approved by the management and checking its mathematical accuracy; • Engaging an independent external expert to assist us in assessing the Valuer's work; • Evaluating the competence, capabilities and objectivity of the Valuer; • Evaluating the appropriateness of the methodology and the reasonableness of the key assumptions adopted by the management and the Valuer including discount rate and growth rate; • Testing the accuracy and evaluating the relevance of key inputs adopted in the discounted future cash flow model against historical performance of the Group, with reference to the future strategic plans of the Group in respect of the cash generating units.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Valuation of contingent consideration receivables for business acquisitions	
Refer to Note 18 to the consolidated financial statements. The Group has reported contingent consideration receivables at their estimated fair values of approximately HK$88,522,000 as at 31 March 2020. A gain on fair value change of these receivables, amounting to approximately HK$53,059,000, was recognised in the consolidated profit or loss account for the year ended 31 March 2020. These receivables arose from profit guarantee arrangement included in the terms of the acquisition of Stand East Investment Limited during the year ended 31 March 2019. The fair value measurements of these receivables as at 31 March 2020 required exercise of significant judgments for the assumptions to be adopted and inputs to be used, including those concerning future post-acquisition performances of the acquired businesses and discount rates used. Contingent consideration receivables are remeasured at fair value at each reporting date, and such remeasurements may be affected by changes in the estimation of post-acquisition performance of the acquired businesses. Any resulting gain or loss is recognised in the consolidated profit and loss account. Valuation prepared by the Valuer was obtained in respect of the fair value of the cash generating units in order to support management's estimates. We focused on this area in our audit as the assessments made by management involved significant judgments and high level of estimation uncertainty, including those in relation to the future post-acquisition performances of individual businesses and discount rate applied, which may be affected by unexpected changes in future market or economic conditions or significant events or circumstances related to the acquired businesses.	Our audit procedures, among others, included: • Checking the contingent consideration receivables calculation prepared by management against the formula stated in the sales and purchase agreement for the acquired businesses; • Evaluating performance forecasts used in the contingent consideration receivables calculation and tested the mathematical accuracy of the underlying calculation and agreed them to the financial projection prepared by management for the specific financial period stipulated by the sales and purchase agreement. We also analysed the key assumptions adopted by management with reference to their business plan and historical actual results to assess the quality of management's financial projection; • Comparing the discount rate prepared by the Valuer against market information; • Assessing the events and circumstances emerging since the last assessment as at 31 March 2019. We held discussions with management, compared the latest performance forecasts to the revised future business plan and obtained evidence of those events or circumstances to support the fair value measurement.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KTC Partners CPA Limited
Certified Public Accountants (Practising)

Chow Yiu Wah Joseph
Audit Engagement Director
Practising Certificate Number: P04686

Hong Kong, 24 June 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2020

	Note	2020 HK$'000	2019 HK$'000
Revenue	*5*	**518,631**	420,867
Cost of sales		**(474,564)**	(381,129)
Gross profit		**44,067**	39,738
Other income	*6*	**35,026**	5,001
Fair value gain on contingent consideration receivables	*18*	**53,059**	34,240
Impairment loss on goodwill	*17*	**(254,565)**	(116,674)
Gain on disposal of a subsidiary	*38*	**32**	—
Selling and distribution expenses		**(6,489)**	(1,781)
Administrative and other operating expenses		**(87,698)**	(56,015)
Operating loss		**(216,568)**	(95,491)
Finance costs	*10*	**(20,966)**	(10,706)
Loss before income tax	*7*	**(237,534)**	(106,197)
Income tax expense	*11*	**(8,420)**	(998)
Loss for the year		**(245,954)**	(107,195)
Attributable to:			
Equity shareholders of the Company		**(247,043)**	(106,092)
Non-controlling interests		**1,089**	(1,103)
		(245,954)	(107,195)
Loss per share			
Basic and diluted loss per share	*12*	**HK cents (25.77)**	HK cents (12.75)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Note	2020 HK$'000	2019 HK$'000
Loss for the year		**(245,954)**	(107,195)
Other comprehensive (expense)/income for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**(39,096)**	23,632
Total comprehensive expense for the year		**(285,050)**	(83,563)
Total comprehensive expense attributable to:			
Equity shareholders of the Company		**(284,378)**	(83,300)
Non-controlling interests		**(672)**	(263)
		(285,050)	(83,563)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Note	2020 HK$'000	2019 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*15*	**53,004**	123,026
Right-of-use assets	*16*	**21,241**	–
Goodwill	*17*	**132,525**	406,699
Contingent consideration receivables	*18*	**67,454**	–
Finance lease receivables	*19*	**95,025**	14,248
Investment in an associate	*20*	**12,008**	–
Other deposits	*21*	**3,811**	3,730
		385,068	547,703
CURRENT ASSETS			
Inventories	*22*	**45,273**	341,776
Financial assets at fair value through profit or loss	*23*	**24,066**	–
Finance lease receivables	*19*	**78,688**	9,080
Loan and interest receivables	*24*	**67,474**	55,452
Trade and other receivables	*25*	**109,171**	273,808
Amount due from a non-controlling shareholder of a subsidiary	*30*	**24,932**	24,932
Contract assets	*26*	**111,868**	147,583
Contingent consideration receivables	*18*	**21,068**	35,463
Current income tax recoverable		**1,322**	8,880
Cash and bank balances	*27*	**47,178**	45,454
		531,040	942,428
CURRENT LIABILITIES			
Trade and other payables	*28*	**55,663**	276,383
Amount due to a former director	*29*	**30,000**	30,000
Amount due to a shareholder	*30*	**–**	3,150
Amount due to a director	*30*	**1**	22,071
Amount due to a related party	*30*	**–**	1,150
Contract liabilities	*26*	**811**	1,561
Borrowings	*31*	**126,370**	371,071
Lease liabilities	*32*	**16,838**	–
Obligation under finance lease	*33*	**–**	10,353
Current income tax liabilities		**245**	2,176
		229,928	717,915
NET CURRENT ASSETS		**301,112**	224,513

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Note	**2020 HK$'000**	2019 HK$'000
NON-CURRENT LIABILITIES			
Lease liabilities	*32*	**6,178**	–
Obligation under finance lease	*33*	**–**	15,784
Deferred tax liabilities	*34*	**1,507**	2,897
		7,685	18,681
NET ASSETS		**678,495**	753,535
Capital and reserves			
Share capital	*35*	**9,778**	9,178
Reserves		**645,912**	720,885
Equity attributable to equity shareholders of the Company		**655,690**	730,063
Non-controlling interests		**22,805**	23,472
TOTAL EQUITY		**678,495**	753,535

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 24 June 2020 and signed on its behalf by:

Mr. Zhang Jinbing
Director

Mr. Ni Biao
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

	Attributable to owners of the Company							
	Share capital HK$'000	**Share premium** HK$'000	**Translation reserve** HK$'000	**Merger reserve** HK$'000 *Note*	**Retained earnings** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000	**Total equity** HK$'000
At 1 April 2018	7,648	61,649	–	10	161,278	230,585	–	230,585
Loss for the year	–	–	–	–	(106,092)	(106,092)	(1,103)	(107,195)
Other comprehensive income for the year	–	–	22,792	–	–	22,792	840	23,632
Total comprehensive income/(expense) for the year	–	–	22,792	–	(106,092)	(83,300)	(263)	(83,563)
Acquisition of subsidiaries *(Note 37)*	1,530	581,248	–	–	–	582,778	13,528	596,306
Capital contribution from non-controlling interest of a subsidiary	–	–	–	–	–	–	10,207	10,207
At 31 March 2019 and 1 April 2019	9,178	642,897	22,792	10	55,186	730,063	23,472	753,535
Loss for the year	–	–	–	–	(247,043)	(247,043)	1,089	(245,954)
Other comprehensive expense for the year	–	–	(37,335)	–	–	(37,335)	(1,761)	(39,096)
Total comprehensive expense for the year	–	–	(37,335)	–	(247,043)	(284,378)	(672)	(285,050)
Issue of shares *(Note 35)*	600	209,400	–	–	–	210,000	–	210,000
Capital contribution from non-controlling interest of a subsidiary	–	–	–	–	–	–	1,372	1,372
Adjustment upon disposal of a subsidiary *(Note 38)*	–	–	5	–	–	5	(1,367)	(1,362)
At 31 March 2020	**9,778**	**852,297**	**(14,538)**	**10**	**(191,857)**	**655,690**	**22,805**	**678,495**

Note:

The merger reserve represents the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the share capital of its subsidiaries arising from corporate reorganisation undertaken in preparation for the listing of the Company's shares on the Main Board of the Stock Exchange.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2020

	Note	2020 HK$'000	2019 HK$'000
Cash flows from operating activities			
Net cash used in operations	*41(a)*	29,993	(163,472)
Income tax (paid)/refund		(4,519)	3,749
Net cash generated from/(used in) operating activities		25,474	(159,723)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		63,765	18
Purchases of property, plant and equipment		(12,117)	(70,711)
Acquisition of subsidiaries, net of cash acquired *(Note 37)*		—	71,985
Net cash outflow on disposal of a subsidiary		(171)	—
Interest received		269	25
Net cash generated from investing activities		51,746	1,317
Cash flows from financing activities			
Repayment of lease liabilities/obligations under finance leases		(15,807)	(3,888)
Proceeds from new bank borrowings		—	234,832
Repayment of bank borrowings		(229,042)	—
Interest paid on loan from former substantial shareholder		(12,500)	—
Interest paid on finance leases		(422)	(932)
Interest paid on bank borrowings		—	(3,524)
Proceeds from issue of shares		210,000	—
(Repayment to)/advance from a shareholder		(3,150)	3,150
Repayment to/advance to a director		(22,070)	(47,929)
(Repayment to)/advance from a related party		(1,150)	1,150
Net cash (used in)/generated from financing activities		(74,141)	182,859
Net increase in cash and cash equivalents		3,079	24,453
Cash and cash equivalents at beginning of year		45,454	21,828
Effect of foreign exchange rate changes, net		(1,355)	(827)
Cash and cash equivalents at end of year		47,178	45,454
Analysis of cash and cash equivalents			
represented by cash and bank balances	*27*	47,178	45,454

1 CORPORATE 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 (the "**Stock Exchange**") on 17 October 2016. The address of the registered office of the Company is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands and the principal place of business of the Company is Suite 6808, 68th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in provision of concrete placing services and other ancillary services in Hong Kong, sales of new energy vehicles, and provision of logistics related services, car leasing services and finance leasing services in Mainland China. In the current financial year, the Group commenced remittances and foreign currency exchange services in the United Kingdom. Its parent and ultimate holding company is Prestige Rich Holdings Limited ("**Prestige Rich**"), a company incorporated in the British Virgin Islands ("**BVI**"). Mr. Zhang Jinbing is the owner and sole director of Prestige Rich. As at 31 March 2020, the directors consider the ultimate controlling shareholder of the Company to be Mr. Zhang Jinbing.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board on 24 June 2020.

2 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

For the purpose of preparing and presenting the consolidated financial statements for the years, the Group has consistently adopted the HKFRSs, Hong Kong Accounting Standards ("**HKASs**"), amendments and interpretations issued by the HKICPA that are effective for the Group's financial year beginning 1 April 2019 throughout the year.

(a) Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* ("**HKAS 17**"), and the related interpretations.

2 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(a) Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

HKFRS 16 Leases (Continued)

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

iii applied a single discount rate to a portfolio of leases with similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in Hong Kong and the PRC was determined on a portfolio basis.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

The Group recognised lease liabilities of approximately HK$42,437,000 and right-of-use assets of approximately HK$50,024,000 at 1 April 2019.

2 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(a) Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

HKFRS 16 Leases (Continued)

As a lessee (Continued)

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 4.01%.

	At 1 April 2019 HK$'000
Operating lease commitments disclosed as at 31 March 2019	20,775
Less: Recognition exemption — short-term leases	(3,821)
Operating leases liabilities before discounting	16,954
Less: Discounting using incremental borrowing rate	(654)
Leases liabilities on lease previously classified as operating lease	16,300
Finance leases obligation	26,137
Total lease liabilities recognised upon application of HKFRS 16	42,437
Analysed as	
Current	17,551
Non-current	24,886
	42,437

The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

	At 1 April 2019 HK$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	16,300
Reclassified from property, plant and equipment *(Note)*	33,724
	50,024
By class:	
Office premises	16,300
Machinery and equipment	33,724
	50,024

2 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(a) Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

HKFRS 16 Leases (Continued)

As a lessee (Continued)

Note: In relation to assets previously under classified as held finance leases, the Group recategorised the carrying amounts of the relevant assets which were still under lease as at 1 April 2019 from property, plant and equipment, amounting to HK$33,724,000, as right-of-use assets. In addition, the Group reclassified the finance leases liabilities grouped under borrowings of HK$10,353,000 and HK$15,784,000 to lease liabilities classified as current and non-current liabilities respectively at 1 April 2019.

(b) New and revised HKFRSs in issue but not yet effective

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[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 HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021.
2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(b) New and revised HKFRSs in issue but not yet effective (Continued)

Amendments to HKAS 1 and HKAS 8 Definition of Material

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of "obscuring" material information in which the effect is similar to omitting or misstating the information;
- replace threshold for materiality influencing users from "could influence" to "could reasonably be expected to influence"; and
- include the use of the phrase "primary users" rather than simply referring to "users" which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

Conceptual Framework for Financial Reporting 2018 (the "New Framework") and the Amendments to References to the Conceptual Framework in HKFRS Standards

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain HKFRSs have been updated to the New Framework, whilst some HKFRSs are still referred to the previous versions of the framework. These amendments are effective for annual periods beginning on or after 1 January 2020, with earlier application permitted. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in accordance with all applicable HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments, which are stated at fair value. The measurement bases are fully described in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKFRS 16 *Leases* (since 1 April 2019) or HKAS 17 *Leases* (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (Continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Business combinations

Except for the Reorganisation, the Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the recognised amount of the acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating unit (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost less accumulated impairment, if any.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board that makes strategic decisions.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in HK$, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

Foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income within "Other income and net gains".

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of that reporting period;

(ii) income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

The property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives or lease term, where applicable, as follows:

— Machinery and equipment	20% per annum
— Leasehold improvements	2–5 years
— Furniture, fixtures and office equipment	20% per annum
— Motor vehicles	20% per annum

Prior to the adoption of HKFRS16, assets held under finance leases were depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of profit or loss and other comprehensive income.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

(a) Definition of a lease (upon application of HKFRS 16 in accordance with transitions in note 2)

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

(b) The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2)

(i) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of buildings that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

(ii) Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. The principal annual rates are as follows:

Machinery and equipment	5 years
Leased properties	Over lease term

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

(b) The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) (Continued)

(iii) Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 *Financial Instruments* ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

(iv) Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

(b) The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) (Continued)

(v) Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(c) The Group as a lessee (prior to 1 April 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Lease incentives relating to operating leases are considered as integral part of lease payments, the aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

(c) The Group as a lessee (prior to 1 April 2019) (Continued)

Leasehold land and building

When the Group makes payments for a property interest which includes both leasehold land and building elements, the Group assesses the classification of each element separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire property is accounted as an operating lease. Specifically, the entire consideration (including any lump-sum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition.

(d) The Group as a lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (Continued)

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For advance payments received from customers before the transfer of the associated goods or services in which the Group adjusts for the promised amount of consideration for a significant financing component, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The relevant interest expenses during the period between the advance payments were received and the transfer of the associated goods and services are accounted for on the same basis as other borrowing costs.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from other sources

Operating lease rental income

Rental income from lease of rental vehicles and machinery is recognised based on the straight-line basis over the lease terms.

Finance lease income

The Group records revenue attributable to finance leases over the lease term on a systematic and rational basis so as to produce a constant rate of return on the net investment in the finance lease.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

(a) Financial assets

(i) Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of HKFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

(a) Financial assets (Continued)

(ii) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

(iv) Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets at amortised cost which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these assets are assessed individually for debtors with significant balance or collectively using a provision matrix with similar credit risk characteristics based primarily on the debtors' aging profiles.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

(a) Financial assets (Continued)

(iv) Impairment of financial assets (Continued)

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that result in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

(a) Financial assets (Continued)

(iv) Impairment of financial assets (Continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

(a) Financial assets (Continued)

(iv) Impairment of financial assets (Continued)

Measurement and recognition of ECL (Continued)

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped by considering the following factors:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, where the corresponding adjustment is recognised through a loss allowance account.

(v) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(b) Financial liabilities and equity

(i) Classification as debt or equity

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

(b) Financial liabilities and equity (Continued)

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group are recognised at the proceeds received, net of direct issue costs.

(iii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit or loss ("**FVTPL**").

(iv) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated as at FVTPL.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

(b) Financial liabilities and equity (Continued)

(iv) Financial liabilities at FVTPL (Continued)

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, such as convertible bonds, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to accumulated losses upon derecognition of the financial liability.

(v) Financial liabilities at amortised cost

Financial liabilities including trade payables, other payables and borrowings are subsequently measured at amortised cost, using the effective interest method.

(vi) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (if any).

Inventories

Inventories comprise new energy motor vehicles held for re-sale. Inventories are stated at the lower of cost and net realisable value. Costs of inventories comprise cost of purchases are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowings

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of each reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Retirement benefits

The Group operates defined contribution plans and pays contributions to privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits (Continued)

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of each reporting period are discounted to present value.

(iv) Bonus plans

The Group recognises a liability and an expense for bonuses when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of such obligation can be made.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amounts have been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligations. The increase in the provision due to passage of time is recognised as interest expense.

Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resource will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income/a deduction from the carrying amount of the relevant asset in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control of the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group.

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties (Continued)

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close member of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the consolidated financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Useful lives and impairment of property, plant and equipment

The Group has significant investments in property, plant and equipment. The Group is required to estimate the useful lives of property, plant and equipment in order to ascertain the amount of depreciation charges for each reporting period.

Useful lives are estimated at the time of purchase of these assets after considering future technology changes, business developments and the Group's strategies. The Group performs annual reviews to assess the appropriateness of the estimated useful lives. Such review takes into account any unexpected adverse changes in circumstances or events, including decline in projected operating results, negative industry or economic trends and rapid advancement in technology. The Group extends or shortens the useful lives and/or makes impairment provisions according to the results of the review.

Impairment of property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Management judgement is required in the area of asset impairment particularly in assessing; (i) whether an event has occurred that may indicate that the related asset value may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could affect the net present value used in the impairment test and as a result affect the Group's financial position and results of the operations.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows, a material impairment loss/further impairment loss may arise. As at 31 March 2020, the carrying amount of goodwill is HK$132,525,000 (2019: HK$406,699,000) (net of accumulated impairment loss of HK$358,646,000 (2019: HK$118,463,000). Details of the recoverable amount calculation are disclosed in Note 17.

(c) Provision of ECL for trade receivables and contract assets

The Group uses provision matrix to calculate ECL for the trade receivables and contract assets. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables and contract assets with significant balances and credit impaired receivables are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and contract assets are disclosed in Notes 25, 26 and 40(b)(ii).

(d) Contingent consideration receivables

Where the fair value of contingent consideration receivables cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets, where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgments include considerations of inputs such as probability-adjusted profit/loss, marketability discount and minority discount. Changes in assumptions about these factors could affect the reported fair value of contingent consideration receivables.

(e) Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(f) Percentage of completion of construction works

The Group recognises revenue according to the percentage of completion of the individual contract of construction works. The Group's management estimates the percentage of completion of construction works based on actual costs incurred over the total budgeted costs. Corresponding contract revenue was also estimated by management based on contract sum and works values from variation works. Because of the nature of the activities undertaken for the construction contracts, the date at which the contracts are entered into and the date when the contract are completed usually fall into different accounting periods. The Group reviews and revises the estimates of both contract revenue and contract costs in the budget prepared for each construction contract as the contract progresses.

When determining the total budgeted costs, management makes reference to information such as (i) current or recent offers from subcontractors and suppliers, (ii) variation orders received from customers, and (iii) estimation on material costs, labour costs and other costs for the completion of the projects provided by quantity survey department.

5 REVENUE AND SEGMENT INFORMATION

Revenue

(i) Analysis of revenue

	2020 **HK$'000**	2019 HK$'000
Total revenue recognised during the year:		
Concrete placing services and other ancillary services	**127,298**	314,173
Sales of new energy vehicles	**214,229**	48,099
Provision of logistics related services	**42,404**	24,188
Car leasing revenue	**30,141**	4,992
Finance lease income	**92,216**	29,415
Remittances and foreign currency exchange services	**12,343**	—
	518,631	420,867

	2020 **HK$'000**	2019 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Concrete placing services and other ancillary services	**127,298**	314,173
Sales of new energy vehicles	**214,229**	48,099
Provision for logistics related services	**42,404**	24,188
Remittances and foreign currency exchange services	**12,343**	—
	396,274	386,460
Timing of revenue recognition		
Point in time basis	**268,976**	72,287
Over time basis	**127,298**	314,173
	396,274	386,460

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Revenue (Continued)

(i) Analysis of revenue (Continued)

	2020 HK$'000	2019 HK$'000
Revenue from other sources		
Car leasing revenue	30,141	4,992
Finance lease income	92,216	29,415
	122,357	34,407

(ii) Performance obligations for contracts with customers

Construction contracts — Concrete placing and other ancillary services income

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.

Sales of new energy vehicles

Revenue from the sales of new energy vehicles is recognised when the control of new energy vehicles have been transferred to the buyer, generally on delivery of the new energy vehicles.

Provision for logistics related services

Revenue from provision of logistics related services includes rendering of transportation services for finished goods and is recognised at the point in time when the goods are delivered and accepted by the recipients. Due to the very short duration of the services performed, the Group recognises revenue at the point in time when the recipients have received the goods delivered by the Group.

Remittance and foreign currency exchange services

Remittance and foreign currency exchange services income are recognised at the point in time when the related remittances and exchanges are taken place.

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Revenue (Continued)

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers:

	Concrete placing services and other ancillary services	
	2020	2019
	HK$'000	HK$'000
Within one year	**44,779**	73,291
More than one year but not more than two years	**36,600**	42,140
More than two years	**–**	37,417
	81,379	152,848

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its contracts for sales of new energy vehicles and provision for logistics related services such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of new energy vehicles and provision for logistics related services that had an original expected duration of one year or less.

Segment information

Information reported to the chief executive of the Company, being the chief operating decision maker ("**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on the 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 the year ended 31 March 2020, the Group's operating and reportable segments currently are: (i) Concrete Placing in Hong Kong; (ii) NEV and Logistics and finance leasing services in Mainland China; and (iii) remittance and foreign currency exchange services in United Kingdom. The CODM considers the Group has three operating and reportable segments which are based on the internal organisation and reporting structure. This is the basis upon which the Group is organised.

For the year ended 31 March 2019, the Group's operating and reportable segments were: (i) Concrete Placing in Hong Kong; and (ii) NEV and Logistics and finance leasing services in Mainland China. The CODM considered the Group had two operating and reportable segments which were based on the internal organisation and reporting structure. This was the basis upon which the Group was organised.

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information (continued)

(i) Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments:

	Concrete Placing services HK$'000	NEV and Logistics and finance leasing services HK$'000	Remittances and foreign currency exchange services HK$'000	Total HK$'000
For the year ended 31 March 2020				
Segment revenue	127,298	378,990	12,343	518,631
Segment profit/(loss)	(27,471)	(201,778)	12,261	(216,988)
Unallocated income				16,860
Unallocated expenses				(69,499)
Fair value gain on contingent consideration receivables				53,059
Finance costs				(20,966)
Loss before taxation				(237,534)
For the year ended 31 March 2019				
Segment revenue	314,173	106,694	—	420,867
Segment loss	(725)	(122,418)	—	(123,143)
Unallocated income				5,001
Unallocated expenses				(11,589)
Fair value gain on contingent consideration receivables				34,240
Finance costs				(10,706)
Loss before taxation				(106,197)

Segment profit/(loss) represents the profit/(loss) earned/(incurred) by each segment without allocation of certain administrative expenses, other gains and losses, fair value gain on contingent consideration receivables, finance costs and 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.

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information (continued)

(ii) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

Segment assets

	2020 HK$'000	2019 HK$'000
Concrete Placing	134,705	197,740
NEV and Logistics and finance leasing services	512,230	1,158,168
Remittances and foreign currency exchange services	7,645	—
Total segment assets	654,580	1,355,908
Property, plant and equipment	1,618	4,872
Right-of-use assets	5,983	—
Financial assets of fair value through profit or loss	23,520	—
Amount due from a non-controlling shareholder of a subsidiary	24,932	24,932
Contingent consideration receivables	88,522	35,463
Other receivables, deposits and prepayments	71,271	67,039
Other unallocated assets	9,619	—
Cash and bank balances	36,063	1,917
Consolidated assets	916,108	1,490,131

Segment liabilities

	2020 HK$'000	2019 HK$'000
Concrete Placing	42,574	57,075
NEV and Logistics and finance leasing services	57,757	516,695
Remittances and foreign currency exchange services	1,007	—
Total segment liabilities	101,338	573,770
Other payables and accruals	131,005	159,929
Lease liabilities	5,270	—
Deferred tax liabilities	—	2,897
Consolidated liabilities	237,613	736,596

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information (continued)

(iii) Other segment information

	Concrete Placing HK$'000	NEV and Logistics and finance leasing services HK$'000	Remittances and foreign currency exchange services HK$'000	Total HK$'000
For the year ended 31 March 2020				
Additions to non-current assets	**1,208**	**46,237**	**94**	**47,539**
Depreciation of property, plant and equipment	**(11,808)**	**(12,980)**	**(45)**	**(24,833)**
Gain on disposal of property, plant and equipment	**3**	**18,163**	**—**	**18,166**
Loss on written off of property, plant and equipment	**—**	**(587)**	**—**	**(587)**
Impairment loss on goodwill	**—**	**(254,565)**	**—**	**(254,565)**
Interest income	**81**	**6,624**	**—**	**6,705**
Interest expense	**(39)**	**(14,342)**	**(3)**	**(14,384)**
Income tax expense	**(2,173)**	**(5,961)**	**(264)**	**(8,398)**
For the year ended 31 March 2019				
Additions to non-current assets	5,569	600,147	—	605,716
Depreciation for property, plant and equipment	(12,973)	(3,631)	—	(16,604)
Gain/(loss) on disposal of property, plant and equipment	6	(19)	—	(13)
Loss on written off of property, plant and equipment	—	(13)	—	(13)
Impairment loss on goodwill	—	(116,674)	—	(116,674)
Interest income	83	107	—	190
Interest expense	(6,343)	(4,363)	—	(10,706)
Income tax credit/(expense)	65	(1,063)	—	(998)

Note: Non-current assets included property, plant and equipment and goodwill.

(iv) Geographical information

The Group's operations are located in Hong Kong, the PRC and the United Kingdom.

Information about the Group's revenue from external customers is presented based on the destination of shipment for sales of products or location of services rendered/operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

Revenue from external customers

	2020 HK$'000	2019 HK$'000
United Kingdom	**12,343**	—
PRC	**378,990**	106,694
Hong Kong	**127,298**	314,173
	518,631	420,867

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information (continued)

(iv) Geographical information (continued)

Non-current assets by geographical location

	2020 HK$'000	2019 HK$'000
United Kingdom	318	—
PRC	198,501	502,891
Hong Kong	23,770	30,564
	222,589	533,455

(v) Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	2020 HK$'000	2019 HK$'000
Customer A (Revenue generated from Concrete Placing segment)	N/A[1]	80,747
Customer B (Revenue generated from Concrete Placing segment)	N/A[1]	62,480
Customer C (Revenue generated from Concrete Placing segment)	N/A[1]	55,911

[1] The corresponding revenue did not contribute 10% or more of the total revenue of the Group.

6 OTHER INCOME

	2020 HK$'000	2019 HK$'000
Bank interest income	269	25
Loan interest income	4,499	—
Rental income	2,940	2,456
Interest income from life insurance policies	81	80
Finance lease interest income	3,376	85
Government grants *(Note)*	536	136
Insurance claims	3,383	1,748
Gain on disposal of property, plant and equipment	18,166	—
Gain on exchange difference	—	8
Fair value gains on financial assets of fair value through profit or loss	250	—
Gain on disposal of financial assets of fair value through profit or loss	26	—
Others	1,500	463
	35,026	5,001

Note: There are no unfulfilled conditions or contingencies relating to these grants.

7 LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging:

	2020 HK$'000	2019 HK$'000
Auditors' remuneration	1,931	1,814
Cost of inventories recognised as an expense	321,425	49,130
Depreciation of property, plant and equipment		
— included in cost of sales	20,937	14,595
— included in selling and distribution expenses	69	4
— included in administrative and other operating expenses	3,827	2,005
Depreciation of right-of-use assets		
— included in cost of sales	2,973	–
— included in administrative and other operating expenses	8,362	–
Staff costs (including directors' emoluments)	145,063	207,519
Expense relating to short-term lease and other lease with lease terms within 12 months/operating lease rental on premises	4,811	6,281

8 EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

	2020 HK$'000	2019 HK$'000
Salaries, allowances and other benefits	141,179	204,587
Retirement scheme contributions		
— defined contribution plan	3,884	2,932
	145,063	207,519

The Group operates a defined contribution scheme in Hong Kong which complies with the requirements under the Mandatory Provident Fund ("**MPF**") Schemes Ordinance. All assets under the scheme are held separately from the Group under independently administered funds. Contributions to the MPF scheme follow the MPF Schemes Ordinance.

The Company's subsidiaries established in the PRC participate in a mandatory central pension scheme organised by the PRC Government for certain of its employees, the assets of which are held separately from those of the Group. Contributions made are based on a percentage of the eligible employees' salaries and are charged to profit or loss as they become payable in accordance with the rules of the scheme. The employer's contributions vest fully once they are made.

Under the above schemes, retirement benefits of existing and retired employees are payable by the relevant scheme administrators and the Group has no further obligations beyond the annual contributions.

The Group does not have any other pension schemes for its employees in respect of the subsidiaries outside Hong Kong and the PRC. In the opinion of the directors of the Company, the Group did not have any significant contingent liabilities as at 31 March 2020 and 2019 in respect of the retirement of its employees.

9 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of each director and the chief executive for the year are set out below:

	Fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 March 2020					
Executive directors					
Mr. Zhang Jinbing (Chairman and Chief Executive Officer)	–	–	–	–	–
Mr. Ni Biao	–	120	–	–	120
Mr. Yang Rui (appointed on 2 September 2019)	–	70	–	–	70
Non-executive director					
Mr. Yan Haiting (appointed 23 January 2020)	22	–	–	–	22
Independent non-executive directors					
Mr. Tam Ping Kuen, Daniel	120	–	–	–	120
Dr. Zhu Zhengfu	120	–	–	–	120
Dr. Li Yifei	120	–	–	–	120
	382	190	–	–	572
Year ended 31 March 2019					
Executive directors					
Mr. Zhang Jinbing (Chairman and Chief Executive Officer)	–	–	–	–	–
Mr. Ni Biao (appointed on 8 June 2018)	–	98	–	–	98
Non-executive director					
Mr. Poon Chiu Kwok (appointed on 12 January 2018 and resigned on 6 June 2018)	22	–	–	–	22
Independent non-executive directors					
Mr. Tam Ping Kuen, Daniel (appointed on 3 September 2018)	69	–	–	–	69
Dr. Zhu Zhengfu	120	–	–	–	120
Dr. Li Yifei	120	–	–	–	120
Mr. Tse Chi Wai (retired on 31 August 2018)	50	–	–	–	50
	381	98	–	–	479

9 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' and chief executive's emoluments (continued)

During the year ended 31 March 2020, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2019: Nil). Neither the chief executive nor any of the directors has waived or agreed to waive any emoluments during the year ended 31 March 2020 (2019: Nil).

(b) Five highest paid individuals

For the year ended 31 March 2020, the five individuals whose emoluments were the highest in the Group include Nil (2019: Nil) director, whose emoluments are disclosed above. The emoluments paid to the remaining five (2019: five) individuals for the year ended 31 March 2020 are as follows:

	2020	2019
	HK$'000	HK$'000
Salaries and allowances	**7,428**	6,904
Discretionary bonuses	**112**	2,544
Retirement scheme contributions	**112**	90
	7,652	9,538

The emoluments fell within the following bands:

	Number of individuals	
	2020	2019
Emolument bands (in HK$)		
HK$1 — HK$1,000,000	**1**	—
HK$1,000,001 — HK$1,500,000	**3**	2
HK$1,500,001 — HK$2,000,000	**—**	1
HK$2,000,001 — HK$2,500,000	**1**	2

During the year ended 31 March 2020, no emoluments were paid by the Group to the above highest paid individuals as (i) an inducement to join or upon joining the Group or (ii) as compensation for loss of office as a director or management of any members of the Group (2019: Nil).

10 FINANCE COSTS

	2020 **HK$'000**	2019 HK$'000
Interest on lease liabilities	**14,733**	932
Interest on bank borrowings	**—**	3,524
Interest on loan from the former substantial shareholder	**6,233**	6,250
	20,966	10,706

11 INCOME TAX EXPENSE

	2020 **HK$'000**	2019 HK$'000
Hong Kong Profits Tax:		
— Current income tax	**63**	1,660
— Underprovision in prior years	**3,500**	—
PRC Enterprise Income Tax ("**EIT**"):		
— Current income tax	**5,983**	1,063
United Kingdom Corporation Tax:		
— Current income tax	**264**	—
Deferred income tax *(Note 34)*	**(1,390)**	(1,725)
Income tax expense	**8,420**	998

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon 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 profit for both years.

Under the Law of the PRC on EIT (the "**EIT Law**") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

The Group's subsidiary in the United Kingdom is subject to Corporation Tax in the United Kingdom ("**Corporation Tax**"). Corporation Tax is calculated at 19% of the estimate assessable profit for the year ended 31 March 2020 (2019: 19%).

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

11 INCOME TAX EXPENSE (CONTINUED)

Reconciliation between income tax expenses and accounting loss at applicable tax rates:

	2020 **HK$'000**	2019 HK$'000
Loss before income tax	**(237,534)**	(106,197)
Notional tax calculated at the rates applicable to the profit in the tax jurisdictions concerned	**(34,786)**	(17,322)
Tax effect of non-taxable income	**(2,713)**	(5,871)
Tax effect of expenses not deductible for tax purposes	**42,498**	20,899
Tax concession	**(20)**	(272)
Utilisation of previously unrecognised tax losses	**(1,840)**	(164)
Tax effect of tax losses not recognised	**1,781**	3,728
Under provision in prior years	**3,500**	—
Income tax expense	**8,420**	988

12 LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company was based on the following data:

	2020	2019
Loss attributable to owners of the Company (HK$'000)	**(247,043)**	(106,092)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousand)	**958,744**	832,270
Basic loss per share (HK cents)	**(25.77)**	(12.75)

No diluted loss per share for both 2019 and 2020 were presented as there were no potential ordinary share in issue during the years ended 31 March 2019 and 2020.

13 LIST OF PRINCIPAL SUBSIDIARIES

The following is a list of the principal subsidiaries at 31 March 2020 and 2019:

Name	Place of incorporation/ establishment/ operation	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company 2020	2019	Principal activities
Directly held					
Chong Kin Group Limited ("**Chong Kin BVI**")	BVI	US$1	100%	100%	Investment holding
Indirectly held					
Kam Fung Engineering Limited ("**Kam Fung**")	Hong Kong	HK$10,000	100%	100%	Concrete placing and other ancillary services
Sang Fu Engineering Limited ("**Sang Fu**")	Hong Kong	HK$100	100%	100%	Concrete placing and other ancillary services
Global Sunny Engineering Limited ("**Global Sunny**")	Hong Kong	HK$100	100%	100%	Concrete placing and other ancillary services
Richway Mechanical Engineering Co., Limited ("**Richway Mechanical**")	Hong Kong	HK$100	100%	100%	Concrete placing and other ancillary services
Stand East Investment Limited ("**Stand East**")	BVI	US$2	100%	100%	Investment holding
Profit Empire Investment Ltd	Hong Kong	HK$1	100%	100%	Investment holding
中軍凱旋汽車租賃有限公司 (transliterated as Zhong Jun Kai Xuan Automotive Leasing Co., Limited))	PRC	Registered capital of RMB260,000,000	90%	90%	Investment holding, NEV and logistics related services
深圳中鑄凱旋供應鏈管理有限公司 (transliterated as Shenzhen Zhong Jun Kaixuan Supply Chain Management Co., Limited)	PRC	Registered capital of RMB100,000,000	90%	90%	NEV and logistics related services
蕪湖中軍汽車服務有限公司 (transliterated as Wuhu Zhong Jun Automotive Services Co., Limited)	PRC	Registered capital of RMB50,000,000	90%	90%	NEV and logistics related services
杭州中軍凱旋供應鏈管理有限公司 (transliterated as Hangzhou Zhong Jun Kaixuan Supply Chain Management Co., Limited)	PRC	Registered capital of RMB3,000,000	90%	90%	NEV and logistics related services
寧夏中錦新能源科技有限公司 (transliterated as Ningxia Zhong Jin New Energy Technology Co., Limited)	PRC	Registered capital of RMB50,000,000	63%	–	NEV and logistics related services
華耀融資租賃（深圳）有限公司 (transliterated as Hua Yao Finance Leasing (Shenzhen) Co., Limited)	PRC	Registered capital of USD30,000,000	95%	–	Finance leasing services
Newport Services (UK) Limited	United Kingdom	GBP100	100%	–	Cross-boarder payment and money exchange services

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

14 DIVIDENDS

No dividend was proposed or paid during the year ended 31 March 2020 (2019: Nil).

15 PROPERTY, PLANT AND EQUIPMENT

	Machinery and equipment HK$'000 *(Note a)*	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
At 1 April 2018	77,683	220	962	6,037	84,902
Acquisition through business combinations	–	534	647	8,467	9,648
Additions	–	2,577	2,414	94,574	99,565
Disposals	–	–	–	(172)	(172)
Written off	–	–	(14)	–	(14)
Transfer to inventories	–	–	–	(5,611)	(5,611)
Disposal of a subsidiary	–	–	–	(20)	(20)
Exchange adjustments	–	28	47	1,642	1,717
At 31 March 2019	77,683	3,359	4,056	104,917	190,015
Accumulated depreciation					
At 1 April 2018	45,829	220	958	3,657	50,664
Charge for the year	11,586	265	300	4,453	16,604
Disposals	–	–	–	(141)	(141)
Written off	–	–	(1)	–	(1)
Transfer to inventories	–	–	–	(189)	(189)
Disposal of a subsidiary	–	–	–	(1)	(1)
Exchange adjustments	–	2	3	48	53
At 31 March 2019	57,415	487	1,260	7,827	66,989
Net book value					
At 31 March 2019	20,268	2,872	2,796	97,090	123,026
Cost					
At 31 March 2019	**77,683**	**3,359**	**4,056**	**104,917**	**190,015**
Adoption of HKFRS 16	**–**	**–**	**–**	**(35,732)**	**(35,732)**
At 1 April 2019	**77,683**	**3,359**	**4,056**	**69,185**	**154,283**
Additions	**–**	**152**	**11,250**	**36,137**	**47,539**
Disposals	**–**	**–**	**(192)**	**(51,371)**	**(51,563)**
Written off	**–**	**(532)**	**(401)**	**(500)**	**(1,433)**
Disposal of a subsidiary	**–**	**(78)**	**(8,213)**	**(1,049)**	**(9,340)**
Exchange adjustments	**–**	**(59)**	**(203)**	**(3,630)**	**(3,892)**
At 31 March 2020	**77,683**	**2,842**	**6,297**	**48,772**	**135,594**
Accumulated depreciation					
At 31 March 2019	**57,415**	**487**	**1,260**	**7,827**	**66,989**
Adoption of HKFRS 16	**–**	**–**	**–**	**(2,008)**	**(2,008)**
At 1 April 2019	**57,415**	**487**	**1,260**	**5,819**	**64,981**
Charge for the year	**9,600**	**1,418**	**1,077**	**12,738**	**24,833**
Disposals	**–**	**–**	**(76)**	**(5,888)**	**(5,964)**
Written off	**–**	**(245)**	**(101)**	**(500)**	**(846)**
Disposal of a subsidiary	**–**	**(8)**	**(17)**	**(89)**	**(114)**
Exchange adjustments	**–**	**(11)**	**(32)**	**(257)**	**(300)**
At 31 March 2020	**67,015**	**1,641**	**2,111**	**11,823**	**82,590**
Net book value					
At 31 March 2020	**10,668**	**1,201**	**4,186**	**36,949**	**53,004**

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Note:

(a) Machinery and equipment and motor vehicles as at 31 March 2019 include the following amounts where the Group was a lessee under finance leases under HKAS 17 (before adoption of HKFRS 16):

	Machinery and equipment 2019 HK$'000
Cost — capitalised finance leases	35,732
Accumulated depreciation	(2,008)
Net book value	33,724

(b) Depreciation expense of approximately HK$20,937,000 (2019: HK$14,595,000) has been included in cost of sales.

16 RIGHT-OF-USE ASSETS

	Leased properties HK$'000	**Motor vehicles** HK$'000	**Total** HK$'000
Cost			
At 31 March 2019	—	—	—
Adoption of HKFRS 16	16,300	35,732	52,032
As at 1 April 2019	16,300	35,732	52,032
Additions	8,066	—	8,066
Disposals	—	(20,685)	(20,685)
Written off	(5,871)	–	(5,871)
Effect of foreign currency exchange difference	(600)	(1,619)	(2,219)
As at 31 March 2020	**17,895**	**13,428**	**31,323**
Accumulated depreciation			
At 31 March 2019	—	—	—
Adoption of HKFRS 16	—	2,008	2,008
As at 1 April 2019	–	2,008	2,008
Depreciation charge	7,904	3,431	11,335
Eliminated on disposal	—	(1,727)	(1,727)
Eliminated on written off	(1,358)	—	(1,358)
Effect of foreign currency exchange difference	(40)	(136)	(176)
As at 31 March 2020	**6,506**	**3,576**	**10,082**
Carrying Value			
As at 31 March 2020	**11,389**	**9,852**	**21,241**
As at 1 April 2019	16,300	33,724	50,024
Expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of HKFRS 16	4,811	—	4,811

17 GOODWILL

	HK$'000
Cost	
At 1 April 2018	–
Acquisition of subsidiaries *(Note 37)*	506,151
Exchange adjustments	19,011
At 31 March 2019 and 1 April 2019	525,162
Exchange adjustments	(33,991)
At 31 March 2020	**491,171**
Accumulated impairment losses	
At 1 April 2018	–
Impairment loss recognised for the year	116,674
Exchange adjustments	1,789
At 31 March 2019 and 1 April 2019	118,463
Impairment loss recognised for the year	254,565
Exchange adjustments	(14,382)
At 31 March 2020	**358,646**
Carrying amount	
At 31 March 2020	**132,525**
At 31 March 2019	406,699

Impairment test

Goodwill set out above has been allocated to one individual cash generating unit ("**CGU**"), comprising the subsidiaries of Stand East, which are engaged in operating the NEV and Logistics business.

The goodwill arose from the acquisition of Stand East Group, which are engaged in the NEV and Logistics business, on 22 October 2018.

The recoverable amount of the CGU was based on its value-in-use calculation using cash flow projections based on financial budgets approved by the management covering a period of 5 years.

17 GOODWILL (CONTINUED)

Key assumptions used in the calculation of value-in-use were discount rate, growth rate, budgeted revenue, budgeted net profit margin and budget capital expenditures ("**CAPEX**"). The discount rate applied to the cash flow projection is 32.8% (2019: 29.1%). The CGU's cash flows beyond the 5-year period are extrapolated using a steady 2.6% (2019: 3.0%) growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry.

The budgeted revenue included in the cash flow projection of the CGU mainly included budgeted revenue from road freight service and leasing service.

The directors of the Company expected that the revenue from road freight service will become the major revenue stream of the CGU during the cash flow projection period. The CGU is planned to provide road freight service for customers on designated routes. The revenue was projected on the base of the number of NEV times the daily revenue earnable by each NEV. The number of NEV for providing road freight service is estimated by reference to the operation of the last quarter of 2019 and the transportation capacity of the CGU. The daily revenue earnable by each NEV is based on the actual operational data of road freight service in the financial year 2020. The operational data was sourced from main operational units of the CGU in Shenzhen, Guangzhou, Ningbo and Ningxia. The directors of the Company are in the view of that the growth in the road freight service will be moderate in considering the impact brought by COVID-19 Outbreak on the business and economic environment the CGU operating.

The projected revenue from leasing of NEV is the second major revenue stream of the CGU during the cash flow projection period. Some NEVs are classified as property, plant and equipment of the Group which are leased to corporate and individual customers in the PRC, projected monthly revenue from leasing of NEV is depends on different model of NEV.

The budgeted profit margins during the projection period are based on the budgeted costs for each year with reference to the historical net profit margin of the CGU of 9.5% and industry peers' net profit margins.

The budgeted CAPEX is based on the replacement cost of the NEVs during the cash flow projection period. It also included other capital expenditures for the CGU such as capital expenditures for computer software and hardware and decorations for offices.

Based on the valuation report prepared by independent professional valuers, Vision Appraisal and Consulting Limited ("**Vision Appraisal**") (2019: Grant Sherman Appraisal Limited ("**Grant Sherman**")), the recoverable amount of the CGU is approximately HK$198,130,000 (2019: HK$548,080,000), and an impairment loss of approximately HK$254,565,000 (2019: HK$116,674,000) was recognised for the Year.

The national and local government policies on the promotion of new energy vehicles is also one of the key assumptions used in estimating the value-in-use which determines the recoverable amount for the CGU. Taking into account the "Notice On Improving the Promotion and Application of Financial Subsidy Policies for New Energy Vehicles" published by the Ministry of Industry and Information Technology of the PRC in April 2020, the potential demand for the new energy vehicles is expected to decrease significantly. Besides, the COVID-19 Outbreak has had and is expected to continue to have a material impact on the Group's NEV and Logistics business and economic environment in which the CGU operates. As a result, significant impairment loss was recognised for the year ended 31 March 2020.

For the year ended 31 March 2019, the impairment mainly represented the elimination of the difference between the fair values of the shares of the Company based on closing price of HK$3.8 per share at the completion date of acquisition on 22 October 2018 and the issue price of the shares of the Company of HK$3 per share at the date of signing the share purchase agreement on 12 June 2018.

18 CONTINGENT CONSIDERATION RECEIVABLES

	HK$'000
At fair value	
At 1 April 2018	—
Acquisition of subsidiaries *(Note 37)*	1,223
Change in fair value	34,240
At 31 March 2019 and 1 April 2019	35,463
Change in fair value	53,059
At 31 March 2020	**88,522**

	2020 **HK$'000**	2019 HK$'000
Analysed as:		
Current	**21,068**	35,463
Non-current	**67,454**	—
	88,522	35,463

The fair value of the contingent consideration receivable is related to the shortfall on profit guarantee that the former owner of Stand East guaranteed to the Company for each of three financial years ending 31 December 2019, 2020 and 2021.

The arrangement of the profit guarantee compensation requires the former owner of Stand East to guarantee the Company that the total consolidated net profits after tax of the NEV and Logistics business operating by Zhong Jun, an indirect subsidiary owned as to 90% by Stand East for the financial years ending 31 December 2019, 2020 and 2021 shall not be less than HK$20 million per financial year. If the total net profits fail to meet HK$20 million for any financial year, the former owner shall have to compensate the Company on the shortfall to the total net profits in cash based on the formula (amount of compensation = (HK$20 million — actual net profits) x 22.944, capped at the total consideration for acquisition of Stand East Group), for each of the financial year.

The contingent consideration receivables represent the fair value of the profit guarantees in accordance with the share purchase agreements for the acquisition of Stand East Group, which is estimated by Vision Appraisal (2019: Grant Sherman). As at 31 March 2020, the fair value of the contingent consideration receivables were estimated by applying income approach on the estimated profits of Zhong Jun for the years ending 31 December 2020 and 2021 (2019: years ended 31 December 2019, 2020 and 2021).

The variables and assumptions used in computing the fair value of the contingent consideration receivable are based on the management's best estimate. The value of the contingent consideration receivable varies with different variables of certain subjective assumptions.

The fair value of contingent consideration receivables is a level 3 recurring fair value measurement.

19 FINANCE LEASE RECEIVABLES

(a) Certain plant and machinery/rental vehicles of the Group are leased out under finance leases. All interest rates inherent in the leases are fixed at the contract date over the lease terms.

	2020 **HK$'000**	2019 HK$'000
Analysed as:		
Current	**78,688**	9,080
Non-current	**95,025**	14,248
	173,713	23,328

	Minimum lease payments		**Present value of minimum lease payments**	
	2020 **HK$'000**	2019 HK$'000	**2020** **HK$'000**	2019 HK$'000
Finance lease receivables comprise:				
Within one year	**87,599**	9,321	**78,688**	9,080
In more than one year but not more than two years	**74,787**	8,855	**68,270**	8,225
In more than two years but not more than three years	**22,251**	6,774	**20,004**	6,023
In more than three years but not more than four years	**7,009**	—	**6,751**	—
	191,646	24,950	**173,713**	23,328
Less: Unearned finance income	**(17,933)**	(1,622)	**N/A**	N/A
Present value of minimum lease payment receivables	**173,713**	23,328	**173,713**	23,328

(b) Effective interest rates of the above finance leases were 4.75% (2019: 4.75%) per annum.

(c) Finance lease receivables are denominated in RMB.

20 INVESTMENT IN AN ASSOCIATE

	2020 **HK$'000**	2019 HK$'000
Unlisted investments:		
Share of net assets	**2,928**	—
Goodwill	**9,080**	—
	12,008	—

20 INVESTMENT IN AN ASSOCIATE (CONTINUED)

The following table shows information of associate that are material to the Group. This associate is accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the HKFRS financial statements of the associate.

Name	Henan Pingchuang New Energy Co., Ltd ("**Henan Pinchuang**")
Principal place of business/country of incorporation	The PRC
Principal activities	Assembling lithium-ion battery modules and parts, and distribution of relevant products

	2020
% of ownership interests held by Group	**22%**
	HK$'000
At 31 March:	
Non-current assets	**7,939**
Current assets	**140,786**
Current liabilities	**(135,417)**
Net assets	**13,308**
Group's share of net assets	**2,928**
Goodwill	**9,080**
Carrying amount of Group's interests	**12,008**
Year ended 31 March:	
Revenue	**–**
Profit before tax	**–**
Profit after tax	**–**
Other comprehensive loss	**–**
Total comprehensive income/(loss)	**–**
Dividends received from associates	**–**

Henan Pingchuang was a subsidiary of the Company as at 31 March 2019. Upon disposal of equity interest in Henan Pingchuang on 24 December 2019, Henan Pingchuang is regarded as an associate of the Group. For details, please refer to note 38.

21 OTHER DEPOSITS

	2020 HK$'000	2019 HK$'000
Deposits and prepayments for life insurance policies	3,811	3,730

The Group entered into two life insurance policies (the "**Policies**") with an insurance company to insure the directors of the subsidiaries. Under the Policies, the beneficiaries and policy holders are subsidiaries of the Company and the total sums insured are United States dollars ("US$") 1,500,000 (equivalent to approximately HK$11,700,000).

At inception of the Policies, the Group is required to make a total single upfront payments of US$435,120 (equivalent to approximately HK$3,394,000) which include fixed policy premium charge and deposits. Monthly policy expense and insurance charge will be incurred over the insurance period with reference to the terms set out in the Policies.

The insurance company will pay the Group guaranteed interest rates of 3.3% for the first three years for one policy and 4.0% for the first year for the other policy, and a variable return per annum afterwards (with guaranteed minimum interest rate of 3.0% and 2.0%, respectively, during the effective period of the Policies). The policy premium, expense and insurance charges are recognised in profit or loss over the expected life of the Policies and the deposits placed are carried at cost as adjusted for accrued interest. The Group may request full surrender of the Policies at any time and receive cash back based on the value of the Policies at the date of withdrawal, which is determined by the gross premium paid plus accumulated interest earned and minus the policy expense and insurance premium charge. If such withdrawal is made between the first to fifteenth policy year and first to eighteenth policy year, respectively, a pre-determined specified surrender charge would be imposed on the Group.

The directors of the Company consider that the possibility of terminating the Policies during the first to fifteenth policy year and first to eighteenth policy year, respectively, was low and the expected life of the life insurance policy remains unchanged since its initial recognition.

22 INVENTORIES

	2020 HK$'000	2019 HK$'000
Electronic equipment parts	5,165	–
New energy vehicles held for sales	40,108	341,776
	45,273	341,776

23 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 HK$'000	2019 HK$'000
Financial assets mandatorily measured at FVTPL:		
Listed securities held for trading:		
– Equity securities listed in Hong Kong	23,520	–
Structured deposits *(Note)*	546	–
	24,066	–

Note: The structured deposits are wealth management products issued by a bank in Mainland China and are classified as financial assets at fair value through profit or loss at 31 March 2020 as their contractual cash flows are not solely payments of principal and interest. The Group uses structured deposits primarily to enhance the return on investment.

24 LOAN AND INTEREST RECEIVABLES

	2020 HK$'000	2019 HK$'000
Loan receivables	66,138	55,452
Interest receivables	1,336	—
	67,474	55,452

	2020 HK$'000	2019 HK$'000
Loans to independent third parties:		
Loan A *(Note (i))*	44,300	55,452
Loan B *(Note (ii))*	23,174	—
	67,474	55,452

(i) Pursuant to the loan agreement made on 12 February 2018 between the Company and the borrower, a loan of HK$210 million which bears interest at a rate of 18% per annum for a term of 12 months from the date of the said loan agreement, and secured by a legal charge over the borrower's assets, was granted by the Company to the borrowers.

The Company appointed joint and several receivers over the substantial assets of the borrower in April 2018 in view of the occurrence of an event of default on the part of the borrower. Pursuant to the said legal charge, the joint and several receivers had sold the substantial assets of the borrower to recover the loan receivable. The Company has taken legal action against the borrower for recovering the remaining loan receivable and obtained orders for sale at the High Court in Hong Kong over other assets of the borrower. Subsequent to the reporting date, there were settlements of approximately HK$18.3 million from the orders.

Based on the current assessment, the management believes that no impairment allowance is necessary in respect of those loan and interest receivables as the balances are considered fully recoverable (2019: Nil).

(ii) Pursuant to the loan agreement made on 8 November 2019 between the Company and the borrower, the loan principal of HK$60 million bears interest at a rate of 6% per annum, is unsecured and has a term of 6 months from the date of the said loan agreement. The loan was partially early redeemed by the borrower during the year. A supplemental agreement was made after the end of the reporting period to extend the repayment date to 30 September 2020.

25 TRADE AND OTHER RECEIVABLES

	2020 HK$'000	2019 HK$'000
Trade receivables *(Note (a) and (b))*	18,721	61,236
Less: Allowance for credit losses	(243)	—
Trade receivables, net	18,478	61,236
Prepayment for purchase of motor vehicles and insurances	59,147	101,115
VAT recoverable	21,281	72,858
Deposit for investment	—	6,790
Other deposits and prepayments	10,265	31,809
	109,171	273,808

25 TRADE AND OTHER RECEIVABLES (CONTINUED)

Note:

(a) Trade receivables are past due when a counterparty has failed to make a payment when contractually due. Credit terms granted to customers vary from contract to contract. The credit period granted to customers is 0 to 30 days (2019: 0 to 30 days) from payment application date generally.

(b) The ageing analysis of the trade receivables based on the invoice date and net of loss allowance, is as follows:

	2020 **HK$'000**	2019 HK$'000
0–90 days	**10,600**	16,204
91–180 days	**3,599**	43,976
181–365 days	**3,090**	888
Over 1 year	**1,189**	168
	18,478	61,236

Details of impairment assessment are set out in note 40.

26 CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets

	2020 **HK$'000**	2019 HK$'000
Unbilled revenue	**70,575**	98,023
Retention receivables	**41,293**	49,560
	111,868	147,583

As at 1 April 2018, contract assets amounted to HK$146,388,000.

The unbilled revenue contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional.

The contract assets also included retention receivables which will be settled in accordance with the terms of respective contract.

Typical payment terms which impact on the amount of contract assets recognised are as follows:

Construction contracts — Concrete placing and other ancillary services

The Group's construction contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached.

The Group also typically agrees to a retention period of one year after the completion of construction project for 10% of the contract value. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on the Group's work satisfactorily passing inspection.

26 CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

Contract assets (continued)

Construction contracts — Concrete placing and other ancillary services (continued)

The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

The decrease in the current year is the result of the decrease in ongoing installation services at the end of the year.

Details of the impairment assessment are set out in note 40.

Contract liabilities

	2020 HK$'000	2019 HK$'000
Sale of new energy vehicles	811	1,520
Provision for logistics related services	—	41
	811	1,561

As at 1 April 2018, contract liabilities amounted to HK$Nil.

When the Group receives a deposit before the goods this will give rise to contract liabilities at the start of a contract, until the revenue is recognised.

For some sales orders, the Group may ask the customers to made a deposit on acceptance of the order, with the remainder of the consideration payable at the earlier of delivery of the finished goods and notice from the customer to cancel the order. If the customer cancels the order, then the Group is immediately entitled to receive payment for work done to date.

Movements in contract liabilities

	2020 HK$'000	2019 HK$'000
Balance at 1 April	1,561	—
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the period	(998)	—
Increase in contract liabilities as a result of billing in advance of sales of energy vehicles and provision for logistic related services	331	1,500
Effect of foreign currency exchange different	(83)	61
	811	1,561

27 CASH AND BANK BALANCES

	2020 HK$'000	2019 HK$'000
Cash at banks	45,818	45,449
Cash on hand	1,360	5
	47,178	45,454

Cash at banks earns interest at floating rates based on daily bank deposit rates.

At 31 March 2020, the Group's bank balances and cash denominated in RMB amounted to approximately RMB6,473,000 (2019: approximately RMB32,012,000), equivalent to approximately HK$7,066,000 (2019: approximately HK$37,365,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations.

For the years ended 31 March 2019 and 2020, the Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

28 TRADE AND OTHER PAYABLES

	2020 HK$'000	2019 HK$'000
Trade payables	13,850	170,266
Accrued salaries	1,284	18,494
Other accruals	7,587	1,555
Other payables	17,335	85,637
Advances from Government *(Note)*	5,987	—
Other tax payables	9,620	431
	55,663	276,383

Note: Advances from Government represented conditional tax incentive from sales of new energy vehicles in the PRC. The tax incentive will be recognised as other income upon the receipt of approval of the tax incentives from the local government.

The ageing analysis of trade payables based on the invoice date is as follows:

	2020 HK$'000	2019 HK$'000
0–90 days	6,237	23,854
91–180 days	2,917	67,189
181–365 days	3,779	76,973
Over 1 year	917	2,250
	13,850	170,266

29 AMOUNT DUE TO A FORMER DIRECTOR

The amount due to Mr. Cheung Yuk Kei is unsecured, non-interest bearing and has no fixed term of repayment.

30 AMOUNT DUE FROM A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY/AMOUNT DUE TO A SHAREHOLDER/A DIRECTOR/A RELATED PARTY

The amounts are unsecured, non-interest bearing and has no fixed term of repayment.

31 BORROWINGS

	2020 **HK$'000**	2019 HK$'000
Current		
Bank borrowings, secured *(Note (a), (b), (c) and (d))*	**–**	238,434
Loan from former substantial shareholder *(Note (c) and (e))*	**126,370**	132,637
Total borrowings	**126,370**	371,071

Note:

(a) Bank borrowings

The bank borrowings contains a Repayment on Demand clause. According to the repayment schedule, the bank borrowings are repayable as follows:

	2020 **HK$'000**	2019 HK$'000
Within 1 year	**–**	238,434

(b) The carrying amounts of the bank overdrafts and bank borrowings are denominated in the following currencies:

	2020 **HK$'000**	2019 HK$'000
RMB	**–**	238,434

(c) The interest rates per annum of borrowings are as follows:

	2020	2019
Bank borrowings	**N/A**	6%
Loan from former substantial shareholder	**5%**	5%

(d) The banking facilities as at 31 March 2019 are secured/guaranteed by:

(i) Pledged of motor vehicles and inventories with an aggregate net book value of approximately HK$33,371,000 and HK$169,727,000 respectively as at 31 March 2019; and

(ii) Corporate guarantee provided by the Company as at 31 March 2019.

(e) The loan from former substantial shareholder, Pioneer Investment Limited, is unsecured, bear interest at 5% per annum and repayable on demand.

32 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the reporting period:

	2020 HK$'000
Gross lease liabilities — minimum lease payments	
Within 1 year	17,848
Between 1 and 2 years	6,454
	24,302
Future finance charges on finance leases	(1,286)
Present value of finance lease liabilities	23,106

The present value of finance lease liabilities is as follows:

	2020 HK$'000
Within 1 year	16,838
Between 1 and 2 years	6,178
	23,106

33 OBLIGATION UNDER FINANCE LEASES

Finance lease liabilities were secured as the rights to the leased assets revert to the lessors in the event of default. The aggregate net book value of the leased assets, which were motor vehicle, amounted to approximately HK$33,724,000 as at 31 March 2019.

At the end of lease term of certain finance leases, the Group had the option to purchase the leased asset at a price deemed to be a bargain purchase option.

	2019 HK$'000
Gross finance lease liabilities — minimum lease payments	
Within 1 year	11,734
Between 1 and 2 years	15,378
	27,112
Future finance charges on finance leases	(975)
	26,137

The present value of finance lease liabilities was as follows:

	2019 HK$'000
Within 1 year	10,353
Between 1 and 2 years	15,784
	26,137

The carrying amounts of finance lease liabilities are denominated in the following currencies:

	2019 HK$'000
HKD	1,364
RMB	24,773
	26,137

34 DEFERRED TAX LIABILITIES

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax liabilities arising from:	**Depreciation allowances in excess of the related depreciation** HK$'000
At 1 April 2018	4,622
Charged to profit or loss *(Note 11)*	(1,725)
At 31 March 2019 and 1 April 2019	2,897
Charged to profit or loss *(Note 11)*	**(1,390)**
At 31 March 2020	**1,507**

As at 31 March 2020, the Group has unused tax losses of approximately HK$18,869,000 (2019: HK$18,806,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK$10,418,000 (2019: HK$11,233,000) that will expire 5 years after the year in which the tax losses were incurred. Other losses may be carried forward indefinitely.

35 SHARE CAPITAL

	Number of ordinary shares	**Amount** HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2018, 31 March 2019 and 2020	2,000,000,000	20,000
Issued and fully paid:		
At 31 March 2018	764,800,000	7,648
Issue of shares upon acquisition of subsidiary *(Note 37)*	152,960,000	1,530
At 31 March 2019 and 1 April 2019	917,760,000	9,178
Issue of shares to controlling shareholder *(Note i)*	60,000,000	600
At 31 March 2020	977,760,000	9,778

Notes:

(i) On 26 July 2019, pursuant to a subscription agreement dated 15 April 2019 between the Company and Prestige, a controlling shareholder of the Company, the Company issued 60,000,000 new ordinary shares of HK$0.01 each at a price of HK$3.50 per share. Details of the share subscription were contained in the Company's announcement dated 15 April 2019 and 26 July 2019, and the Company's circular dated 31 May 2019.

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

36 SHARE OPTION SCHEME

The Company's share option scheme (the "**Scheme**") was adopted pursuant to a resolution passed on 27 September 2016 as to attract and retain the best available personnel and to provide additional incentive to the eligible participants under the Scheme.

Under the Scheme, the directors of the Company may at their absolute discretion and subject to the terms of the Scheme, grant options to any employees (full-time or part-time), directors, substantial shareholders, consultants or advisors, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group, to subscribe for shares of the Company. The eligibility of any participants to the grant of any options shall be determined by the directors from time to time on the basis of the directors' opinion as to their contribution to the development and growth of the Group.

The aggregate number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share options schemes of the Company must not exceed 30% of the Company's shares in issue from time to time. No options may be granted under the Scheme or any other share options schemes of the Company if this will result in the limit being exceeded. The maximum number of shares issuable upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company as from the adoption date must not in aggregate exceed 10% of all the shares in issue upon the date on which the shares are listed and permitted to be dealt in the Stock Exchange. The 10% limit may be refreshed at any time by approval of the Company's shareholders in general meeting provided that the total number of the Company's shares which may be issued upon exercise of all options to be granted under the Scheme and any other share options schemes of the Company must not exceed 10% of the Company's shares in issue as at the date of approval of the refreshed limit.

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) under the Scheme or any other share option schemes of the Company in any 12-month period up to date of grant shall not exceed 1% of the shares of the Company in issue. Where any further grant of options to a participant would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such participant and his/her close associates abstaining from voting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approval by the independent non-executive directors of the Company (excluding any independent non-executive director who is the grantee). Where any grant of share options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective close associates would result in the total number of shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) under the Scheme and any other share option schemes of the Company to such person in any 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the shares of the Company in issue and having an aggregate value in excess of HK$5 million must be approved by the Company's shareholders at the general meeting of the Company, with voting to be taken by way of poll.

The offer of a grant of share options might be accepted in writing within 7 days from the date of the offer. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the directors may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof. A nominal consideration of HK$1 is payable on acceptance of the grant of an option with a remittance in favour of the Company within such time as may be specified in the offer (which shall not be later than 7 days from the date of the offer).

36 SHARE OPTION SCHEME (CONTINUED)

The subscription price shall be a price solely determined by the Board of the Company and notified to a participant and shall be at least the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the offer date, which must be a business day; (ii) the average closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the offer date; and (iii) the nominal value of the Company's share on the offer date.

The Scheme shall be valid and effective for a period of ten years commencing on 27 September 2016, subject to early termination provisions contained in the Scheme.

No share options were granted since the adoption of the Scheme and there were no share option outstanding as at 31 March 2019 and 2020.

37 ACQUISITION OF SUBSIDIARIES

On 12 June 2018, the Group as the purchaser entered into a conditional sale and purchase agreement, and subsequently revised by a supplementary agreement, with an independent third party as the vendor to acquire the entire issued share capital and shareholder's loan of Stand East at the total consideration of HK$458,880,000. The acquisition was completed on 22 October 2018, which is also the acquisition date for accounting purpose. The total consideration was settled by the issue of 152,960,000 shares of the Company ("**Consideration Shares**"). The fair value of the Consideration Shares on 22 October 2018, amounted to HK$582,777,600. The fair value of the Consideration Shares was determined by reference to the published closing price of HK$3.81 at the completion date. Stand East Group is principally engaged in NEV and Logistics business in the PRC. The acquisition was made as part of the Group's strategy to expand into and develop its NEV and Logistics business in the PRC.

The Group has elected to measure the non-controlling interests in Stand East at the non-controlling interest's proportionate share of fair values of Stand East's identifiable net assets.

37 ACQUISITION OF SUBSIDIARIES (CONTINUED)

The fair value of the identifiable assets acquired and liabilities assumed of the acquiree as at the date of acquisition were as follows:

	HK$'000
Net assets acquired:	
Property, plant and equipment	9,648
Inventories	30,566
Trade and other receivables	74,317
Cash and bank balances	71,985
Trade and other payables	(97,584)
Total identifiable net assets at fair value	88,932
Non-controlling interests	13,528
Consideration	581,555
	595,083
Less: Fair value of net assets acquired	(88,932)
Goodwill *(Note 17)*	506,151
Total purchase consideration satisfied by:	
Issuance of new shares at fair value	582,778
Contingent consideration receivables *(Note 18)*	(1,223)
	581,555
Net cash inflow arising on acquisition:	
Cash and cash equivalents acquired	71,985

Goodwill arising on the acquisition of Stand East Group was determined based on the fair value of the net identifiable assets acquired. The management of the Company has engaged an independent professional valuer, Grant Sherman, to carry out a valuation on the fair value of the net identifiable assets acquired as at date of acquisition. The goodwill arose from the acquisition of Stand East Group mainly represented (1) the difference between the fair values of the shares of the Company on the completion date of acquisition on 22 October 2018 and the issue price of the shares of the Company at the date of signing sales and purchase agreement on 12 June 2018; and (2) significant future prospect and the business value of Stand East Group.

Since the acquisition date, Stand East Group has contributed revenue of approximately HK$106,694,000 and a loss after income tax of approximately HK$10,977,000 to the Group for the year ended 31 March 2019. If the acquisition had occurred on 1 April 2018, consolidated revenue and consolidated loss after income tax of the Group for the year ended 31 March 2019 would have been approximately HK$433,111,000 and HK$116,937,000 respectively.

38 DISPOSAL OF A SUBSIDIARY

On 24 December 2019, Zhong Jun, an indirect subsidiary owned as to 90% by the Company, disposed of the right to acquire 68% of the equity interest in a subsidiary, Henan Pingchuang to an independent third party at a consideration of RMB1. Upon completion of the disposal, the Company's effective interest in Henan Pingchuang reduced from 81% to 19.8% and that Henan Pingchuang is regarded as an associate of the Group as Zhong Jun's retained interest in Henan Pingchuang was 22%. For details, please refer to the Company's announcement dated 30 December 2019.

Henan Pingchuang is principally engaged in the business of assembling lithium-ion battery modules and parts, and distribution of relevant products. The subsidiary disposed of had no significant impact on the turnover and results of the Group. The net assets of Henan Pingchuang as at the date of disposal were as follows:

	HK$'000
Net assets disposed of	
Property, plant and equipment	8,126
Trade and other receivables	6,498
Inventories	137,452
Cash and bank balances	171
Trade and other payables	(138,624)
	13,623
Transfer to investment in an associate	(12,293)
Release of translation reserve	5
Release of non-controlling interest	(1,367)
Gain on disposal of a subsidiary	32
Total consideration satisfied by:	
Cash consideration received	–
Net cash outflow arising on disposal	(171)

39 CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders, to support the Group's stability and growth; to earn a margin commensurate with the level of business and market risks in the Group's operations and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce debt. The Group's overall strategy remains unchanged from prior year.

The gearing ratio is calculated as net debt divided by the total equity.

The gearing ratios of the Group are as follows:

	2020	2019
	HK$'000	HK$'000
Debts *(i)*	**149,386**	397,208
Total equity	**678,495**	753,535
Gearing ratio	**22.0%**	52.7%

(i) Debts are defined as borrowings including Borrowing, Lease liabilities and Obligation under finance lease.

The Group is not subjected to any externally imposed capital requirements.

40 FINANCIAL INSTRUMENTS

(a) Financial instruments by category

	2020 HK$'000	2019 HK$'000
Financial assets		
Financial assets at fair value through profit or loss		
Contingent consideration receivables	88,522	35,463
Financial assets at fair value through profit or loss	24,066	—
Financial assets at amortised costs under HKFRS 9		
Other deposits	3,811	3,730
Trade and other receivables	73,804	168,815
Finance lease receivables	173,713	23,328
Loan and interest receivables	67,474	55,452
Cash and bank balances	47,178	45,454
Total	454,502	332,242
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	55,663	276,383
Amount due to a former director	30,000	30,000
Amount due to a shareholder	—	3,150
Amount due to a director	1	22,071
Amount due to a related party	—	1,150
Borrowings	126,370	371,071
Lease liabilities/obligation under finance lease	23,016	26,137
Total	235,050	729,962

(b) Financial risk management objectives and policies

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

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(i) Interest rate risk

Other than deposits and prepayments for life insurance policies and bank balances with variable interest rate, the Group has no other significant interest-bearing assets. Management does not anticipate significant impact to interest-bearing assets resulting from the changes in interest rates, because the interest rates of deposits and prepayments for life insurance policies and bank balances are not expected to change significantly.

The Group's interest rate risk arises from borrowings. Borrowings obtained with variable rates expose the Group to cash flow interest rate risk which is partially offset by cash deposited at variable rates. The Group has not hedged its cash flow interest rate risks.

As at 31 March 2020, borrowings were denominated in Hong Kong dollars and Renminbi, interests are charged at fixed rates. The Group did not carry out any interest rate hedging policy.

40 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(ii) Credit risk

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to finance lease receivables, loan and interest receivables, trade receivables, contract assets, other receivables and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables, contract assets and finance lease receivables

The Group had certain concentration of credit risks as there were two (2019: one) customers who individually contributed over 10% of the Group's trade receivables and contract assets as at 31 March 2020. The aggregate amounts of trade receivables and contract assets from these customers amounted to 35% (2019: 71%) of the Group's total trade receivables and contract assets as at 31 March 2020. Management considered the credit risk is limited since the Group trades only with customers with appropriate credit history and good reputation. The management monitored the financial background and credibility of these debtors on ongoing basis.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days from the date of billing. Debtors with balances that are more than 2 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group performs impairment assessment under ECL model on trade receivables and contract assets individually or based on provision matrix. Except for items that are subject to individual evaluation, which are assessed for impairment individually, the remaining trade receivables and contract assets are grouped under a provision matrix based on shared credit risk characteristics by reference to repayment histories for recurring customers and current past due exposure. Impairment of HK$250,000 (2019: HK$Nil) on trade receivables is recognised during the year. Details of the quantitative disclosures are set out below in this note.

Bank balances and deposits for life insurance policies

The credit risk of the Group on liquid funds is limited because the majority of the counterparties are international banks and state-owned banks with good reputation.

Deposits, other receivables and amount due from a non-controlling shareholder of a subsidiary

The credit risk on deposits, other receivables and amount due from a non-controlling shareholder of a subsidiary is also limited because of the nature of these balances, credit quality of the counterparties and the historical settlement record.

40 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(ii) Credit risk (Continued)

Loan and interest receivables

As mentioned in note 24, the Company appointed joint and several receivers over the substantial assets of the borrower in April 2018 in view of the occurrence of an event of default on the part of the borrower. Pursuant to the said legal charge, the joint and several receivers subsequently sold the substantial assets to recover the loan receivables. The Company has also taken legal action against the borrower for recovering the remaining loan receivables and obtained orders for sale at the High Court in Hong Kong over other assets of the borrowers. Based on the current assessment, the management believes that no impairment allowance is necessary in respect of those loan and interest receivables as the balances are considered fully recoverable.

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:"

2020	**Notes**	**Internal credit rating**	**12-month or lifetime ECL**	**Gross carrying amount HK$'000**
Financial assets at amortised costs				
Cash and bank balances	27	N/A	12-month ECL	47,178
Trade receivables	25	(note i)	Lifetime ECL	18,721
Finance lease receivables	19	(note i)	Lifetime ECL	173,713
Contract assets	26	(note i)	Lifetime ECL	111,868
Loan and interest receivable	24	(note iii)	Lifetime ECL	67,474
Other receivables	25	(note ii)	12-month ECL	28,929
Amount due from a non-controlling shareholder of a subsidiary	30	(note ii)	12-month ECL	24,932

2019	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount HK$'000
Financial assets at amortised costs				
Cash and bank balances	27	N/A	12-month ECL	45,454
Trade receivables	25	(note i)	Lifetime ECL	61,236
Finance lease receivables	19	(note i)	Lifetime ECL	9,080
Contract assets	26	(note i)	Lifetime ECL	147,583
Loan and interest receivable	24	(note iii)	Lifetime ECL	55,452
Other receivables	25	(note ii)	12-month ECL	13,594
Amount due from a non-controlling shareholder of a subsidiary	30	(note ii)	12-month ECL	24,932

40 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(ii) Credit risk (Continued)

Notes:

(i) For trade receivables, finance lease receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for items that are subject to individual evaluation, which are assessed for impairment individually, the Group determines the ECL on these items by past due status.

(ii) For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition. As at 31 March 2020 and 2019, these balances are either not past due or doesn't have fixed repayment.

(iii) The directors of the Company considers credit risks have increased significantly and those past due more than 90 days are considered as credit-impaired.

As part of the Group's credit risk management, the Group uses trade debtors' aging to assess the impairment for its customers because these customers have common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which is assessed based on provision matrix within lifetime ECL (not credit-impaired).

Debtors with significant outstanding balances with aggregate gross carrying amounts of HK$6,025,000 as at 31 March 2020 (2019: HK$44,941,000) were assessed individually.

Gross carrying amount	**2020**		2019	
	Average loss rate	**Trade receivables**	Average loss rate	Trade receivables
Current (not past due)	**0.36%**	**1,012**	0%	10,950
Within 90 days past due	**0.36%**	**5,234**	0%	5,345
91–180 days past due	**0.61%**	**1,967**	0%	—
181–365 days past due	**1.12%**	**3,125**	0%	—
Over 1 year past due	**13.18%**	**1,358**	0%	—
	1.96%	**12,696**	0%	16,295

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the year ended 31 March 2020, the Group provided HK$250,000 (2019: HK$Nil) impairment allowance for trade receivables based on the provision matrix. Impairment allowance of HK$Nil (2019: HK$Nil) were made on debtors with significant balances.

40 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(ii) Credit risk (Continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables and contract assets under the simplified approach.

	Lifetime ECL HK$'000
As at 1 April 2018 and 31 March 2019	—
Impairment losses recognised	250
Exchange difference	(7)
As at 31 March 2020	**243**

Changes in the loss allowance for trade receivables and contract assets are mainly due to:

	2020 **HK$'000**	2019 HK$'000
Changes in average loss rate allowance	**250**	—
Exchange difference	**(7)**	—
	243	—

40 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(ii) Credit risk (Continued)

The following tables show reconciliation of loss allowances that has been recognised for other receivables.

	Lifetime ECL (credit-impaired) HK$'000
As at 1 April 2018 and 31 March 2019	—
Impairment losses recognised	144
Exchange difference	(4)
As at 31 March 2020	140

Changes in the loss allowance for other receivables are mainly due to:

	2020 **HK$'000**	2019 HK$'000
Changes in average loss rate allowance	**144**	—
Exchange difference	**(4)**	—
	140	—

(iii) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with debt covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks and other financial institutions to meet their liquidity requirements in the short and long term. Management believes there is no significant liquidity risk as the Group has sufficient committed facilities to fund their operations.

40 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(iii) Liquidity risk (continued)

The following table details the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest date the Group may be required to pay:

	On demand or within one year HK$'000	Between one and two years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amounts HK$'000
At 31 March 2020				
Trade and other payables	**55,663**	**–**	**55,663**	**55,663**
Amount due to a former director	**30,000**	**–**	**30,000**	**30,000**
Amount due to a director	**1**	**–**	**1**	**1**
Lease liabilities	**17,848**	**6,454**	**24,302**	**23,016**
Borrowings	**126,370**	**–**	**126,370**	**126,370**
	229,882	**6,454**	**236,336**	**235,050**
At 31 March 2019				
Trade and other payables	276,383	–	276,383	276,383
Amount due to a former director	30,000	–	30,000	30,000
Amount due to a shareholder	3,150	–	3,150	3,150
Amount due to a director	22,071	–	22,071	22,071
Amount due to a related party	1,150	–	1,150	1,150
Finance lease obligations	11,734	15,378	27,112	26,137
Borrowings	382,184	–	382,184	371,071
	726,672	15,378	742,050	729,962

(iv) Currency risk

The Group operates mainly in Hong Kong and Mainland China with most of its transactions settled in Hong Kong dollars and Renminbi ("**RMB**"). Certain of the Group's monetary assets and liabilities are denominated in RMB, which are the functional currencies of the Company and its subsidiaries.

The Group currently does not have a formal foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. However, the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

40 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurements of financial instruments that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable input(s) to fair value
	31.3.2020 HK$'000	31.3.2019 HK$'000				
Contingent consideration receivables	**Assets – HK$88,522**	Assets – HK$35,463	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow into the Group arising from the contingent consideration, based on an appropriate discount rate	Discount rate 0.57-0.58% (2019: 1.419%)	*Note 1*
					Probability-adjusted profits, with a range from HK$8,912,000 to HK$31,167,000 (2019: HK$6,611,000 to HK$182,053,000)	*Note 2*
Financial assets at fair value through profit or loss	**Assets – HK$24,066**	–	Level 1	Quoted bid price in an active market	N/A	*N/A*

Note 1:

An increase in the discount rate used in isolation would result in an decrease in the fair value measurement of the contingent consideration receivables, and vice versa. A 5% increase/decrease in the discount rate holding all other variables constant would decrease/increase the carrying amount of the contingent consideration receivables by approximately HK$38,000 (2019: HK$25,000).

Note 2:

An increase in the probability-adjusted profits used in isolation would result in an decrease in the fair value measurement of the contingent consideration receivables, and vice versa. A 5% increase/decrease in the probability-adjusted profits holding all other variables constant would decrease/increase the carrying amount of the contingent consideration receivables by approximately HK$16,038,000 (2019: HK$1,620,000).

The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

41 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before income tax to net cash used in operations

	2020 HK$'000	2019 HK$'000
Loss before income tax	**(237,534)**	(106,197)
Adjustments for:		
Depreciation of property, plant and equipment	**24,833**	16,604
Depreciation of right-of-use assets	**11,335**	—
Interest income	**(4,849)**	(105)
Finance lease income	**(3,376)**	(85)
Impairment loss on goodwill	**254,565**	116,674
Impairment loss on trade and other receivables	**394**	—
(Gain)/loss on disposal of a subsidiary	**(32)**	19
Fair value gain on contingent consideration receivables	**(53,059)**	(34,240)
Loss on derecognition of leases	**22**	—
Fair value gain on financial assets of fair value through profit of loss	**(250)**	—
Finance cost	**20,966**	10,706
Written off of property, plant and equipment	**587**	13
(Gain)/loss on disposal of property, plant and equipment	**(18,166)**	13
Operating (loss)/profit before working capital changes	**(4,564)**	3,402
Decrease/(increase) in inventories	**109,073**	(299,956)
Decrease/(increase) in trade and other receivables	**145,119**	(137,389)
Increase in finance lease receivables	**(152,633)**	(22,891)
(Increase)/decrease in loan and interest receivables	**(7,523)**	158,027
Decrease/(increase) in gross amounts due from customers for contract work	**–**	125,329
Increase in financial assets of fair value through profit or loss	**(23,831)**	—
Decrease/(increase) in contract assets	**35,715**	(147,583)
Increase in amount due from a non-controlling shareholder of a subsidiary	**–**	(10,407)
(Decrease)/Increase in trade and other payables	**(70,674)**	204,213
Decrease in gross amounts due to customers for contract work	**–**	(37,778)
(Decrease)/increase in contract liabilities	**(689)**	1,561
Net cash generated from/(used in) operations	**29,993**	(163,472)

(b) Changes in liabilities arising from financing activities

The following table shows the Group's changes in liabilities arising from financing activities during the year:

	Lease liabilities HK$'000	Obligation under finance lease HK$'000	Bank borrowings HK$'000	Loan from former substantial shareholder HK$'000	Amount due to a former director HK$'000	Amount due to a shareholder HK$'000	Amount due to a director HK$'000	Amount due to a related party HK$'000	Total liabilities from financing activities HK$'000
At 31 March 2018 and 1 April 2018	–	797	–	126,387	30,000	–	–	–	157,184
Changes in cash flows	–	(3,888)	234,832	–	–	3,150	(47,929)	1,150	187,315
Non-cash changes									
– additions	–	29,228	3,602	6,250	–	–	70,000	–	109,080
At 31 March 2019	–	26,137	238,434	132,637	30,000	3,150	22,071	1,150	453,579
At 31 March 2019	**–**	**26,137**	**238,434**	**132,637**	**30,000**	**3,150**	**22,071**	**1,150**	**453,579**
Adoption of HKFRS 16	**42,437**	**(26,137)**	**–**	**–**	**–**	**–**	**–**	**–**	**42,437**
At 1 April 2019	**42,437**	**–**	**238,434**	**132,637**	**30,000**	**3,150**	**22,071**	**1,150**	**496,016**
Changes in cash flows	**(15,807)**	**–**	**(229,042)**	**(12,500)**	**–**	**(3,150)**	**(22,070)**	**(1,150)**	**(283,719)**
Non-cash changes	**(3,614)**	**–**	**(9,392)**	**6,233**	**–**	**–**	**–**	**–**	**(6,773)**
At 31 March 2020	**23,016**	**–**	**–**	**126,370**	**30,000**	**–**	**1**	**–**	**179,387**

41 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(c) Material non-cash transactions

(i) During the year ended 31 March 2020, additions to property, plant and equipment of HK$Nil (2019: HK$28,854,000) were financed by finance lease arrangements.

(ii) During the year ended 31 March 2019, 152,960,000 additional ordinary shares of the Company were allotted and issued, credited as fully paid, as consideration for the acquisition of the entire issued share capital in and shareholder's loan of Stand East, as further detailed in Note 37.

42 COMMITMENTS

(a) Capital commitments

The Group did not have any significant capital commitment as at 31 March 2020 (2019: Nil).

(b) Operating lease commitments — Group as lessor

Minimum lease payments receivable on leases are as follows:

	2020 **HK$'000**
Within one year	**3,948**
	3,948

As at 31 March 2019, the total future minimum receipts under non-cancellable operating leases were receivable as follow:

	2019 HK$'000
Within one year	12,915
In the second to fifth years inclusive	3,948
	16,863

The Group is the lessor in respect of office premises and car leasing under operating leases. The leases typically run for an initial period of 3 months to 2 years, with an option to renew the leases when all terms are renegotiated.

42 COMMITMENTS (CONTINUED)

(c) Operating lease commitments — Group as lessee

As at 31 March 2019, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	2019 HK$'000
Within one year	9,817
In the second to fifth years inclusive	10,958
	20,775

The Group is the lessee in respect of office premises and car parks under operating leases. The leases typically run for an initial period of 1 to 2 years, with an option to renew the leases when all terms are renegotiated.

43 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.

(a) Save as disclosed elsewhere in the consolidated financial statements, the Group did not have any significant related party transactions with related parties during the year.

(b) The emoluments of the directors and senior executives (representing the key management personnel) during the year are disclosed in Note 9.

44 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 be subject to judgements or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period.

45 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	2020 **HK$'000**	2019 HK$'000
NON-CURRENT ASSETS		
Property, plant and equipment	**1,450**	2,780
Right-of-use assets	**4,572**	—
Investment in subsidiaries	**305,120**	676,357
Amounts due from subsidiaries	**310,804**	150,042
	621,946	829,179
CURRENT ASSETS		
Loan and interest receivables	**67,474**	55,453
Deposits, prepayments and other receivables	**3,753**	4,144
Amount due from a director	**—**	1
Cash and bank balances	**30,917**	1,445
	102,144	61,043
CURRENT LIABILITIES		
Trade and other payables	**2,428**	2,438
Amount due to a director	**1**	—
Amount due to a shareholder	**—**	2,000
Amounts due to subsidiaries	**155,673**	155,673
Lease liabilities	**4,307**	—
	162,409	160,111
NET CURRENT LIABILITIES	**(60,265)**	(99,068)
NON-CURRENT LIABILITIES		
Lease liabilities	**368**	—
	368	—
NET ASSETS	**561,313**	730,111
CAPITAL AND RESERVES		
Share capital	**9,778**	9,178
Reserves	**551,535**	720,933
TOTAL EQUITY	**561,313**	730,111

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 24 June 2020 and signed on its behalf by:

Mr. Zhang Jinbing
Director

Mr. Ni Biao
Director

45 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(b) Reserve movement of the Company

	Share premium HK$'000	Special reserve HK$'000	Accumulated losses HK$'000	Total equity HK$'000
At 1 April 2018	61,649	93,580	(6,844)	148,385
Loss and total comprehensive expense for the year	—	—	(8,700)	(8,700)
Acquisition of subsidiaries *(Note 37)*	581,248	—	—	581,248
At 31 March 2019 and 1 April 2019	**642,897**	**93,580**	**(15,544)**	**720,933**
Loss and total comprehensive expense for the year	**—**	**—**	**(378,798)**	**(378,798)**
Issue of shares	**209,400**	**—**	**—**	**209,400**
At 31 March 2020	**852,297**	**93,580**	**(394,342)**	**551,535**

46 EVENTS AFTER THE REPORTING PERIOD

(a) Disposal of shares by substantial shareholder

Prestige Rich, controlling shareholder of the Company, has entered into a sale and purchase agreement in relation to the sale and purchase of 156,430,000 shares of the Company, representing 16% of issued share capital of the Company's with Lenient Sunrise on 16 April 2020).

Upon completion of the Disposal, Prestige Rich will continue to be a controlling shareholder of the Company and Lenient will become a substantial shareholder of the Company and will hold the Sale Shares subject to a 36-month non-disposal undertaking.

Lenient entered into a management agreement (the "**Management Agreement**") with the Company on 24 December 2019 under which the Company has engaged Lenient to provide management services to Newport, a direct wholly-owned subsidiary of the Company, subject to the terms and conditions of the Management Agreement. Newport is regulated by the UK Financial Conduct Authority and Prudential Regulatory Authority in the United Kingdom and holds the license and qualification for provision of cross-border money exchange and cross-border payment services business.

For details, please refer to the Company's announcement dated 16 April 2020.

(b) Effect assessment of the Novel Coronavirus disease outbreak

Since early 2020, the COVID-19 Outbreak has spread across Mainland China and other countries and it has adversely affected the business and economic activities of the Group by leading to the decrease in demand of new energy vehicles from the Mainland China.

The Group's performance in the financial year 2021 may possibly be affected. The overall financial effect cannot be reliably estimated as of the date of this annual report. The Group will closely monitor the development of the COVID-19 Outbreak and continue to evaluate its impact on the business, financial position and operating results of the Group.

FINANCIAL SUMMARY

	Year ended 31 March			
	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**518,631**	420,867	428,694	485,646
Cost of sales	**(474,564)**	(381,129)	(353,527)	(400,398)
Gross profit	**44,067**	39,738	75,167	85,248
Other income	**35,026**	5,001	11,943	5,260
Fair value gain on contingent consideration receivables	**53,059**	34,240	—	—
Impairment loss on goodwill	**(254,565)**	(116,674)	—	—
Gain on disposal of a subsidiary	**32**	—	—	—
Selling and distribution expenses	**(6,489)**	(1,781)	—	—
Administrative and other operating expenses	**(87,698)**	(56,015)	(45,391)	(37,211)
Operating (loss)/profit	**(216,568)**	(95,491)	41,719	53,297
Finance costs	**(20,966)**	(10,706)	(1,795)	(1,275)
(Loss)/profit before income tax	**(237,534)**	(106,197)	39,924	52,022
Income tax expense	**(8,420)**	(998)	(7,898)	(7,597)
(Loss)/profit for the year	**(245,954)**	(107,195)	32,026	44,425
Attributable to:				
Equity shareholders of the Company	**(247,043)**	(106,092)	32,026	44,425
Non-controlling interests	**1,089**	(1,103)	—	—
(Loss)/profit for the year	**(245,954)**	(107,195)	32,026	44,425
Basic and diluted (loss)/earnings per share *(HK cents)*	**(25.77)**	(12.75)	4.19	6.32
ASSETS				
Non-current assets				
Property, plant and equipment	**53,004**	123,026	34,238	42,326
Right-of-use assets	**21,241**	—	—	—
Goodwill	**132,525**	406,699	—	—
Finance lease receivables	**95,025**	14,248	—	—
Contingent consideration receivables	**67,454**	—	—	—
Investment in an associate	**12,008**	—	—	—
Other deposits	**3,811**	3,730	3,650	3,572
	385,068	547,703	37,888	45,898

FINANCIAL SUMMARY

	Year ended 31 March			
	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000
Current assets				
Inventories	**45,273**	341,776	—	—
Financial assets of fair value through profit or loss	**24,066**	—	—	—
Finance lease receivables	**78,688**	9,080	—	—
Trade and other receivables	**109,171**	273,808	69,693	61,844
Loan and interest receivables	**67,474**	55,452	213,479	—
Amounts due from a non-controlling shareholder of a subsidiary	**24,932**	24,932	—	—
Contract assets	**111,868**	147,583	—	—
Contingent consideration receivables	**21,068**	35,463	—	—
Gross amounts due from customers for contract work	**—**	—	125,329	104,931
Amounts due from shareholders	**—**	—	—	—
Current income tax recoverable	**1,322**	8,880	2,145	—
Cash and bank balances	**47,178**	45,454	21,828	105,740
	531,040	942,428	432,474	272,515
Total assets	**916,108**	1,490,131	470,362	318,413
EQUITY				
Capital and reserves				
Share capital	**9,778**	9,178	7,648	7,648
Reserves	**645,912**	720,885	222,937	190,911
Equity attributable to equity shareholders of the Company	**655,690**	730,063	230,585	198,559
Non-controlling interests	**22,805**	23,472	—	—
Total equity	**678,495**	753,535	230,585	198,559
LIABILITIES				
Non-current liabilities				
Lease liabilities	**6,178**	—	—	—
Borrowings	**—**	15,784	126,387	797
Deferred tax liabilities	**1,507**	2,897	4,622	4,672
	7,685	18,681	131,009	5,469
Current liabilities				
Trade and other payables	**55,663**	276,383	40,193	41,669
Gross amounts due to customers for contract work	**—**	—	37,778	50,640
Contract liabilities	**811**	1,561	—	—
Amount due to a former director	**30,000**	30,000	30,000	—
Amounts due to a shareholder	**—**	3,150	—	—
Amounts due to a director	**1**	22,071	—	—
Amounts due to a related party	**—**	1,150	—	—
Lease liabilities	**16,838**	—	—	—
Borrowings	**126,370**	381,424	797	21,957
Current income tax liabilities	**245**	2,176	—	119
	229,928	717,915	108,768	114,385
Total liabilities	**237,613**	736,596	239,777	119,854
Total equity and liabilities	**916,108**	1,490,131	470,362	318,413
Net current assets	**301,112**	224,513	323,706	158,130
Total assets less current liabilities	**686,180**	772,216	361,594	204,028