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

2021
ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Jinbing *(Chairman)*
Mr. Ma Chao *(Co-Chairman and Chief Executive Officer)* (appointed on 18 January 2021)
Mr. Qiu Peiyuan (appointed on 1 February 2021)
Mr. Leung Chi Kwong, Joe (appointed on 18 June 2021)
Mr. Ni Biao (resigned on 18 January 2021)
Mr. Yang Rui (resigned on 18 January 2021)

Non-Executive Director

Dr. Gao Gunter (appointed on 10 February 2021 and resigned on 8 June 2021)

Independent Non-Executive Director

Mr. Tam Ping Kuen, Daniel
Dr. Li Yifei
Ms. Chen Weijie (appointed on 18 June 2021)
Mr. Yan Haiting (re-designated from Non-Executive Director to Independent Non-Executive Director on 4 January 2021, and resigned on 18 June 2021)
Dr. Zhu Zhengfu (resigned on 4 January 2021)

AUDIT COMMITTEE

Mr. Tam Ping Kuen, Daniel *(Chairman)*
Dr. Li Yifei
Ms. Chen Weijie (appointed on 18 June 2021)
Mr. Yan Haiting (appointed on 4 January 2021 and resigned on 18 June 2021)
Dr. Zhu Zhengfu (resigned on 4 January 2021)

REMUNERATION COMMITTEE

Mr. Tam Ping Kuen, Daniel *(Chairman)*
Dr. Li Yifei
Ms. Chen Weijie (appointed on 18 June 2021)
Mr. Yan Haiting (appointed on 4 January 2021 and resigned on 18 June 2021)
Dr. Zhu Zhengfu (resigned on 4 January 2021)

NOMINATION COMMITTEE

Mr. Zhang Jinbing *(Chairman)*
Mr. Tam Ping Kuen, Daniel
Dr. Li Yifei
Dr. Zhu Zhengfu (resigned on 4 January 2021)

RISK MANAGEMENT COMMITTEE

Mr. Zhang Jinbing *(Chairman)* (appointed on 3 September 2020)
Mr. Tam Ping Kuen, Daniel (appointed on 3 September 2020)
Ms. Chen Weijie (appointed on 18 June 2021)
Mr. Yan Haiting (appointed on 4 January 2021 and resigned on 18 June 2021)
Dr. Zhu Zhengfu (appointed on 3 September 2020 and resigned on 4 January 2021)

COMPANY SECRETARY

Ms. Lee Eva

AUTHORISED REPRESENTATIVES

Mr. Zhang Jinbing
Ms. Lee Eva

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Windward 3, Regatta Office Park, P.O. Box 1350,
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

AUDITOR

KTC Partners CPA Limited

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd.
Hang Seng Bank 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 2021 (the "**Year**").

REVIEW

During the Year, the global economy suffered seriously due to the impact of the epidemic of coronavirus disease 2019 (the "**COVID-19 Outbreak**"). The Group has been constantly reviewing its business portfolio and business model in response to the market shirking across multiple industries, striving to strike a balance in deploying the resources, aiming at strengthening the business development, in order to maximise the return of shareholders of the Company (the "**Shareholders**") and maintain long-term sustainable growth. The Group is committed to seek business opportunities and intends to acquire high quality business and asset with good potential for expansion of the business in order to diversify income stream and enhance the Shareholders' value.

A parcel of freehold land situate at Mt. Hartman in the parish of Saint George in the State of Grenada has been acquired during the Year. The real estate development project has been granted the status of approved real estate project, the government of Grenada also granted the Group the status of licensed marketing agent under the Citizenship by Investment (the "**CBI**") programme, qualified investors of the real properties erected on the land will be granted the Grenada citizenship by the Grenadian government which also enable them to apply for E2 Treaty investor visa in the United States. Benefiting from the status of approved real estate project as above mentioned, it is expected the demand of the residential units in the Grenada Project will be huge. As at the date of the report, the Grenada Government has approved 2,293 CBI applications to the Group, the Group can promote and to sell the CBI services relates to the real estate to investors and to assist investors apply for Grenada citizenship. The marketing plan of the Group is to promote the CBI services of the Group to potential customers through different channels, starting from Hong Kong and China then to expand globally.

During the Year, the Company had streamlined the concrete placing operations by disposal the non-performing subsidiaries that engaged in concrete placing business for which the financial performance had been deteriorating continuously since 2019. It is considered that it would be more cost effective to manage the profit margin of the projects by leasing the equipment. The Company has approached some companies which provide rental service of concrete placing machinery for leasing machinery and equipment to the Group once new projects commence. Chong Kin Construction Engineering Limited, a direct wholly-owned subsidiary of the Company, has signed up five engineering projects (which include three sub-contracting projects of the Government of the HKSAR), with a total contract value of approximately HK$164,800,000. Three projects will commence in June 2021, and it is expected that those projects will start generating revenue for the Company and its subsidiaries (collectively, the "**Group**") by 30 September 2021. The Group is also in active discussions with other developers and engineering sub-contractors and target to sign up more engineering projects in the foreseeable future. The Group has engaged experienced senior management in Grenada in enhancing the functions of concrete placing and in supporting the development of the land by taking full advantage of concrete placing resources and network resources.

During the Year, the Company invited individual and corporate investors whom shares the same prospect by way of subscription of new shares under general mandate to finance the potential acquisition or investment opportunities for the Group, part of the net proceeds from the Subscription of new shares will be utilised for the real estate development project and the development of concrete placing business.

During the Year, the Company has appointed senior managements with extensive experiences to join the Board, diversified the Board composition and guiding the development of the Company in finance, investment, real estate project management aspect in more effective way.

CHAIRMAN'S STATEMENT

FORWARD

Looking ahead, with the rapid progress of global vaccination, the Board of Directors will continue to closely monitor the market conditions and take necessary measures to avoid the impact of the epidemic on the Group's business and financial income, seize the opportunities in the economic recovery and ensure the stability of the Group. Facing the ever-changing world, the Group will keep abreast of the times and proactively embraced social development hotspots.

The Group will continue to explore business opportunities in the market and keep improving its investment portfolio and business modules and provide investors with long-term and stable returns while enhancing the Group's intrinsic value.

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, 30 June 2021

BUSINESS REVIEW

During the year ended 31 March 2021 (the "**Year**"), the Group is principally engaged in operating segments as follows: (i) provision of concrete placing and other ancillary services as a subcontractor for both public and private sector projects, including building and infrastructure related projects ("**Concrete Placing Business**"); (ii) provision of new energy vehicle and logistics related services including new energy vehicle sales and leasing, road freight transportation and the provision of finance leasing services ("**NEV and Logistics and Finance Leasing Business**"); (iii) provision of cross-border payment and money exchange services in the United Kingdom and provision of loan finance business in Hong Kong; and (iv) real estate development in Grenada.

The operating and financial performance of the Group was adversely affected by primarily the continuous decline of global and local activities, and the weakening of local construction and infrastructure market. These factors burdened on normal operations of the Group. Starting from early 2021, the Group began to adopt a streamlined business model for provision of concrete placing work and to maintain both equipment and manpower in that segment minimal as a cost-saving measure. The NEV and Logistics business in the Mainland China had been facing downward pressure caused by macroeconomic performance that affecting the domestic economy and creating challenges such as structural adjustments and increase in costs. The Group therefore decided to cease purchasing NEVs for sales purpose in considering the impact of COVID-19 Outbreak and the change in government financial support policies of NEVs in the Mainland China.

On 14 January 2021, the Group acquired a parcel of freehold land situated at Mt. Hartman in the parish of Saint George in the State of Grenada containing by admeasurement 148 acres. The Group intends to develop the land into a standalone university town comprising residential properties, commercial centres, education facility, student village and hotels equipped with comprehensive facilities and amenities in the surroundings. The Grenadian government has granted the status of approved real estate project, and the status of licensed marketing agent under the Citizenship by Investment programme ("**CBI**") in Grenada to the Group. Qualified investors of the real properties erected on the land will be granted the Grenada citizenship by the Grenadian government which also enable them to apply for E2 Treaty investor visa in the United States. Benefiting from the status of approved real estate project as above mentioned, it is expected that the demand of such residential properties will be huge. As at the date of the report, the Grenada Government has approved 2,293 CBI applications to the Group, the Group can promote and sell the CBI services to investors and to assist investors in applying for Grenada citizenship. The Group shall promote the CBI services to potential customers through different channels, starting from Hong Kong and China then expanding globally.

In January 2021, the Company made a business decision to streamline the concrete placing operations by disposal the non-performing subsidiaries that engaged in concrete placing business for which the financial performance had been deteriorating continuously since 2019. It is considered that it would be more cost effective to manage the profit margin of the projects by leasing the equipment and engaged construction related manpower on a daily rate basis. The Company has approached some companies which provide rental service of concrete placing machinery for leasing machinery and equipment to the Group once new projects commence. Chong Kin Construction Engineering Limited, a direct wholly-owned subsidiary of the Company, has signed up five engineering projects (which include three sub-contracting projects of the Government of the HKSAR), with a total contract value of approximately HK$164,800,000. Three projects will commence in June 2021, and it is expected that those projects will start generating revenue for the Group by 30 September 2021.

The Group is also in active discussions with other developers and engineering sub-contractors and target to sign up more engineering projects in the foreseeable future.

By leveraging the expertise in concrete placing, the Group shall carry out land development in Grenada. The Group has engaged experienced senior management in Grenada in enhancing the functions of concrete placing and in supporting the development of the land by taking full advantage of concrete placing resources and network resources.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITIONS AND DISPOSALS

Acquisition of land in the State of Grenada

On 14 January 2021, the Group acquired a parcel of freehold land situate at Mt. Hartman in the parish of Saint George in the State of Grenada containing by admeasurement 148 acres at consideration of US$20 million. The Group intends to develop the land into a standalone university town comprising residential properties, commercial centres, education facility, student village and hotels equipped with comprehensive facilities and amenities in the surroundings. Please refer to the announcement dated on 15 January 2021 for details.

Saved as above disclosed and in Note 36 to the consolidated financial statement in relation to the disposal of Chong Kin Group Limited and its subsidiaries (the "**Disposal Group**"), the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures during the year ended 31 March 2021.

FINANCIAL REVIEW

Revenue

For the Year, the Group recorded revenue from operations of approximately HK$133.4 million, compared to that of approximately HK$518.6 million for the year ended 31 March 2020 (the "**Corresponding Year**"), representing a significant decrease of 74.3%. The significant decrease in revenue was mainly due to (i) decrease in revenue from Concrete Placing Business in Hong Kong and (ii) decrease in revenue from NEV and Logistics and Finance Leasing Business for the Year.

The revenue from the Concrete Placing Business was approximately HK$62.2 million for the Year, compared to that of approximately HK$127.3 million for the Corresponding Year, representing a significant decrease of 51.1%. The decrease in revenue was due to the decrease in project amount and the number of projects on hand because of the continuous weakening of Hong Kong construction and infrastructure market and as a result of the disposal of the Disposal Group on 21 January 2021.

The revenue from NEV and Logistics and Finance Leasing Business was approximately HK$61.9 million for the Year, compared to that of approximately HK$379.0 million for the Corresponding Year, representing a significant decrease of 83.6%. Revenue from sales of NEVs decreased significantly from approximately HK$214.2 million for the Corresponding Year to approximately HK$38.0 million for the Year, representing a significant decrease of 82.2%. The significant decrease was mainly due to the down scale NEV sales measures adopted by the Group in response to the adverse effect brought by the change in government policies, the trade disputes between China and the United States and the COVID-19 Outbreak. Revenue from transportation service decreased from approximately HK$42.4 million for Corresponding Year to approximately HK$14.9 million for the Year, representing a decrease of 64.9%. Revenue from NEV leasing decreased from approximately HK$122.4 million for the Corresponding Year to approximately HK$9.0 million for Year, representing a decrease of 92.6%. The decreases were mainly due to COVID-19 Outbreak that affects the business of end customers of NEV and Logistics Services, most of them were in retail and catering industry, some customers' business had been temporarily closed and some were downsized their business. Besides, competition between current market players is increased, the newly joined and existing main players in the market offering similar road freight services at lower price which made the operation environment worse.

Gross (Loss)/Profit and Gross (Loss)/Profit Margin

The overall gross loss of the Group for the Year was approximately HK$8.0 million compared to that of approximately gross profit of HK$44.1 million for the Corresponding Year. The gross loss margin for the Year was approximately 6.0%, as compared to gross profit margin of 8.5% for the Corresponding Year.

Other Income

Other income mainly comprises government grants, gain on disposal of property, plant and equipment, interest income from life insurance policies and fair value gain on financial assets. During the Year, other income amounted to approximately HK$80.4 million as compared to approximately HK$35 million for the Corresponding Year. The increase in other income was mainly attributable to (i) increase in government and insurance claim; (ii) increase in loan interest income from independent third parties; and (iii) increase in gain on disposal of financial assets at fair value through profit and loss.

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 for the Year. The review is based on the NEV and Logistics and Finance Leasing 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.

Fair Value Gain on Contingent Consideration Receivable and Gain on Derecognition of Contingent Consideration Receivable

The management expects that the COVID-19 Outbreak has had and will continue to have impact on the business environment where the NEV and Logistics and Finance Leasing Business operates, that has weakened the financial positions of its customers, which are key data used for the projection of cash flow. The national and local government policies on the promotion of NEVs are another key assumptions used in the cash flow projections, taking into account recent development that indicated subsidies have tended to decline, the management is in the view of that the Group will not further purchase NEV for sales purpose and concentrating existing resources on core and low risks business areas in the upcoming years.

The impairment loss on goodwill assessed by the independent external valuer for the Year is approximately HK$119.5 million (2020: approximately HK$254.6 million). Factors that affected the impairment assessment for the Year is set out above, further details of the impairment loss on goodwill are set out in Note 17 to the consolidated financial statements.

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 Hong Kong Financial Reporting Standard ("**HKFRSs**") 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 financial statement of Zhong Jun for the financial year ended 31 December 2020, significant loss has incurred and Zhong Jun had not met the minimum profit guarantee of HK$20 million for 2020, the unsatisfactory performance mainly attributable to the impact brought by the COVID-19 Outbreak. 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 of Stand East and the investors of Stand East Group, unless the Company is compensated according to the formula as set out above. Further details of the fair value gain on contingent consideration receivable and gain on derecognition of contingent consideration receivable are set out in Note 18 to the consolidated financial statements.

Impairment losses Under Expected Credit Loss Expenses, net of reversal

As at 31 March 2021, the Company engaged an independent qualified valuer to determine the expected credit loss (the "**ECL**") of the Group's finance lease receivables and trade and other receivables. The impairment losses under ECL model for finance lease receivables and trade and other receivables are approximately HK$52.7 million (2020: Nil) and approximately HK$40.9 million (2020: approximately HK$0.4 million) respectively for the Year. The impairment loss on finance lease receivable and trade and other receivable were mainly attributed to the NEV and Logistic and Finance Leasing Business segment. In assessing the ECL of the Group's finance lease receivables and trade and other receivables, a credit rating analysis of the underlying debtors was adopted by reviewing the historical default rates, past-due status and ageing information of the grouped debtors and the forward-looking information of the Group's receivables at the end of the Year.

Selling and Distribution Expenses

Selling and distribution expenses of the Group for the Year decreased by 64.6% to approximately HK$2.3 million compared to that of approximately HK$6.5 million for the Corresponding Year. The selling and distribution expense comprised mainly salaries and benefits of sales and marketing staff, advertising and promotion expenses. The decrease was attributable to tightened cost control measure and decrease in marketing expenses for the Year.

Administrative and Other Operating Expenses

The administrative and other operating expenses of the Group for the Year decreased by 15.2% to approximately HK$74.0 million compared to that of approximately HK$87.3 million for the Corresponding Year. The administrative and other operating expenses comprised mainly employee related costs, including the salaries of directors and staffs, employer's contributions for social insurance and pension funds and employment related expenditure; rental, office expenses, depreciations of property, plant and equipment. The decrease in administrative and other operating expenses was mainly due to the decrease in overall staff cost, depreciation and rental expense mainly as a result of the disposal of the Disposal Group in January 2021 and the tightened cost control measure compared to that for the Corresponding Year.

Finance Costs

Finance costs of the Group for the Year decreased by 71.1% to approximately HK$6.0 million compared to that of approximately HK$21.0 million for the Corresponding Year. The finance costs mainly comprised of interest on lease liabilities, interest charges on a loan from the former substantial shareholder and the interest on the bank loan. The decrease was mainly attributable to decrease in interest charge on lease liabilities and interest charges on loan from the former substantial shareholder. Besides, loan from the former substantial shareholder has been fully repaid during the Year.

Income Tax Credit/(Expense)

Income tax credit/(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 credit of the Group for the Year amounting to approximately HK$0.9 million compared to that of income tax expenses approximately HK$8.4 million for the Corresponding Year. The decrease in income tax expenses was due to overprovision of PRC enterprise income tax in the Corresponding Year and decline in taxable income for the Year.

Loss for the Year

As a combined result of the factors discussed above, the Group's net loss for the Year was approximately HK$146.7 million as compared to a net loss of approximately HK$246.0 million for the Corresponding Year.

Final Dividend

The Board does not recommend the payment of a final dividend for the year ended 31 March 2021 (2020: Nil).

FINANCIAL CONDITIONS ANALYSIS

Property, Plant and Equipment

As at 31 March 2021, the property, plant and equipment of the Group amounted to approximately HK$19.7 million (2020: approximately HK$53.0 million), property, plant and equipment consisting mainly of office equipment, machineries and new energy vehicles. The decrease was mainly attributable to (i) the disposal of the Disposal Group on 21 January 2021, and (ii) sale of NEVs, which were classified as equipment previously, during the Year.

Properties Under Development

As at 31 March 2021, the properties under development of the Group amounted to approximately HK$183.0 million (2020: Nil), properties under development consisting mainly of a piece of land cost of HK$155.5 million (2020: Nil) in Grenada which was newly acquired during the Year.

Finance Lease Receivables

As at 31 March 2021, the finance lease receivables amounted to approximately HK$125.4 million (2020: approximately HK$173.7 million). The Group granted customers from the NEV and Logistics and Finance Leasing Business 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.

The decrease in finance lease receivables for the Year was mainly due the increase in impairment loss on finance lease receivables in relation of the NEV and Logistics and Finance Leasing Business of approximately HK$52.7 million was made during the Year (2020: Nil).

As at 31 March 2021, the Company engaged an independent qualified valuer to determine the expected credit loss (the "**ECL**") of the Group's finance lease receivables. In assessing the ECL of the Group's finance lease receivables, a credit rating analysis of the underlying debtors was adopted by reviewing the historical default rates, past-due status and ageing information of the grouped debtors and the forward-looking information of the Group's receivables at the end of the Year.

Other Receivable from Profit Guarantee Arrangement

As at 31 March 2021, the other receivable from profit guarantee arrangement amounted to approximately HK$102.0 million (2020: Nil), further details of the other receivable from profit guarantee arrangement is set out in Note 18 to the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Inventories

As at 31 March 2021, the inventories amounted to approximately HK$28.2 million (2020: approximately HK$45.3 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 2021, the trade and other receivables amounted to approximately HK$76.1 million (2020: approximately HK$109.2 million), consisting of trade receivables, prepayments, deposit and other receivables.

As at 31 March 2021, the Company engaged an independent qualified valuer to determine the expected credit loss (the "**ECL**") of the Group's trade and other receivables. Impairment loss on trade and other receivables mainly in relation of the NEV and Logistics and finance leasing business of approximately HK$40.9 million was made during the Year (2020: approximately HK$0.4 million). In assessing the ECL of the Group's trade and other receivables, a credit rating analysis of the underlying debtors was adopted by reviewing the historical default rates, past-due status and ageing information of the grouped debtors and the forward-looking information of the Group's receivables at the end of the Year.

Overview of Assets and Liabilities

As at 31 March 2021, the total assets of the Group were approximately HK$874.7 million, representing a decrease of 4.5% as compared to approximately HK$916.1 million as at 31 March 2020. The total current assets were approximately HK$598.0 million, representing 68.4% (2020: 58.0%) of the total assets.

As at 31 March 2021, the total liabilities of the Group were approximately HK$58.8 million, representing a decrease of 75.3% as compared to approximately HK$237.6 million as at 31 March 2020. The total current liabilities were approximately HK$56.1 million, representing 95.4% (2020: 96.8%) of the total liabilities.

As at 31 March 2021, the net current assets of the Group were approximately HK$542.0 million, representing an increase of 80.0% as compared to the net current assets of approximately HK$301.1 million as at 31 March 2020.

As at 31 March 2021, the Group had no pledge assets (2020: approximately HK$1.4 million).

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 net cash used in operating activities of approximately HK$81.5 million, as compared to net cash generated from operating activities of approximately HK$49.3 million for the Corresponding Year. The net cash used in investing activities of the Group was approximately HK$64.1 million for the Year as compared to net cash generated from investing activities approximately HK$27.9 million for the Corresponding Year. The net cash generated from financing activities of the Group was approximately HK$245.8 million for the Year as compared to the net cash used in financing activities of approximately HK$74.1 million for the Corresponding Year, the cash outflow was mainly the repayment of bank loan borrowed in Corresponding 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 2021 was 1.1% (2020: 22%).

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 properties under development and office equipment. During the Year, the Group incurred capital expenditures of approximately HK$183.0 million to acquire a piece of land and pay the properties development cost in Grenada.

COMMITMENTS

The Group did not have significant capital commitments as at 31 March 2021 (2020: Nil).

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

Save as disclosed in note 43 to the consolidated financial statement, and that there were small claims and legal proceedings for or against several subsidiaries of the Company in relation to the ordinary course of its business, the Group did not have any significant legal proceedings. The relevant amounts of such legal proceedings have been 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.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2021, the Group had a staff roster of 75 members (2020: 350). The related staff costs (including directors' emoluments) for the Year amounted to approximately HK$88.7 million (2020: approximately HK$145.1 million), the decrease in staff costs were mainly due to the reduction in the number of staffs in considering the impact brought by the COVID-19 Outbreak and the disposal of the Disposal Group for the Year. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

Save as stated in the above section headed "Legal Proceedings", the Group had no material contingent liabilities as at 31 March 2021 (2020: Nil).

EVENTS AFTER THE REPORTING PERIOD

(a) Subscription of new shares under general mandate

On 26 April 2021, the Company and ten subscribers entered into share subscription agreements, pursuant to which the subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 45,490,000 new Shares at the Subscription Price of HK$5.8 per share subject to the terms and conditions set out in the subscription agreements.

For details, please refer to the Company's announcements dated 26 April 2021 and 30 April 2021.

(b) Decision of the Stock Exchange

The Company received a letter dated 4 June 2021 (the "**Letter**") from the Stock Exchange in respect of its decision on Rule 14.06B of the Listing Rules. As mentioned in the Letter, the Stock Exchange considers that although there is no change in control over 36 months, the Company's principal business has been changed to the NEV and Logistics and Finance Leasing Business after the disposal of the Disposal Group by the Company to the former controlling shareholder of the Company in January 2021 (the "**Disposal**"), and the acquisition of NEV and Logistics and Finance Leasing Business and the Disposal all took place within 27 months. Further, the NEV and Logistics and Finance Leasing Business did not meet the new listing requirements under the Listing Rules. The Stock Exchange considers that the Disposal was part of a series of transactions and arrangements which constituted an attempt to achieve the listing of the NEV and Logistics and Finance Leasing Business and a means to circumvent the new listing requirements under the Listing Rules. Therefore, the Disposal, the acquisitions of the NEV and Logistics and Finance Leasing Business by the Company in October 2018 and April 2019 and the related acquisition of new energy vehicles in December 2018 should be treated as if they were one transaction and constitute a reverse takeover under the Listing Rules. Without going through the new listing procedures and complying with the relevant requirements, the Stock Exchange considers that the Company is no longer suitable for listing given the Disposal has already been completed. Therefore, trading in the Company's shares will be suspended under the Listing Rule (the "**Decision**").

On 15 June 2021, the Company submitted a written request for the Decision to be referred to the Listing Committee of the Stock Exchange for review (the "**Review**") pursuant to the Listing Rules. As at the reporting date, the outcome of the Review is uncertain.

For details, please refer to the Company's announcements date 7 June 2021 and 15 June 2021.

(c) Updates on the concrete placing and other business

In June 2021, the Company set up a new company, Chong Kin Construction Engineering Limited, which was incorporated in Hong Kong, to continue the concrete placing and other construction related business. The Group has also recruited experienced management who have relevant knowledge and experience in the concrete placing and other construction related business. Up to the date of this report, the Group has obtained certain concrete placing and other construction related service contracts.

SIGNIFICANT INVESTMENTS

Save for the acquisition of land in Grenada as discussed in the above "Material Acquisitions and Disposals" section, the Group did not hold any significant investments during the Year.

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 HKFRSs 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 audited consolidated financial statement of Zhong Jun, the operating subsidiary of Stand East, for the financial year ended 31 December 2020, it has not met the minimum profit guarantee. Further details of the profit guarantee is set out in Note 18 to the consolidated financial statements.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group is considering to further acquire another parcel of freehold land situate at Mt. Hartman in the Parish of Saint George in the state of Grenada to enhance its real estate development business in Grenada, such plan is at a preliminary stage and might not be materialised. Apart from this, the Group was no other specific plan for material investments or capital assets as at 31 March 2021.

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 general mandate.

As at 31 March 2021, the Group had total cash and bank balances of approximately HK$147.5 million (2020: approximately HK$47.2 million).

As at 31 March 2021, the Group had loan and interest receivable amounting to approximately HK$120 million (2020: approximately HK$67.5 million).

The borrowings of the Group as at 31 March 2021 was approximately HK$0.1 million (2020: approximately HK$126.4 million), the decrease was due to the loan from former substantial shareholder has been fully repaid during the Year.

As at 31 March 2021, the share capital and equity attributable to the owners of the Company amounted to approximately HK$10.9 million and HK$801.3 million respectively (2020: approximately HK$9.8 million and HK$655.7 million respectively).

On 29 December 2020, 4 January 2021, 28 January 2021 and 1 February 2021, the Company allotted and issued 31,860,781, 1,882,610, 38,300,000 and 37,682,609 Shares respectively under subscription agreements dated on 7 December 2020. Save as disclosed, the Company had no changes in capital structure during the Year.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF NET PROCEEDS FROM THE SUBSCRIPTION OF NEW SHARES

References are 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 I**"). 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 of the Company at the subscription price of HK$3.5 per share. The net proceeds after deducted from the professional fees and other related expenses ("**Net Proceeds**") from the Subscription I were approximately HK$209.7 million, on such basis, the net price of each Share under Subscription I is approximately HK$3.495. The purpose of the Subscription I is for the Company to raise capital for the development and the expansion of the existing business of the Group.

Reference is also made to the announcement of the Company dated 7 December 2020, the Company and no less than six subscribers (the "**Subscribers**") entered into the subscription agreements, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for an aggregate of 109,726,000 new Shares of the Company under general mandate (the "**Subscription II**") at the subscription price of HK$2.3 per Share. The Net Proceeds from the Subscription II were approximately HK$252.22 million, on such basis, the net price of each Share under Subscription II is approximately HK$2.299. The purpose of the Subscription II is for the Company to raise capital for potential acquisition or investment opportunities for the Group.

The use of proceeds has been consistent with the disclosure in the Circular, the announcement issued on 7 November 2019 in connection with the intended change in use of proceeds and the announcement issued on 7 December 2021. The total net proceeds received were applied by the Group during the period from the respective completion dates up to 31 March 2021 are as follows:

Use of Net Proceeds:	**Planned use of proceeds** HK$'000	**Actual use of proceeds from the Completion Date to 31 March 2021** HK$'000	**Unused amount** HK$'000	**Expected timeline for utilising the remaining net proceeds** *(Note 2)*
Subscription I				
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	–	
General working capital *(Note 1)*	30,337	30,337	–	
	209,700	209,700	–	
Subscription II				
Potential acquisition or investment opportunities	226,998	91,818	135,180	End of year 2022
General working capital	25,222	25,222	–	
Total	252,220	117,040	135,180	

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 49, is an executive Director, Chairman of the Board and chairman of the nomination committee and risk management 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 of Hong Kong Limited (the "**Stock Exchange**") (stock code: 860), for the period from 24 November 2017 to 19 March 2021. 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. Ma Chao (馬超先生) ("Mr. Ma"), aged 38, is an executive Director, co-Chairman of the Board and Chief Executive Officer of the Company since 18 January 2021. Mr. Ma graduated from Beijing Jiaotong University, the People's Republic of China (the "**PRC**") with Bachelor's degree in Administration in 2005. He has extensive experience in finance, investment and real estate project management. Mr. Ma currently serves as the co-chairman and executive director of Sparkle Roll Group Limited whose shares are listed on The Stock Exchange (stock code: 970). From April 2015 to November 2017, Mr. Ma served as an executive director of China Shandong Hi-Speed Financial Group Limited whose shares are listed on the Stock Exchange (stock code: 412). Mr. Ma has extensive business connection in China, Hong Kong and Grenada, he is primarily responsible for the overall strategic development of the Company and evaluation and expansion of its businesses, he will preside over the Company's daily operations and management.

Mr. Qiu Peiyuan (仇沛沅先生) ("Mr. Qiu"), aged 56, is an executive Director of the Company since 1 February 2021. Mr. Qiu graduated from the Nankai University, the PRC with a bachelor of science degree in Biology in 1986, he obtained a master degree in BioScience from the University of Hong Kong in 1998 and a master degree in Business Administration from the University of Western Ontario, Canada in 2003. Mr. Qiu is a chartered financial analyst and Canadian certified financial planner. Mr. Qiu had joined the Bank of Nova Scotia as a senior analyst following his graduation, he was also the vice president of T. Rowe Price Group for the period from 2008 to 2011, general manager of the international business department of Huabao Trust Co., Limited for the period from 2011 to 2015, and president of overseas investment department and senior managing director of Ping An Trust Co., Limited for the period from 2015 to 2019. Mr. Qiu serves as the chief executive officer of First Ocean Financial Holdings Co. Limited, he is also a partner and director of a Canadian Fund Company. Mr. Qiu is an independent non-executive Director of the NOVA Group Holdings Limited, whose shares are listed on the Stock Exchange (stock code: 1360) since 11 October 2018. He was a non-executive director of China Health Group Limited whose shares are listed on the Stock Exchange (stock code: 673) for the period from 4 June 2018 to 2 September 2019.

Mr. Leung Chi Kwong, Joe (梁志光先生) ("Mr. Leung"), aged 60, is an executive Director since 18 June 2021. Mr. Leung has solid experiences of over 30 years in concrete placing work, formwork and concrete rebar placing work related industries. Mr. Leung set up Wing & Kwong Company Limited in September 1992 and has acted as its managing director and general manager. In 2016, Mr. Leung was one of the founders of Hong Kong Bar Bending & Fixing Industrial Association Ltd and acting as its director and president since then.

Independent Non-Executive Directors

Mr. Tam Ping Kuen, Daniel (譚炳權先生), ("Mr. Tam"), aged 57, is an independent non-executive Director, chairman of the audit committee and remuneration committee, member of nomination committee and risk management 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 been an independent non-executive director of Apollo FMG since May 2006.

Dr. Li Yifei (李亦非博士) ("Dr. Li"), aged 56, is an independent non-executive Director, member of audit committee, remuneration committee and 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.

Ms. Chen Weijie (陳維洁小姐) ("Ms. Chen"), aged 40, is an independent non-executive Director since 18 June 2021. Ms. Chen is a member of audit committee, remuneration committee and risk management committee of the Company. She obtained a bachelor of laws degree from Guangdong College of Commerce* (廣東商學院) in June 2004 and a master of laws (international business law) degree from City University of Hong Kong in November 2005. Ms. Chen was qualified as a lawyer in the PRC in 2009.

Ms. Chen has over 10 years of experience in executive management, investment and corporate finance. She has served as a chief executive officer of Vision Finance (Securities) Limited since 15 May 2020 and acted as its responsible officer for Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Cap. 571) (the "**SFO**"). For the period from August 2018 to December 2019, Ms. Chen had been appointed as an executive director and responsible officer in Type 6 (advising on corporate finance) regulated activity under the SFO of ZhongHua Finance Capital Company Limited, a company principally engaging in provision of financial services, where she was responsible for the overall business development and provision of financial advice to listed companies. She served as a chief operating officer of Legend Strategy International Holdings Group Limited, a company listed on the Stock Exchange (stock code: 1355) for the period from 1 November 2016 to 28 February 2018. Ms. Chen has been appointed as an independent non-executive director of Ye Xing Group Holdings Limited, a company listed on the Stock Exchange (stock code: 1941) since 17 February 2020.

* *For identification purpose only*

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Xu Bo (徐博先生) ("Mr. Xu"), is the person in charge of Hartman Education Enterprise Ltd., the operating subsidiaries of the Group carrying out the land project in Grenada. Mr. Xu graduated from Wuhan University in hydroelectric engineering and obtained master degree in geotechnical engineering from Dalian University of Technology. He stationed in Grenada since 2013 and experience in the construction industry in the PRC and Grenada, he was the manager and in charge of construction projects in the Mainland China and in Grenada responsible for monitoring project quality and progress. He is mainly responsible for endorsing business plan and investment proposals, formulating project budgeting and monitoring the project arrangement.

Mr. David K Hufstetler ("Mr. Hufstetler"), is the vice-president of Hartman Education Enterprise Ltd., responsible for overseeing construction of the Land Project. Mr. Hufstetler is a licensed general contractor accredited by the National Association of State Contractors Licensing Agencies, he also possesses qualifications including the Professional Qualification for International License Structure Inspection and Professional Qualification for International Inspection of water, electricity and heating machinery. Mr. Hufstetler has hands on experiences in a number of construction projects in Grenada, Cayman Islands as well as British Virgin Islands.

Mr. Yang Wenjun Andy (楊文軍先生) ("Mr. 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. 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. Yang had been a 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.

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).

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.

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.

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 Year 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)*	✓	✓
Mr. Ma Chao *(Co-Chairman & Chief Executive Officer) (appointed on 18 January 2021)*	✓	✓
Mr. Qiu Peiyuan *(appointed on 1 February 2021)*	✓	✓
Non-executive Director		
Dr. Gao Gunter *(appointed on 10 February 2021 and resigned on 8 June 2021)*	✓	✓
Independent non-executive Directors		
Mr. Tam Ping Kuen, Daniel	✓	✓
Dr. Li Yifei	✓	✓
Mr. Yan Haiting *(re-designated from Non-Executive Director to Independent Non-Executive Director on 4 January 2021, and resigned on 18 June 2021)*	✓	✓

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 four Board committees including the audit committee (the "**Audit Committee**"), the nomination committee (the "**Nomination Committee**"), the remuneration committee (the "**Remuneration Committee**") and the risk management committee (the "**Risk Management 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", "Remuneration Committee" and "Risk Management Committee" below.

Composition

As at the date of this annual report, the Board currently comprises seven members, consisting of four executive Directors, 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 16 to 18 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 12 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)*	1/1	11/12
Mr. Ma Chao *(Co-Chairman & Chief Executive Officer) (appointed on 18 January 2021)*	0/1	1/12
Mr. Qiu Peiyuan *(appointed on 1 February 2021)*	0/1	1/12
Mr. Yang Rui *(resigned on 18 January 2021)*	0/1	5/12
Mr. Ni Biao *(resigned on 18 January 2021)*	0/1	6/12
Non-executive Director		
Dr. Gao Gunter *(appointed on 10 February 2021 and resigned on 8 June 2021)*	0/1	0/12
Independent non-executive Directors		
Dr. Zhu Zhenfu *(resigned on 5 January 2021)*	0/1	8/12
Mr. Tam Ping Kuen, Daniel	0/1	12/12
Dr. Li Yifei	0/1	11/12
Mr. Yan Haiting *(re-designated from Non-Executive Director to Independent Non-Executive Director on 4 January 2021, and resigned on 18 June 2021)*	0/1	9/12

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. On 18 January 2021, Mr. Zhang ceased to act as Chief Executive Officer ("**CEO**") of the Company but remain as the Chairman of the Board and an executive Director, and responsible for carrying out duties of a chairman prescribed under the articles of association is of the Company and the Corporate Governance Code in Appendix 14 of the Listing Rules. Mr. Ma has been appointed as the CEO and co-Chairman of the Board. The Board considers that by splitting the roles of the Chairman and the CEO will enhance the corporate governance of the Company and in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

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.

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. Zhang Jinbing, Mr. Ma Chao, Mr. Qiu Peiyuan, Mr. Leung Chi Kwong, Joe, Mr. Tam Ping Kuen, Daniel and Ms. Chen Weijie 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 four committees, namely, the Audit Committee, the Nomination Committee, the Remuneration Committee and the Risk Management 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. Li Yifei and Ms. Chen Weijie (appointed on 18 June 2021), 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. Li Yifei	2/2
Dr. Zhu Zhenggu *(resigned on 4 January 2021)*	2/2
Mr. Yan Haiting *(resigned on 18 June 2021)*	0/2

NOMINATION COMMITTEE

As at the date of this report, the Nomination Committee comprises three members, namely Mr. Zhang Jinbing (chairman), Mr. Tam Ping Kuen, Daniel and Dr. Li Yifei. A majority of the members of the Nomination Committee namely Mr. Tam Ping Kuen Daniel 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. Four 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)*	4/4
Mr. Tam Ping Kuen, Daniel	4/4
Dr. Li Yifei	4/4
Dr. Zhu Zhengfu *(resigned on 4 January 2021)*	1/4

REMUNERATION COMMITTEE

As at the date of this report, the Remuneration Committee comprises three members, namely Mr. Tam Ping Kuen, Daniel (chairman), Dr. Li Yifei and Ms. Chen Weijie (appointed on 18 June 2021), 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.

Five 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)*	5/5
Dr. Li Yifei	5/5
Dr. Zhu Zhenfu *(resigned on 4 January 2021)*	2/5
Mr. Yan Haiting *(resigned on 18 June 2021)*	3/5

RISK MANAGEMENT COMMITTEE

As at the date of this report, the Risk Management Committee comprises three members, namely Mr. Zhang Jinbing (Chairman), Mr. Tam Ping Kuen, Daniel and Ms. Chen Weijie (appointed on 18 June 2021). A majority of the members of the Risk Management Committee namely Mr. Tam Ping Kuen, Daniel and Ms. Chen Weijie are independent non-executive Directors. Mr. Zhang Jinbing, the chairman of the Risk Management Committee is also the Chairman and executive Director of the Company. Further details on the terms of reference of the Risk Management Committee are available on the website of the Company and the website of the Stock Exchange.

The principal responsibilities of the Risk management Committee include:

- develop the Company's risk management strategies and make recommendations to the Board;
- review and advise on risk management policies and guidelines and financial policies;
- develop risk levels, risk appetite and related resource allocation and make recommendations to the Board;
- advise to the Board on major decisions affecting the Group's risk profile or exposure and give such directions as it considers appropriate;
- review the Group's approach to risk management and approve changes or improvements to key elements of its processes and procedures;
- review and report to the Board the identified key risks, risk register and related risk mitigating actions including crisis management;
- report to the Board on its decisions or recommendations, unless there are legal or regulatory restrictions on its ability to do so (such as a restriction on disclosure due to regulatory requirements);
- make available its terms of reference explaining its role and the authority delegated to it by the Board by including them on the website of The Stock Exchange of Hong Kong Limited and the Company's website.

Risk Management Committee	**Meeting attended/ Eligible to attend**
Mr. Zhang Jinbing *(Chairman)*	2/2
Mr. Tam Ping Kuen, Daniel	2/2
Mr. Yan Haiting *(resigned on 18 June 2021)*	1/2
Dr. Zhu Zhenfu *(resigned on 4 January 2021)*	1/2

AUDITORS' REMUNERATION

The Audit Committee of the Group is responsible for considering the appointment and re-appointment 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 61 to 68 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 2021 is set out below:

Services rendered	Fees paid/ payable HK'000
Audit services	1,400
Non-audit services	150
	1,550

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

With the recommendations of the Risk Management Committee, 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 and the Risk Management 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 Friday, 27 August 2021. 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, Remuneration Committee and the Risk Management 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

ABOUT THE REPORT

Chong Kin Group Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to the "**Group**", "**We**" and "**us**") are pleased to present our annual Environmental, Social and Governance ("**ESG**") Report (the "**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. For the information in relation to the Group's corporate governance can be referred to the section headed "Corporate Governance Report" of our 2021 annual report.

REPORTING SCOPE

The Report covers the environmental and social practices and performances of the Group's operating segments, including (i) provision of concrete placing and other ancillary services as a subcontractor for both public and private sector projects, including building and infrastructure related projects; (ii) provision of new energy vehicle ("**NEV**") and logistics related services including new energy vehicle sales and leasing, road freight transportation and the provision of finance leasing services ("**NEV and Logistics and Finance Leasing Business**"); (iii) provision of cross-border payment and money exchange services in the United Kingdom (the "**UK**"), and provision of loan finance business in Hong Kong; and (iv) real estate development in Grenada, during the period from 1 April 2020 to 31 March 2021 (the "**Reporting Year**" or "**FY2021**"). 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 concrete placing operations of the Group in Hong Kong were disposed of in January 2021, the disclosure of this business activity is excluded in the Report as compared with the 2020 ESG report. On the other hand, the Group has commenced the loan finance business in Hong Kong since September 2020, and the real estate development in Grenada during the Reporting Year, which is actively promoting and consider as a new operating business segment of the Group. Therefore, both business segments are included the scope of the Report started from this Reporting Year.

REPORTING STANDARD

The Report is prepared in accordance with the "Environmental, Social and Governance Reporting Guide" (the "**ESG Reporting Guide**") as set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**HKEX**").

The Report has complied with the "comply or explain" provisions set out in the ESG Reporting Guide. Except for provisions that the Group considers are inapplicable to our operations, for which explanations are illustrated in the corresponding section.

REPORTING PRINCIPLES

The Group has compiled the Report in accordance with the following reporting principles.

Materiality

- The Group identified and reviewed the material ESG topics through stakeholder engagement and materiality assessment and focused on such topics for reporting disclosure.

Quantitative

- The Group disclosed the information of the standards, methodologies and source of conversion factors used for the reporting of emissions and energy consumption. Please refer to the relevant section in the Report for details.

Consistency

- Compared with the previous year of ESG report, the methods of data calculation for some environmental key performance indicators (e.g. Carbon emission and energy consumption) are adjusted for enhancing the data presentation. The explanation is described in the corresponding section. The Group will follow the confirmed statistic method in the coming years and will be consistent with those determined in this Reporting Year.

DATA COLLECTION

Data in the Report is 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 the Report as its functional currency.

REPORT AVAILABILITY

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

CONTACT AND FEEDBACK

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.

STAKEHOLDER ENGAGEMENT

The Group is committed to perfecting its business and improving the local community. To determine issues that are crucial, relevant and material to the Group's business in relation to sustainability, we wish to recognize stakeholders' crucial demands, expectations and concerns associated with our business operations. The Group has identified the key stakeholders, who affect our business or who are affected by our business, and maintain an open and transparent communication platform in our daily businesses. The Group expects continuous improvement of our communication system, to proactively facilitate idea exchange and knowledge sharing. Also, the Group is committed to maintaining a long-term partnership with our stakeholders and address their concerns with timely follow-up actions.

The Group has identified the key stakeholders: the government and regulatory authorities, shareholders, customers, business partners, employees, media and the community. We have maintained regular engagement with our key stakeholders, through various communication channels, for a better understanding of their needs and expectations in ESG, therefore formulating and enhancing our strategies. The below table demonstrated the adopted communication channels for engaging our stakeholders.

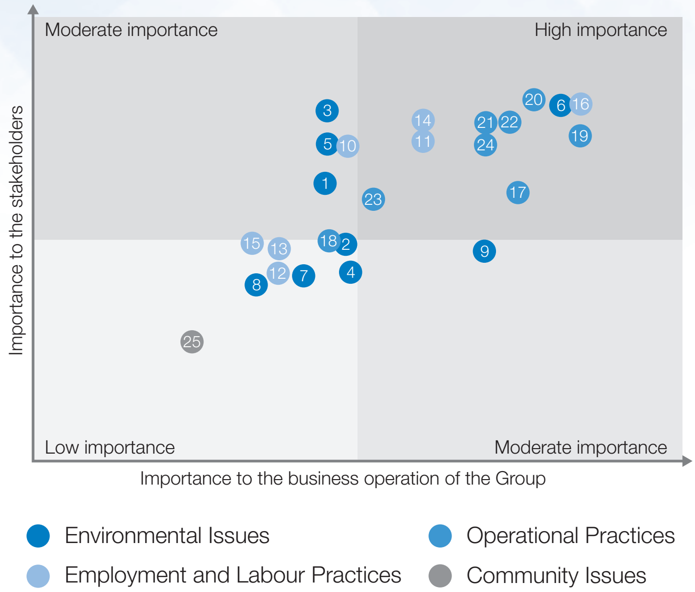
Stakeholders	Communication Channels	Stakeholders' Concerns and Expectations
Government and regulatory authorities	• Regular documentation submission • Regular communication with regulatory authorities • Forum, seminar and conference	• Operation in compliance • Fulfilment of tax obligations • Creation of job opportunities
Shareholders	• Company website • Annual general meetings • Corporate announcements, circulars and reports	• Sustainable investment returns and business development • Transparent financial information
Customers	• Customer satisfaction surveys • Customer feedback and complaints • Online commenting platform	• Privacy protection • Upholding high quality of services
Business Partners (Suppliers, service providers and contractors)	• On-going direct engagement • Procurement • Public tendering • Site inspection and assessment • Supplier performance evaluation	• Business integrity • Mutual cooperating relationship
Employees	• Email and suggestion box • Employee meeting • Annual performance review • Employee training • Team building activity	• Career development • Remuneration and benefits • Occupational health and safety • Corporate support
The Community	• Email and phone call • Community activities • Sponsorship and donation	• Participation in local community • Support for community welfare and investment

MATERIALITY ASSESSMENT

The Group conducted a materiality assessment to determine the ESG topics that are significant to the Group and our stakeholders, as well as the direction of report disclosure.

We have identified 25 ESG topics with reference to the HKEX ESG Reporting Guide and global reporting standard (e.g. GRI), along with considering the current business operations and development, peer group benchmarking and local policies and regulations. Our internal stakeholders (i.e. senior management and employees) are invited to share their perspectives in ESG and rate the materiality of the identified 25 ESG topics towards the stakeholders themselves as well as the Group's business operation through online survey.

The materiality of each of ESG issues, as expressed by the stakeholders, is illustrated in the below materiality matrix after an internal assessment prioritising the material ESG issues. The ESG topics that are categorized as high importance are fell on the top right quadrant of the matrix.



Aspects	ESG Topics
Environment	1. Air emission
	2. Energy efficiency
	3. Greenhouse gas emissions
	4. Climate change and response
	5. Waste management
	6. Water and wastewater management
	7. Green office
	8. Green procurement
	9. Ecological impacts
Employment and labour practices	10. Employment rights and benefits
	11. Employee recruitment and retention
	12. Employee engagement
	13. Diversity and equal opportunities
	14. Occupational health and safety
	15. Employee training and career development
	16. Elimination of child and forced labour
Operational practices	17. Product/Service services quality
	18. Product/Service design and lifecycle management
	19. Customer health and safety
	20. Data privacy protection
	21. Customer satisfaction
	22. Customer complaint handling
	23. Supply chain management
	24. Business ethics and anti-corruption
Community investment	25. Community investment

OPERATING PRACTICES

The Group is determined to disseminate the pursuit of sustainability and the practice of ESG management approach into our core business, which is regarded as part of achieving our goal to be a responsible corporate. It is significant that the Group aims to encourage all business partners to incorporate those sustainability practices and policies into their operation and management thoroughly, to work together in our pursuit of sustainable development. During the Reporting Year, the Group has complied with relevant laws and regulations in relation to health and safety, advertising, labelling and consumer protection, such as the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong), the Consumer Protection Law of the PRC, the Advertising Law of the PRC, and Product Quality Law of the PRC, the Data Protection Act 2018 in the UK. During the Reporting Year, the Group did not identify any material non-compliance of the laws and regulations related to the quality of products and services, data privacy, marketing and advertising.

Product Responsibility

Product and Service Quality and Safety

In NEV and Logistics and Finance Leasing Business, the Group has formulated a leasing and operational manual, which outlines the management procedures with the aspects of contract management, business planning and development, branding promotion and advertisement, vehicles management, emergency response and customer services, to ensure the quality of products and services is constantly met the customer requirements and legal and safety standards.

Product safety is the Group's top priority. The Group has stringent process to govern the vehicle licensing, performance checking, maintenance and inspections, to ensure all the sold or leased NEVs are in optimum function before handing over to our customers. All our leased NEVs are with the coverage of liability compulsory insurance in accordance with the statutory requirements of the Road Traffic Safety Law of the PRC. Training sessions are provided for the customers to make sure they properly put in use of our NEV products.

Besides, the Group also provides after-sale services of original equipment manufacturer for the customers in order to offer a greater customer experience and achieve higher customer satisfaction for customer retention. To care for our customers, understand their needs and address their concerns, our staff carry out customer caring programmes via regular calls or interviews with our customers after the deal, offer sincere greeting in traditional festivals such as Lunar New Year and friendly reminder in rainy day to driver slowly, so that the Group can maintain a good interaction with our existing customers and strengthen the branding reputation through our warm and caring customer services.

To increase the efficacy of branding promotion and marketing activities, annual branding promotion and marketing plan is devised and the contents of the advertisements are required to approved by the business development and strategic development department before execution, by ensuring that there are no false and misleading messages in our advertisements and promotion activities.

With respect to our cross-border payment and money exchange services, as provided in the UK, the Group has engaged a manager to hold the license and qualification for the service provision and offered management services, including but not limited to the development, management, administration, operation and logistics support, technical supports, advice, promotion and research, in order to further promote the business development and expand the local market share. The Group ensures the manager has implemented sound management procedures to govern the services quality (e.g. speed and efficiency of services, transactions safety and location of operating stores etc) and legal compliance. To prevent the risk of money laundering and fraud, the verification of customer information is required and valid passport identification proof or proof of source is mandatory for high-value transfers to make sure that there is no misuse of the service for illegal purposes and loss of funds.

For our money lending service, as provided in Hong Kong, the Group only makes money lender to corporate customers. The licensing of money lenders and regulation of money-lending transactions are governed by the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The Group has obtained the licence from the Commission of Police, which is responsible for enforcing the Money Lenders Ordinance, including carrying out examinations on applications for money lenders licences, renewal of licences and endorsements on licences; and investigations of complaints against money lenders. The Group conducts adequate background search and analysis, ensures borrowers' financial strength and debt-servicing capacity by collateral and guarantees, before approving credits.

Real estate development emphasises the quality and safe building. In the initial construction stage of the standalone university town development in Grenada, we ensure that the engaged project main contractor formulates a comprehensive project management plans and quality plans, including the material procurement, building methods and quality assurance, to monitor the quality and safety of the whole project lifecycle, as well as the materials supplies and the construction works are in compliance with relevant building regulations and standards.

Customer Feedback and Handling

We value our customers' feedback on our services as it drives the Group to explore new opportunities for continuous improvement on service efficiency and quality. We welcome comments and suggestions from our customers. The Group provides a variety of communication channels, for instance, phone hotline, emails and websites. Regular communication channels and feedback systems are in place to gather information on satisfaction and suggestions for improvement from our customers.

For instance, to further understand the concerns and expectations of our customers in our services, the Group consolidated and comprehensively analysed the customers' feedback and monitor the level of customer satisfaction in NEV and Logistics and Finance Leasing Business. Follow-up actions, including internal evaluation and modification of training programs for employees, formulation of improvement plan and refining the existing management procedures, will be taken to address the identified issues. 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 Year. No complaints were received against our services regarding the services in terms of the health and safety issues during the Reporting Year.

Data Privacy and Intellectual Property Rights Protection

The Group acknowledges the concern of data privacy, therefore puts great effort to protect data privacy to safeguard the corporate interest and comply with the relevant laws and regulations. The Group outlines data privacy requirements and confidentiality obligations in our Corporate Governance and Internal Control Policy and Procedure Manual as well as employee contract, that employees should strictly follow and carefully manage the corporate confidential information, including but not limited to, customer business information and personal data, trade secrets and price-sensitive information during and after their employment period. To safeguard the data privacy, information and data would be used exclusively for matters relating to the Group's operation only. Access control and security code has been implemented for data protection to ensure all collected data kept is free of accidental access, processing, erasure or other use. Employees also prohibits to use, release and disclose any trade secret and confidential information to unauthorised persons without prior approval from the local top management. Employees for non-compliance with the requirements are subject to disciplinary actions including termination of employment contract.

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 are properly protected during the outsourcing processes to suppliers, a confidentiality agreement regarding IP rights must be signed before engagement. Internally, we enter 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.

Anti-Corruption

Sustainable business is built upon the business integrity and the trust of our stakeholders, the Group is committed to upholding the highest standard of business ethics and prohibiting any forms of bribery and corrupt practices. The Group has zero tolerance for corruption, fraud, money laundering, bribery and extortion and complied with the relevant laws and regulations in the operating regions.

As stipulated in our Corporate Governance and Internal Control Policy and Procedure Manual and code of conduct in employee handbook, the Group details the standards of behaviours required for employees on the prevention of bribery, fraud, corruption, conflicts of interest and confidentiality. The Group also requires our employees to declare any conflict of interest, to avoid any possible such conflict with sub-contractors or suppliers.

The Group also formulates the Whistle-blowing Policy, which is applicable to all our employees and all related third parties who have business relationships with our Group, to encourage stakeholders to raise concerns about misconduct, malpractice or irregularity on any matters related to the Group. Various reporting channels are provided. The Group makes every effort to keep the identities of the whistle-blowers in strictest manner. 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, to avoid jeopardizing a fair investigation and follow-up treatment. The Group reserves the right to take disciplinary actions against employees who initiates, or threatens to initiate, any retaliation against the whistle-blower. Upon the receipt of the reporting case, the Group initiates internal investigation to verify the reported case(s) and remedial actions will be taken where necessary according to the investigation findings. We endeavour to handle the reports fairly and properly, to maintain positive corporate governance, emphasise accountability and enhance transparency, which enables our stakeholders to have continuous faith and trust in the Group.

External training professionals are invited, to provide our employees, in China and the UK respectively, with updated and applicable seminars and workshops, regarding Anti-Money Laundering ("**AML**"), Financial Crime and Corporate Governance. These external training programmes are offered to our employees to increase their awareness, knowledge and skills, therefore to prevent bribery, fraud, and corruption.

With respect to NEV and Logistics and Finance Leasing Business, the Group reported a suspected professional embezzlement case[1] related to our former employee to relevant PRC law enforcement authority during the Reporting Year. The Group has been notified by the West Lake District Branch of Hangzhou Municipal Public Security Bureau ("**Hangzhou Security Bureau**"), that one of the Group's former employee was subject to criminal compulsory measures in around mid-January 2021 for an investigation. The investigation is relating to suspected professional embezzlement during the period of her employment from June 2018 to June 2020 and it was suspected that our former employee had committed professional embezzlement in relation to certain payments belonged to the Group during the period. In connection with the investigation, two other former employees have also been under criminal coercive measures. As of the end of the Reporting Year, the investigation was still carrying out by Hangzhou Security Bureau and no formal legal actions, penalties and charges has taken by the authority towards the case.

The Group reviewed its impact on the financial position, ordinary operation and compliance and confirmed that there was no significant adverse effect on the operations of Group. The Group has appointed a professional PRC lawyer to follow up the investigation.

During the Reporting Year, the Group has complied with the applicable laws and regulations relating to bribery, extortion, fraud and money laundering, such as the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong), Criminal Law and the Regulations for Suppression of Corruption of the PRC, the Bribery Act (2010) of the UK and the Integrity in Public Life Act No. 24 of 2013 of Grenada. The Audit Committee identified no complaint from employees and no concluded litigation of corruption practice during the Reporting Year.

1 Please refer to the corporate announcement dated 28 January 2021 for more details.

Supply Chain Management

The Group values long-term cooperation and strategic partnership by managing the supply chain, to mutually sustain our competitive advantage in our industry. The Group has established a supply chain management system, to consider economic and commercial benefits during the tendering processes. The system also evaluates the suppliers' and contractors' track records with respect to legal and regulatory compliance, covering both environmental, social and governance aspects. The Group endeavours to operate with suppliers who share similar values and uphold a high standard of business ethics, quality-safety-environment management and labour management.

With respect to the real estate development in Grenada, the Group has developed and implemented tender management procedures to ensure the effectiveness of the selection of contractors, suppliers and service providers. In terms of tender forms, the Group only accepts negotiated tendering, invitation to bid, and open tendering in accordance with the international tender procedures, to create fair and open competition in the tendering process. The Group sets up a working group to review and assess the qualifications and capabilities of tenderers and with adequate price comparison before approval. For important projects with a contract sum over US$5 million, our Risk Management Committee will also be involved, to review, identify and address the potentials quality risks in contract works. Regarding open tendering, the Group appoints a professional tendering agency for the preparation of tender documents, responding to questions and resolving issues via pre-tender meetings and conducting tender surveys, evaluation tender projects and negotiation with bidders. The Group's representatives liaise with the agency team to monitor the whole tender process, take charge of the background check, bidders' qualification pre-review and comment on the tender documents, to ensure that bidders are complying with the requested standards, statutory requirements and specifications, before the official successful tendering announcement is made. By standardising the Group's tendering system and prohibiting any form of corruption and abuse of market power, it is expected that project costs could be controlled, with high-quality service and product delivered.

As promoted by the Alliance of Green Consumption and Green Supply Chain co-founded by the Environmental Certification Centre of the Ministry of Environmental Protection, the China Environmental United Certification Centre and other research institutes and social organizations, the Group has adopted initiatives, to enhance the development of "green consumption" and "green supply chain". Our business partners are also encouraged 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.

With respect to our businesses regarding loan finance and cross-border payment and money exchange services in Hong Kong and the UK, the Group has followed the internal procedures for selecting suppliers and service providers, based on their performance in relation to their track records, quality of product or services delivered, prevailing market prices, delivery times, financial stability and reputation, to ensure their product and service quality and performance up to standard.

We believe that, through the above supply chain management system, we can minimise the potential environmental and social risks associated with the supply chain management. During the Reporting Year, the Group has in total 98 suppliers which are located in the PRC, Hong Kong, the UK and Grenada.

Suppliers by geographical region	Number
The PRC	4
Hong Kong	32
The UK	67
Grenada	1

CARING FOR EMPLOYEES

Employment and Labour Practices

Recruitment and Promotion

In view of our ongoing corporate development and growth, the Group has proactively managed the career development and recruiting experienced talent to maintain the business performance. Since the Group is determined to grow continuously, at the same time set ourselves in a top position to maintain our business, the Group has formulated the recruitment policy in appreciating the principles of equal opportunities, diversity and anti-discrimination.

Since the Group encourages differences and individuality in our employees, we hope that employees could bring new ideas, dynamics and challenges to our business operations. In the recruitment process, we discourage all forms of discrimination regarding gender, age, family status, sexual orientation, disability, race and religion. We would like to maintain a family-friendly working environment in respecting their roles and responsibilities to their own family. We treat different job candidates fairly and equally, while we encourage the hiring of talented people with physical and mental disabilities, appreciating equal opportunity in employment. While we bring in new talents and provide training to employees to develop their long-term rewarding career with us, we could ensure employees and our business partners could comply with the laws, regulations, and ethical and formal business practices for the Group.

The Group acknowledges the hardworking attitude of employees. Under the promotion scheme, employees with diligence, outstanding performance abilities will receive priority promotion and development opportunities; in which the company also implements a competitive induction system to a certain extent to boost the employee performance. Since the Group is goal-oriented and performance evaluation-led in terms of assessing the job performance, the department heads could take part in evaluating the performance and goal achievement in the promotion assessment, to cultivate the comprehensive management capabilities of managers.

Remuneration, Compensation and Benefits

The Group offers competitive wages, medical insurance, disability and invalidity coverage, maternity leave and other compensation to our employees. To acknowledge the duties of the employees, work experience and the prevailing market practices, remuneration package and share options may be granted to eligible employees by reference to the business performance of the Group and the performance of individual employees. In terms of the leave management, the Group has offered a reasonable number of holidays for employees to comprehensive the additional working time. The standards are subject to various labour laws and regulations where we operate.

In PRC, apart from offering employees with competitive remuneration package and welfare composition depending on their job positions, the Group participates in the "Five Insurances and Housing Provident Fund" for our employees in accordance with the local labour laws and regulations including the Labour Law of the PRC, Labour Contract Law of the PRC including the Regulations on the Administration of Housing Provident Funds and the Social Insurance Law of the PRC.

In Hong Kong, the Group has complied with the Labour Law, in addition to other relevant employment laws and regulations throughout the Reporting year, 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 remuneration package and other compensation to our employees.

In the UK and Grenada, the Group also provides the employee remuneration packages in line with the local labour laws and regulations (i.e. the UK Employment Law, and the Employment Act and Labour Relations Act of Grenada) and the prevail market level to recruit and retain experienced employees.

During the Reporting Year, the Group was not aware of any material non-compliance with laws and regulations in respect of human resources.

Labour Standard

The Group is aware of the exploitation of child and forced labour that may violate human rights and international labour conventions. To respect and protect human and labour rights, the Group strictly prohibits the employment of any child and forced labour in our workplace. Job candidates and employees are required to provide true and accurate personal information, academic qualification and job reference records, to verify the eligibility for work in related positions when they are onboard. Employee contract is signed voluntarily. The Group strictly reviews the employment practice of our suppliers and contractors, and rejects to engage, or discontinues the business relationship with suppliers and contractors, when the use of child labour or forced labour in their operations is found.

During the Reporting Year, the Group strictly complied with the laws and regulations in relation to the prevention of child and forced labour, including the Employment Ordinance of Hong Kong (Chapter 57 of the Laws of Hong Kong), Labour Law of the PRC, Prohibition of Child Labour Provisions, Underage Workers Special Protection Provisions, Prohibition of Forced Labour and Prisoners Labour Policy and Procedures of the PRC, Section 71 of the Coroners and Justice Act 2009 of the UK and Employment Act, No. 14 of 1999 (Cap. 89) of Grenada, as well as relevant legislation 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 has been found by the Group.

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; and

- 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 in our NEV and Logistics and Finance Leasing Business in PRC during the Reporting Year to enhance the harmonious sprit of different levels of staff members. Team building and other social activities and gatherings were organized, also to enhance take care of employees' physical and mental health, as supported by the Group and their team. The Group believes that such a corporate culture and harmonic working environment will naturally achieve such synergy to facilitate employee retention and to improve productivity.

Employee Profile

As of 31 March 2021, the Group has 75 employees across Hong Kong, Mainland China, the UK and Grenada. The details of the Group's workforce during the Reporting Year are tabulated in table below.

	Unit	FY2021
Total workforce[1]	Number of people	75
Employees by gender		
Male	Number of people	32
Female	Number of people	43
Employees by employment type		
Full-time	Number of people	74
Part-time	Number of people	1
Employees by age		
Under 30	Number of people	13
Age 30–50	Number of people	52
Over age 50	Number of people	10
Employees by employee category		
Senior management	Number of people	15
Middle management	Number of people	20
General staff	Number of people	40
Employees by geographical region		
Hong Kong	Number of people	5
Mainland China	Number of people	50
The UK	Number of people	6
Grenada	Number of people	14
Employee turnover by gender[3, 5]		
Male	%	85
Female	%	80
Employee turnover by age[4, 5]		
Under 30	%	113
Age 30–50	%	79
Over age 50	%	55
Employee turnover by geographical region[5]		
Hong Kong	%	0
Mainland China	%	102
The UK	%	31
Grenada	%	0

Note:

1. The figure of employee number is calculated based on the number of headcounts of the Group as of the end of the Reporting Year.

2. Employee turnover refers to voluntary resignations, retirement or dismissal during the Reporting Year.

3. Turnover rate refers to total number of employee turnover of the gender group divided by the average number of employees of the corresponding gender group.

4. Turnover rate refers to total number of employee turnover of the age group divided by the average number of employees of the corresponding age group.

5. NEV and Logistics and Finance Leasing Business was influenced by the outbreak of COVID-19 during the Reporting Year. We have optimised the business operations by streamlining and combining office management and operation, as well as the human resources structure through reducing positions and natural attrition and thus it was resulting in a higher overall employee turnover rate.

Occupational Health and Safety

The Group attaches great emphasis on workplace health and safety. The Group has committed to providing a healthy, comfortable and safe working environment for our employees. The businesses of NEV and Logistics and Finance Leasing Business in PRC and the real estate development in Grenada are anticipated to the higher exposure of safety risks and hazards, comparatively the provision of cross-border payment and money exchange services in the UK and loan finance business in Hong Kong, and thus the Group has set up clear Occupational Safety and Health ("**OSH**") policy and management procedures in the business segments, to achieve "zero accident" in the workplace as our goal.

The OSH management system aims at the identification, prevention and management of risks and hazards throughout the workplaces as well as continuous improvement on the performance of workplace safety. Through the implementation of the OSH management system, the Group defines appropriate OSH objectives and targets, allocate adequate human and financial resources in OSH management and monitor the performance progress on a regular basis. The Group could facilitate the promotion of positive safety culture among employees and ensures applicable laws and regulations compliance in relation to occupational safety and health, with OSH management system.

The following measures are adopted, for the Group's OSH management system:

- Establishing safety management procedures, standards and rules;
- Carrying out risk assessment and formulating emergency response plans and accident investigation mechanism;
- Investigating safety incidents and implementing corrective actions correspondingly;
- Organizing technical and safety training and education;
- Promoting safety culture through various communication channels such as safety campaigns, discussion and sharing sessions;
- Assigning competent and skilled staff to handle works with critical hazards or impacts related to OSH;
- Providing rewards for zero-accident in workplaces, or implementing punishments for workplace accidents;
- Organizing internal events and workshops to promote employee's personal growth;
- Reviewing OSH policies and performances regularly;
- Preventing limb pains, eyestrain and bodily fatigue through proper and adjustable workstation design; and
- Providing a clean and tidy working environment and resting area such as corridors and pantry.

Under the COVID-19 pandemic, it is of paramount importance for the Group to maintain workplace safety. The Group strictly follows all government policies, regulations and guidelines as well as the health advice related to COVID-19 in the regions where we operate.

To reduce the risk of infection and prevent COVID-19, the following key preventive measures have been adopted in our business segments:

- Outlining the safety protocols for COVID-19 to each department and requiring all staff to strictly follow the safe working procedures, cleanliness and hygiene measures during their shifts;
- Requiring employees undergo a daily body temperature to ensure they are fit to work before starting their work shift and maintain good personal hygiene;
- Allowing work from home and completing risk assessment regularly;
- Considering the reasonable adjustments needed for staff and customers;
- Maintaining adequate epidemic prevention materials in our operations (e.g., surgical mask, disinfectant, alcohol and hand sanitizer etc.);
- Postponing from returning to work when employees who stayed in medium/high-risk areas 14 days or were in contact with confirmed or suspected cases;
- Keep environment clean and regularly disinfect frequently touched surfaces such as door handles, furniture and commonly shared items;
- Reminding employees and visitors to wear surgical masks in compliance to applicable laws and regulations;
- Maintaining social distancing, reducing face-to-face meetings or crows, and introducing a one-way system;
- Promoting staff and contractors to participate in community voluntary testing; and
- Posting up signage and notice to remind employees on hand hygiene, cough etiquette and COVID-19 infection prevention.

The Group has 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 Hong Kong (Chapter 509 of the Laws of Hong Kong), Law of the PRC on Prevention and Control of Occupational Diseases, Health and Safety Information for Employees Regulations 1989, The Workplace (Health, Safety and Welfare) Regulations 1992 of the UK and National Occupational Safety and Health Policy for Grenada. During the Reporting Year, the Group did not record any accidents that resulted in death or serious physical injury.

Summary of work-related fatalities and injuries during the Reporting Year are shown in the table below.

	Unit	FY2019	FY2020	FY2021
Number of work-related fatalities	Number	0	0	0
Rate of work-related fatalities	%	0	0	0
Cases of work-related accident	Number	25	13	0
Lost days due to work injuries	Day	No information Disclosure	2,636	0

Development and Training

To drive our business success and growth, the Group offers development and training opportunities aiming to sustain our success in the long run. The Group listens and responds to our people, identify the training needs of our employees and revise training programmes accordingly. The Group formulates employee training policy and employee performance appraisal policy, to maintain communication, review performance strategically in a fair and transparent mean, on a regular basis. It is expected we could create an environment of continuous learning, thus facilitate career progression and provide knowledge and skills for better fulfilment of roles and responsibilities. These designated training programmes will not only strengthen our employees' personal and professional capabilities, but also help us in meeting our business objectives.

Given that different positions require unique professional and technical needs, the Group provides orientation training and mentoring to every new joiner — introducing our profile, corporate culture, rules and regulations, and code of conduct, to help them adapt to the new working environment. The Group organised internal training sessions and invited employees to attend external courses and seminars, to promote continuous learning and comprehensive training for specific skill development. On the other hand, the Group facilitates the career prospect of the employee, which the Group could fully support continuous learning by granting educational subsidies for eligible staff. It is to ensure that our employees could possess qualities and skillsets that relevant to our business. Besides, our employees could also obtain appropriate professional qualifications, qualities and skillsets through these training opportunities.

For directors and senior management, we offered professional training sessions with the topics ranging from corporate governance, compliance and risk management to business development and strategy 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 Year, details of the development and training programs offered by the Group is summarised as the table below.

	Unit	FY2021
Total hours of training received by employee	Hour	534
Average number of training hour employee completed by gender		
Male	Hour	7.0
Female	Hour	7.3
Average number of training hour employee completed by employee category		
Senior management	Hour	5.0
Intermediate management	Hour	6.6
General staff	Hour	8.4
Percentage of employee trained by gender		
Male	%	72.1
Female	%	75.0
Percentage of employee trained by employee category		
Senior management	%	66.7
Intermediate management	%	70.0
General staff	%	79.5

ENVIRONMENTAL PROTECTION

Corporate Environmental and Compliance

With the national calls for actions to combat climate change and transition to low-carbon economy, the initiative and conceptual goals of “Innovation and technological self-reliance” and “green technological innovation” in PRC, as well as the announcement of Chinese President pledging to the new carbon emission goal, it is predominant for the Group to accelerating efforts to minimise the environmental footprints in our business activities and foster the environmental sustainability. Considering our business operations involves in different sectors, especially the NEV and Logistics and Finance Leasing Business and real estate development, the Group is committed to upholding high environmental standards, disseminating the concept and importance of sustainable and green development through reducing waste disposal and carbon footprints and enhancing resource efficiency.

To achieve environmental sustainability, the Group has 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, sewage and other pollutants, highlighted as below.

- Comply with applicable environmental protection laws and regulations;
- Define appropriate objectives and targets on a regular basis for continuous improvement on environmental performance;
- Improve continuously the environmental management approaches and maintain vigorous standards; and
- Promote environmental awareness among the workforce with regular communication.

During the Reporting Year, the Group has complied with relevant national laws and regulations (e.g. Environmental Protection Law of the PRC, Environmental Management Act 2005 of Grenada, Physical Planning and Development Control Bill, 2015 of Grenada) relating to air and GHG emissions, discharge into water and land, and generation of hazardous and non-hazardous waste. The Group did not identify any breaches of laws, significant environmental fines, incidents and litigation relating to environmental violations.

Emissions

The sources of air emission of the Group are mainly come from the dust generated at construction site of real estate development in Grenada and the mobile fuel combustion from our owned company motor vehicles. In order to minimise the dust emission from construction site, the Group has taken various mitigation measures to lower the environmental impact on surrounding, such as spraying water manually on the surface of dusty material before, during and after excavation, washing vehicle wheels to remove dusty materials before leaving the site and keeping the haul road wet by water sprinkler or water bowser. Besides, we opted for the cleaner fuel with lower sulphur content for the fuel-driven powered mechanical machineries and equipment onsite to reduce the dark smoke and exhaust gas emission. The Group also encourages our employees to take public transport instead the use of corporate passenger car and better arranges commute routes, in order to avoid unnecessary exhaust air emission in usual business operation.

Air emission generated by mobile vehicles during the Reporting Year is illustrated in the below table：

Air emission	**Unit**	**FY2021**
Nitrogen oxides (NOx)	kg	5.98
Sulphur oxides (SOx)	kg	0.067
Particulate matter (PM)	kg	0.44

The GHG emissions of the Group are principally derived from fuel combustion from vehicles owned by the Group (“**Scope 1 emission**”) and the consumption of purchased electricity (“**Scope 2 emission**”) in operating segments. The GHG emissions are closely linked with the Group’s energy consumption. The Group has implemented different measures to optimise the energy efficiency in our business operation and therefore in turn to reduce the carbon emission. Further details of the measures adopted are stated under the section of “Energy and Carbon Emission Management”.

Waste Management

Waste Management Policy

With an objective to waste generation along our business operations as minimal, the Group has waste management policy in place, by the adoption of the ‘4-R Principles — Reduce, Reuse, Replace and Recycle’, to achieve a green and paperless operation. Our waste management practice is compliant with laws and regulations relating to environmental protection in the region where we operate.

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 NEV and Logistics and Finance Leasing Business operation, all used engine oil is consigned to a registered waste collector for proper handling treatment to prevent adverse impacts on the environment. Concerning the early construction stage of real estate development in Grenada with the execution of earthwork, the Group ensures that our project main contractor designated site personnel to oversee the onsite housekeeping and cleanliness, reuse excavated material for onsite backfilling as much as practical and engage qualified waste collector for waste handling, transportation and disposal to ensure that the waste management process is environmentally acceptable and in full compliance with local statutory requirements.

With respect to our office operations in China, HK and the UK, the major non-hazardous wastes are domestic waste. The Group has taken certain green office practices to encourage employees to share responsibilities in reducing waste generation. For instance, we encourage all employees to reduce paper usage through duplex printing and reuse of single-sided printed paper, and widely apply digitalized communication application for material sharing or internal document circulation to avoid paper waste in photocopying. Recycling facilities are set up to better separation of waste streams for reuse and recycling. We also maintain 100% recycling of used toner cartridges by collecting and returning all used cartridge to service providers, and minimise consumption of single-use disposable items in the workplaces. In addition, the Group endeavours to recycle electronic waste wherever practical, ultimately reducing the environmental costs involved in the disposal of these electrical components that would otherwise be scrapped and treated as hazardous waste.

	Unit	FY2021
Non-hazardous waste[1]	Tonne	1.34

Note:

1. The figure is only covered the operations of NEV and Logistics and Finance Leasing Business and the provision of cross-border payment and money exchange services in the UK. The non-hazardous waste generated from loan finance business in Hong Kong is collected by the property management company and hence no quantitative data is available for reporting disclosure. The construction waste in real estate development in Grenada is handled by the engaged project contractor. The Group will further liaise with the project contractor and track the amount of waste generation in the project site in future.

Wastewater Discharge

The Group ensures that our engaged project main contractor has set up a wastewater treatment facility at the construction for wastewater handling before discharge in order to meet the local statutory discharge standard.

With respect to the wastewater management for other business 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, China and the UK.

Use of Resources

Energy and Carbon Emissions management

Gasoline and electricity are the major sources of energy consumption in our business operation. To enhance the energy efficiency and in turn reduce our carbon footprints, the Group has initiated policies to raise the awareness of energy conservation and implemented several energy-saving measures throughout our daily operations, 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;

- Encouraging employees to switch off the office appliances (e.g. computers and monitors), lighting and air-conditioning when they are not in use;
- Maintain the room temperature at comfort level about 24–26℃;
- Procuring and adopting energy efficient electrical appliances (such as those with Grade 1 energy labels or with China Energy Label) and systems;
- Placing "Green Message" reminders on office equipment and workplace to further enhance employees' environmental awareness;
- Adopt video conference calls to avoid unnecessary business-related travel;
- Organizing training session to increase employees' awareness on energy efficiency 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.

The data of energy consumption and GHG emission of the Group during the Reporting Year is tabulated below.

	Unit	FY2021
Energy[1]		
Electricity[2]	MWh	154.39
Gasoline[3]	MWh	41.52
Total Energy Consumption	MWh	195.91
Energy Intensity	MWh/HKD million revenue	1.47
GHG emission[4]		
Scope 1 — Direct emission[5]	tCO_2e	10.89
Scope 2 — Energy indirect emission[6]	tCO_2e	141.52
Total GHG emission	tCO_2e	152.41
GHG Intensity	tCO_2e/HKD million revenue	1.14

Note:

1. The conversion factors from volumetric units of fuels consumption to energy units are with reference to CDP Technical note: Conversion of fuel data to MWh in 2020.

2. The data of energy consumption covers the office operations of NEV and Logistics and Finance Leasing Business in PRC, cross-border payment and money exchange services in the UK, loan finance business in Hong Kong and real estate development in Grenada.

3. The figure only covers the motor vehicle of the business of NEV and Logistics and Finance Leasing Business in PRC.

4. The calculation of greenhouse gas emissions is made with reference to "How to prepare an ESG Report? Appendix 2: Reporting Guidance on Environmental KPIs" published by HKEX and international standards, such as the GHG Protocol Corporate Accounting and Reporting Standard, and the emission factor from 2019 sustainability report of HK Electric, 2017 Emission Factors for purchased electricity within Mainland China issued by Ministry of Ecology and Environment of the PRC, National Greenhouse Accounts Factors, published by Department of the Environment and Energy, the UK Government GHG Conversion Factors for Company Reporting 2020 issued by Department for Business, Energy & Industrial Strategy and Analysis of grid emission factors for the electricity sector in Caribbean Countries 2015, published by UNEP The United Nations Environment Programme.

5. Scope 1 emission covers the direct emissions from the combustion of fuels from stationary and mobile sources.

6. Scope 2 emission covers the indirect energy emission from the purchased electricity consumption by the Group.

Water Consumption

With respect to water consumption, the Group promotes water conservation in different business sectors, disseminate concepts in water conservation and responsibility in contributing water usage reduction. For instance, attaching water-saving signs in washroom and pantry to alert employees the importance and urgency of water conservation. Also, water taps are equipped with water-efficiency devices in the offices wherever possible as technical approach for reduction of water usage.

According to water consumption pattern, NEV and Logistics and Finance Leasing Business in PRC and real estate development in Grenada contribute most to water usage, hence, the utility facilities are maintained regularly for service to ensure that water seepage or leaking pipelines are replaced or repaired on a timely basis.

	Unit	FY2021
Water consumption	m^3	766.61
Intensity	m^3/HKD million revenue	5.75

Note:

1. The data of water consumption covers the office operations of NEV and Logistics and Finance Leasing Business in PRC, cross-border payment and money exchange services in the UK and real estate development in Grenada. Since the water consumption of Hong Kong office is borne by the landlord and hence no quantitative data is available for reporting disclosure.

Packaging Material

Given our business nature, the Group consumed no packaging materials in our business segments as we are not engaged in manufacturing industry.

The Environment and Natural Resources

The Group devotes to minimising the negative environmental impacts, by regular assessment of potential and actual environmental-related risks and formulation of appropriate mitigation measures.

Under the real estate development in Grenada, the Group engaged environmental specialists to conduct environmental impact assessment ("**EIA**") to identify, predict and analyse the potential and actual environmental impacts in various environmental aspects, including emissions to air, water, waste management, noise, contamination of land, biodiversity and natural habitat, the natural resources and visual impacts.

The EIA is to ensure the minimal environmental disturbance and nuisance to the environment, the surrounding residential and neighbourhood community during construction stage and the operational stage of the real estate development and comply with the laws and regulations in Grenada, (e.g. Environmental Management Act 2005 of Grenada, Physical Planning and Development Control Bill, 2015 of Grenada etc.). The EIA of the real estate development in Grenada was completed prior to the initiation of construction work. The Group required our employed main project contractor to follow the devised mitigation plan eventually under EIA and prepare the corresponding environmental management plan and emergency preparedness plan to properly manage the environmental issues during the construction stage and cope with the reasonably foreseeable or emergency situations during the whole project execution.

Climate Change

In response to the global and national call to have carbon emissions peak before 2030 and achieve carbon neutrality before 2050 or 2060, the Group acknowledges the significance of addressing climate change in order to be more responsive to potential climate-related consequences. Despite the climate-related risks are not currently significantly influencing our business operation, we will attach ordinate importance to climate change risk in order to respond readily via preparation plans. Subsequently, The Group will take into account the recommendations of Task Force on Climate-related Financial Disclosures (TCFD) to enhance the governance processes and integrate the consideration of the climate-related risks and opportunities into our future risk assessment. For example, the physical risk such as acute storms, floods and uprising sea level may flavour island sink and bring potential financial consequences of the real estate development in Grenada. Alternatively, the climate risks drive the transition of low carbon economy, which progressively shift the electrification of transportation, and bring business opportunities to our NEV and Logistics and Finance Leasing Business. The Group will continue to monitor the change of national policies, laws and regulations in connection to national response to response to climate change and proactively leverage our resources in advocating the development and growth of electrification.

COMMUNITY INVESTMENT

The Group is committed to giving back to societies where we operate, by actively engaging the community and leveraging our resources through various channels, including partnership with local non-profit organizations, social support, community services and sponsorship programs. It is our goal to build close social bonds with the neighbours and promote the spirit of mutual assistance in these dire times, through community services and social support.

Community Services and Engagement

A team of 20 volunteers from NEV and Logistics and Finance Leasing Business participated in the regional charity fund raising event organised by Future Smile Charitable Foundation in Shenzhen on 1 October 2020. Our volunteers served as receptionists and crowd controllers in the event, in order to provide welcome serving to all coming guests at the reception as well as the safety of the event organisation. The charity event raised RMB12 million in total which would be used to support impoverished children for surgical correction of cleft lip.

During the Reporting Year, the Group initiated an event “Driver Caring Day” (關愛司機日) in PRC. The event was to keep drivers close to their families, especially under the busy COVID-19 pandemic, in June 2020. Providing participants with refreshments and safe driving lectures, also an opportunity to know more about the working nature and daily routine as a driver in Shenzhen, therefore enhancing their understanding and love of family life and relationships.

Social support program

In support to the spirit of Belair Home for Children & Adolescents and Grand Anse Convalescence Home, in providing back-to-school needs and nursing care assistance, the Group participated in a Christmas Hamper Project in December 2020, to support the two non-government organisations with food, cleaning supplies as well as condiments.

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.

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 2021.

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 37 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 15 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 69 of this annual report.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM to be held on Tuesday, 31 August 2021, the register of members of the Company will be closed from Thursday, 26 August 2021 to Tuesday, 31 August 2021, 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 Wednesday, 25 August 2021.

PRINCIPAL KEY RISKS AND UNCERTAINTIES

Description of the principal risk and uncertainties that the Group is facing can be found in the "Management Discussion and Analysis" on page 5 to 15. Also, the financial risk management objectives and policies of the Group can be found in Note 39(b) to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in Note 14 to the consolidated financial statements.

DIRECTORS' REPORT

SUBSIDIARIES

Particulars of the Company's principal subsidiaries during the year are set out in Note 37 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 73 of this annual report.

As at 31 March 2021, the Company has reserves amounted to approximately HK$762.8 million available for distribution (2020: approximately HK$551.5 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)*
Mr. Ma Chao *(Co-Chairman and Chief Executive Officer) (appointed on 18 January 2021)*
Mr. Qiu Peiyuan *(appointed on 1 February 2021)*
Mr. Leung Chi Kwong, Joe *(appointed on 18 June 2021)*
Mr. Yang Rui *(resigned on 18 January 2021)*
Mr. Ni Biao *(resigned on 18 January 2021)*

Non-Executive Director

Dr. Gao Gunter *(appointed on 10 February 2021 and resigned on 8 June 2021)*

Independent Non-Executive Director

Mr. Tam Ping Kuen Daniel
Dr. Li Yifei
Mr. Yan Haiting *(re-designated from Non-Executive Director to Independent Non-Executive Director on 4 January 2021, and resigned on 18 June 2021)*
Ms. Chen Weijie *(appointed on 18 June 2021)*
Dr. Zhu Zhengfu *(resigned on 4 January 2021)*

CHANGE IN INFORMATION OF DIRECTORS

Director's position held:

On 30 September 2020:
- Mr. Zhang Jinbing was appointed as the Chairman of Risk Management Committee of the Company.
- Mr. Tam Ping Kuen, Daniel was appointed as the member of the Risk Management Committee of the Company.
- Dr. Zhu Zhengfu was appointed as the member of the Risk Management Committee of the Company.

On 4 January 2021:
- Mr. Yan Haiting was re-designated from Non-Executive Director to Independent Non-Executive Director of the Company, and was appointed as the member of Audit Committee, member of Remuneration Committee and member of Risk Management Committee of the Company.

On 18 January 2021:
- Mr. Zhang Jinbing ceased to act as the Chief Executive Officer of the Company.

DIRECTORS' SERVICE CONTRACT

Each of the executive Directors has entered into a service contract with the Company for a term of two or three 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 2021, 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)*	609,100,000	56%
	beneficial owner	24,500,000	2.26%
	Total:	633,600,000	58.26%
Mr. Ma Chao *(appointed on 18 January 2021)*	interests in controlled corporation *(Note 2)*	21,860,781	2.01%
Mr. Qiu Peiyuan *(appointed on 1 February 2021)*	interests in controlled corporation *(Note 3)*	38,300,000	3.52%
Dr. Li Yifei	interests in controlled corporation *(Note 4)*	200,000	0.02%
Mr. Yang Rui *(resigned on 18 January 2021)*	interests in controlled corporation *(Note 5)*	99,424,000	9.14%

Notes:

1) The 609,100,000 Shares are held by Prestige Rich. Mr. Zhang Jinbing beneficially owns the entire issued share capital of Prestige Rich, which in turn beneficially owns 56% of the shareholding in the Company. Mr. Zhang Jinbing is the Chairman and executive Director of the Company and the chairman of the Nomination Committee and the Risk Management Committee. Mr. Zhang Jinbing is also a director of Prestige Rich.

2) The 21,860,781 Shares are held by JLB Capital Limited which is solely owned by Mr. Ma Chao ("**Mr. Ma**"), Mr. Ma is the co-Chairman and Chief Executive Officer of the Company.

3) The 38,300,000 Shares are held by Fortune Box International Limited which Mr. Qiu Peiyuan ("**Mr. Qiu**") has control. Mr. Qiu is an executive Director of the Company.

4) Dr. Li Yifei is an independent non-executive Director of the Company.

5) The 99,424,000 shares are held by Prosperous East. Mr. Yang Rui beneficially owns the issued share capital of Prosperous East, which in turn beneficially owns 9.14% of the shareholding in the Company. Mr. Yang Rui is the legal representative of the PRC subsidiary of the Company. Mr. Yang is also a director of Prosperous East.

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

As at 31 March 2021, 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	609,100,000	56%
Prosperous East	Beneficial owner	99,424,000	9.14%

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 42 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 2021 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

Save for the disposal of the Disposal Group, completion of which took place on 21 January 2021, details of which is disclosed in the Company's announcement dated 21 January 2021, 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 42 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 46.5% (2020: 31.5%) of the total sales for the Year and sales to the largest customer included therein amounted to 16.8% (2020: 9.3%).

During the Year, purchase from the Group's five largest suppliers accounted for 53.6% (2020: 42.5%) of the total purchase for the Year and purchase to the largest supplier included therein amounted to 31.0% (2020: 14.3%).

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

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.

The Group recognises the importance of maintaining a good relationship with its suppliers and customers in order to meet its immediate and long term goals. During the Year, there are no material or significant disputes between the Group and its suppliers and customers.

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 35 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 2021 are set out in Note 31 to the consolidated financial statements.

CHARITABLE DONATIONS

During the Year, the Group made charitable donations approximately HK$5,000 (2020: approximately HK$700,000).

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.

DIRECTORS' REPORT

AUDITORS

The consolidated financial statements of the Group for the year ended 31 March 2021 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.

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.

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, 30 June 2021

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 (collectively referred to as the "**Group**") set out on pages 69 to 154, which comprise the consolidated statement of financial position as at 31 March 2021, 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 2021, 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 Notes 5 and 36 to the consolidated financial statements. For the year ended 31 March 2021, the Group recognised revenue from construction works of approximately HK$62,189,000. 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 as at date of disposal of Chong Kin Group Limited and its subsidiaries (the "**Disposal Group**"); • 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 as at date of disposal of the Disposal Group, 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	
Refer to Notes 25 and 39 to the consolidated financial statements. As at 31 March 2021, the Group had gross trade receivables of approximately HK$18,002,000 as set out in Note 39 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 as a key audit matter because assessing ECL of trade receivables 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 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 2021 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 ECL of finance lease receivables	
Refer to Notes 19 and 39 to the consolidated financial statements. Loss allowances for finance lease receivables are based on management's estimate of the lifetime expected credit losses to be incurred, which is estimated by taking into account the credit loss experience, past collection history, subsequent settlement of each finance lease customer, and also relevant deposits received, pledge of leased assets and guarantees and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgement. We identified the impairment of finance lease receivables as a key audit matter due to significance of its gross carrying amount to the consolidated financial statements, and the assessment of the recoverability of finance lease receivables and recognition of loss allowance are inherently subjective and requires significant management judgement, which increases the risk of error or potential management bias.	Our key procedures in relation to the directors' impairment assessment mainly included: • Understanding management's assessment of the credit risk of entering into the finance lease contracts with its customers and how the management evaluates the recoverability of finance lease receivables; • Reviewing agreements of finance lease receivables, on a sample basis, to understand relevant terms such as settlement terms and the existence of pledged assets and guarantees; • 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 recognizing loss allowances; and • Tracing the settlement records and subsequent settlement to bank receipts, on a sample basis.

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 39 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. 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; and • Assessing the value of collaterals held for the respective loans with publicly available market price.

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 2021, the gross carrying amount of the Group's goodwill amounted to approximately HK$532,830,000, and the net carrying amount was approximately HK$20,112,000. 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.

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, in accordance with our agreed terms of engagement 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 skepticism 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.

INDEPENDENT AUDITORS' REPORT

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, actions taken to eliminate threats or safeguards applied.

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, 30 June 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Revenue	*5*	**133,434**	518,631
Cost of sales		**(141,440)**	(474,564)
Gross (loss)/profit		**(8,006)**	44,067
Other income	*6*	**80,422**	35,026
Fair value gain on contingent consideration receivable	*18*	**–**	53,059
Gain on derecognition of contingent consideration receivable	*18*	**13,451**	–
Gain on disposal of a subsidiary	*36*	**67,560**	32
Impairment loss on goodwill	*17*	**(119,459)**	(254,565)
Impairment loss under expected credit loss model, net of reversal	*7*	**(93,642)**	(394)
Impairment loss on investment in an associate		**(1,131)**	–
Written-off of prepayments and other receivables		**(4,216)**	–
Share of results of an associate		**(220)**	–
Selling and distribution expenses		**(2,300)**	(6,489)
Administrative and other operating expenses		**(73,982)**	(87,304)
Operating loss		**(141,523)**	(216,568)
Finance costs	*10*	**(6,057)**	(20,966)
Loss before income tax	*7*	**(147,580)**	(237,534)
Income tax credit/(expense)	*11*	**905**	(8,420)
Loss for the year		**(146,675)**	(245,954)
Loss for the year attributable to:			
Equity shareholders of the Company		**(136,062)**	(247,043)
Non-controlling interests		**(10,613)**	1,089
		(146,675)	(245,954)
Loss per share	*12*		
Basic loss per share		**HK cents (13.44)**	HK cents (25.77)
Diluted loss per share		**N/A**	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	2021 HK$'000	2020 HK$'000
Loss for the year	**(146,675)**	(245,954)
Other comprehensive income/(expense) for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	**31,438**	(39,096)
Share of exchange translation difference of an associate	**277**	–
Other comprehensive income/(expense) for the year	**31,715**	(39,096)
Total comprehensive expense for the year	**(114,960)**	(285,050)
Total comprehensive expense attributable to:		
Equity shareholders of the Company	**(106,337)**	(284,378)
Non-controlling interests	**(8,623)**	(672)
	(114,960)	(285,050)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	19,685	53,004
Properties under development	15	183,020	–
Right-of-use assets	16	12,246	21,241
Goodwill	17	20,112	132,525
Contingent consideration receivable	18	–	67,454
Finance lease receivables	19	29,935	95,025
Investment in an associate	20	11,628	12,008
Other deposits	21	–	3,811
		276,626	385,068
CURRENT ASSETS			
Inventories	22	28,219	45,273
Financial assets at fair value through profit or loss	23	3,166	24,066
Finance lease receivables	19	95,449	78,688
Loan and interest receivables	24	120,000	67,474
Trade and other receivables	25	76,146	109,171
Amount due from a non-controlling shareholder of a subsidiary	30	25,524	24,932
Contingent consideration receivable	18	–	21,068
Other receivable from profit guarantee arrangement	18	101,973	–
Contract assets	26	–	111,868
Current income tax recoverable		2	1,322
Cash and bank balances	27	147,549	47,178
		598,028	531,040
CURRENT LIABILITIES			
Trade and other payables	28	45,881	55,663
Amount due to a former director	29	–	30,000
Amount due to a director	30	1	1
Contract liabilities	26	–	811
Borrowings	31	66	126,370
Lease liabilities	32	6,261	16,838
Current income tax liabilities		3,862	245
		56,071	229,928
NET CURRENT ASSETS		541,957	301,112

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	**2021** **HK$'000**	2020 HK$'000
NON-CURRENT LIABILITIES			
Lease liabilities	*32*	**2,689**	6,178
Deferred tax liabilities	*33*	**–**	1,507
		2,689	7,685
NET ASSETS		**815,894**	678,495
Capital and reserves			
Share capital	*34*	**10,875**	9,778
Reserves		**790,499**	645,912
Equity attributable to equity shareholders of the Company		**801,374**	655,690
Non-controlling interests		**14,520**	22,805
TOTAL EQUITY		**815,894**	678,495

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 30 June 2021 and are signed on its behalf by:

Mr. Zhang Jinbing
Director

Mr. Ma Chao
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Attributable to equity shareholders of the Company								
	Share capital HK$'000	**Share premium** HK$'000	**Translation reserve** HK$'000	**Merger reserve** HK$'000 *Note 1*	**Other reserve** HK$'000 *Note 2*	**Retained earnings** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000	**Total equity** HK$'000
At 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 34)*	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 36)*	–	–	5	–	–	–	5	(1,367)	(1,362)
At 31 March 2020 and 1 April 2020	9,778	852,297	(14,538)	10	–	(191,857)	655,690	22,805	678,495
Loss for the year	–	–	–	–	–	(136,062)	(136,062)	(10,613)	(146,675)
Other comprehensive income for the year	–	–	29,725	–	–	–	29,725	1,990	31,715
Total comprehensive expense for the year	–	–	29,725	–	–	(136,062)	(106,337)	(8,623)	(114,960)
Issue of shares *(Note 34)*	1,097	251,272	–	–	–	–	252,369	–	252,369
Adjustment upon disposal of a subsidiary *(Note 36)*	–	–	–	(10)	–	–	(10)	–	(10)
Acquisition of non-controlling interest	–	–	–	–	(338)	–	(338)	338	–
At 31 March 2021	**10,875**	**1,103,569**	**15,187**	**–**	**(338)**	**(327,919)**	**801,374**	**14,520**	**815,894**

Notes:

1. 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.

2. The other reserve represents the difference between the fair value of consideration paid to increase the shareholding in a subsidiary, Hartman Education Service Limited, and the amount of adjustment to non-controlling interests during the year ended 31 March 2021.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Cash flows from operating activities			
Net cash (used in)/generated from operations	*40(a)*	**(84,206)**	53,798
Income tax refund/(paid)		**2,735**	(4,519)
Net cash (used in)/generated from operating activities		**(81,471)**	49,279
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**29,751**	63,765
Purchases of property, plant and equipment		**(8,136)**	(12,117)
Additions for properties under development		**(155,075)**	—
Proceeds from redemption of financial assets at fair value through profit or loss		**55,708**	31,293
Net cash outflow on disposal of a subsidiary	*36*	**(5,827)**	(171)
Interest received		**43,387**	269
Advance to non-controlling shareholder of a subsidiary		**(572)**	—
Additions in financial assets at fair value through profit or loss		**(23,354)**	(55,098)
Net cash (used in)/generated from investing activities		**(64,118)**	27,941
Cash flows from financing activities			
Repayment of lease liabilities		**(16,762)**	(16,229)
Proceeds from new bank borrowings		**753**	—
Repayment of bank borrowings		**(710)**	(229,042)
Interest paid on loan from former substantial shareholder		**—**	(12,500)
Proceeds from issue of shares		**252,369**	210,000
Repayment to a shareholder		**—**	(3,150)
Advance from a former director		**10,127**	—
Repayment to a director		**—**	(22,070)
Repayment to a related party		**—**	(1,150)
Net cash generated from/(used in) financing activities		**245,777**	(74,141)
Net increase in cash and cash equivalents		**100,188**	3,079
Cash and cash equivalents at beginning of year		**47,178**	45,454
Effect of foreign exchange rate changes, net		**183**	(1,355)
Cash and cash equivalents at end of year		**147,549**	47,178
Analysis of cash and cash equivalents			
represented by cash and bank balances	*27*	**147,549**	47,178

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**") since 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 the provision of concrete placing services and other ancillary services (the "**Concrete Placing**") in Hong Kong, sales of new energy vehicles, and provision of logistics related services and car leasing services (the "**NEV and Logistics**") and provision of finance leasing services in Mainland China, provision of remittances and foreign currency exchange services in the United Kingdom and provision of loan finance in Hong Kong and real estate development in Grenada. 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 2021, the directors consider the ultimate controlling shareholder of the Company to be Mr. Zhang Jinbing, who is also the chairman of the Company.

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 30 June 2021.

2 APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendment to HKFRS 16 Covid-19 Related Rent Concessions.

Except as described below, the application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year 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.

2.1 Impacts on application of Amendments to HKAS 1 and HKAS 8 Definition of Material

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

2 APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

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

2.2 Impacts on application of Amendments to HKFRS 3 Definition of a Business

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group make any acquisition.

2.3 Impacts on application of Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark Reform

The Group has applied the amendments for the first time in the current year. The amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reform.

The amendments had no impact on the consolidated financial statements of the Group.

2.4 Impacts on early application of Amendment to HKFRS 16 Covid-19-Related Rent Concessions

The Group has applied the amendment for the first time in the current year. The amendment introduces a new practical expedient for lessees to elect not to assess whether a Covid-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

2 APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

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

2.4 Impacts on early application of Amendment to HKFRS 16 Covid-19-Related Rent Concessions (Continued)

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 *Leases* if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application of the amendment had no impact to the opening retained earnings at 1 April 2021.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments[1]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2[4]
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	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020[2]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2022.
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 2021.

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 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

Amendments to HKFRS 3 *Reference to the Conceptual Framework*

The amendments:

- update a reference in HKFRS 3 *Business Combinations* so that it refers to the *Conceptual Framework for Financial Reporting 2018* issued in June 2018 (the "**Conceptual Framework**") instead of *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting 2010* issued in October 2010);

- add a requirement that, for transactions and other events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 *Levies*, an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and

- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 *Interest Rate Benchmark Reform — Phase 2*

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 *Interest Rate Benchmark Reform — Phase 2* relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements and disclosure requirements applying HKFRS 7 *Financial Instruments: Disclosures* to accompany the amendments regarding modifications and hedge accounting.

- **Modification of financial assets, financial liabilities and lease liabilities.** A practical expedient is introduced for modifications required by the reform (modifications required as a direct consequence of the interest rate benchmark reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current HKFRSs requirements. A similar practical expedient is proposed for lessee accounting applying HKFRS 16;

- **Hedge accounting requirements.** Under the amendments, hedge accounting is not discontinued solely because of the interest rate benchmark reform. Hedging relationships (and related documentation) are required to be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements; and

- **Disclosures.** The amendments require disclosures in order to allow users to understand the nature and extent of risks arising from the interest rate benchmark reform to which the Group is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from interbank offered rates to alternative benchmark rates, and how the entity is managing this transition.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

2 APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

Amendments to HKFRS 10 and HKAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments to HKFRS 10 *Consolidated Financial Statements* and HKAS 28 *Investments in Associates and Joint Ventures* deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)*

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:
  - (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and
  - (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and
- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group's outstanding liabilities as at 31 March 2021, the application of the amendments will not result in reclassification of the Group's liabilities as at 31 March 2021.

Amendments to HKAS 16 *Property, Plant and Equipment — Proceeds before Intended Use*

The amendments specify that the costs of any item that were produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards. The cost of the items are measured in accordance with HKAS 2 *Inventories*.

2 APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

Amendments to HKAS 16 *Property, Plant and Equipment — Proceeds before Intended Use (Continued)*

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKAS 37 *Onerous Contracts — Cost of Fulfilling a Contract*

The amendments specify that, when an entity assesses whether a contract is onerous in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, the unavoidable costs under the contract should reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. Costs of fulfilling the contract include incremental costs and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are applicable to contracts for which the Group has not yet fulfilled all its obligations as at the date of initial application.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to HKFRSs *Annual Improvements to HKFRSs 2018–2020*

The annual improvements make amendments to the following standards.

HKFRS 9 Financial Instruments

The amendment clarifies that for the purpose of assessing whether modification of terms of original financial liability constitutes substantial modification under the "10 per cent" test, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf.

HKFRS 16 Leases

The amendment to Illustrative Example 13 accompanying HKFRS 16 removes from the example the illustration of reimbursement relating to leasehold improvements by the lessor in order to remove any potential confusion.

HKAS 41 Agriculture

The amendment ensures consistency with the requirements in HKFRS 13 *Fair Value Measurement* by removing the requirement in paragraph 22 of HKAS 41 to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

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*, 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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).

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates (Continued)

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.

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;

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation (Continued)

(c) Group companies (Continued)

(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.

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.

Properties under development

Properties under development are stated at cost less any impairment losses. Cost of properties under development comprises cost of acquisition, land cost, construction costs, development costs, capitalised borrowing costs and other direct costs attributable to the development. The land cost is recognised on the straight-line basis over the lease term. Impairment is assessed by the directors based on prevailing market prices, on an individual property basis.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Leases

(a) Definition of a lease

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 on or after the date of initial application, or arising from business combinations 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

(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 are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from Covid-19- related rent concessions in which the Group applied the practical expedient.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

(b) The Group as a lessee (Continued)

(ii) Right-of-use assets (Continued)

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.

(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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) (CONTINUED)

Leases (Continued)

(b) The Group as a lessee (Continued)

(iv) Lease liabilities (Continued)

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.

(v) Lease modifications

Except for Covid-19-related rent concessions in which the Group applied the practical expedient, 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) (CONTINUED)

Leases (Continued)

(b) The Group as a lessee (Continued)

(vi) Covid-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

(c) 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.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) (CONTINUED)

Revenue from contracts with customers (Continued)

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.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) (CONTINUED)

Revenue from contracts with customers (Continued)

Existence of significant financing component (Continued)

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.

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, in which case 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)

Lifetime ECL for certain trade receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- 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)

(b) (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 2021, the carrying amount of goodwill is HK$20,112,000 (2020: HK$132,525,000) (net of accumulated impairment loss of HK$512,718,000 (2020: HK$358,646,000). Details of the recoverable amount calculation are disclosed in Note 17.

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

The Group uses provision matrix to calculate ECL for the trade receivables, contract assets and finance lease receivables. 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, contract assets and finance lease receivables 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, contract assets and finance lease receivables are disclosed in Notes 19, 25, 26 and 39(b)(ii).

(d) Construction contracts

The Group recognises revenue according to the progress towards complete satisfaction of performance obligation of the individual contract of construction works. The progress is determined by the aggregated cost for the individual contract incurred at the end of the reporting year compared with the estimated budgeted cost. Management's estimation of the cost incurred to date and the budgeted cost is primarily based on construction budget and actual cost report prepared by internal quantity surveyors, where applicable. Corresponding revenue from contract work is also estimated by management based on the progress and budgeted revenue. Because of the nature of the activities undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting periods. The Group regularly reviews and revises the estimation of both contract revenue and contract cost in the budget prepared for each construction contract as the contract progresses.

5 REVENUE AND SEGMENT INFORMATION

Revenue

(i) Analysis of revenue

	2021 HK$'000	2020 HK$'000
Total revenue recognised during the year:		
Concrete placing services and other ancillary services	62,189	127,298
Sales of new energy vehicles	38,025	214,229
Provision of logistics related services	14,877	42,404
Car leasing revenue	8,882	30,141
Finance lease income	166	92,216
Loan interest income	5,134	–
Remittances and foreign currency exchange services	4,161	12,343
	133,434	518,631
Revenue from contracts with customers within the scope of HKFRS 15		
Concrete placing services and other ancillary services	62,189	127,298
Sales of new energy vehicles	38,025	214,229
Provision of logistics related services	14,877	42,404
Remittances and foreign currency exchange services	4,161	12,343
	119,252	396,274
Timing of revenue recognition		
Point in time basis	57,063	268,976
Over time basis	62,189	127,298
	119,252	396,274
Revenue from other sources		
Loan interest income	5,134	–
Car leasing revenue	8,882	30,141
Finance lease income	166	92,216
	14,182	122,357

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Revenue (Continued)

(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. A certain percentage of payments is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

Sales of new energy vehicles

Revenue from the sales of new energy vehicles is recognised at a point in time 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 services are taken place.

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

	Concrete placing services and other ancillary services	
	2021	2020
	HK$'000	HK$'000
Within one year	**–**	44,779
More than one year but not more than two years	**–**	36,600
	–	81,379

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its contracts for sales of new energy vehicles, provision for logistics related services and remittance and foreign currency exchange 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, provision for logistics related services and remittance and foreign currency exchange services that had an original expected duration of one year or less.

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information

Information reported to the chief executive of the Company, being the chief operating decision maker ("**CODM**") of the Group, for the purposes of resource allocation and assessment of segment performance focuses on 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 2021, the Group commenced the business of engaging in real estate development in Grenada, and it is considered as a new operating and reportable segment by the CODM. Besides, the Group commenced provision of loan finance service in Hong Kong. The CODM considered remittance and foreign currency exchange services in United Kingdom and provision of loan finance in Hong Kong are belonged to the Group's financial services sector. Therefore, the Group's operating and reportable segments are: (i) Concrete Placing in Hong Kong; (ii) NEV and Logistics and finance leasing services in Mainland China; (iii) Remittance and foreign currency exchange services in United Kingdom and provision of loan finance in Hong Kong; and (iv) Real estate development in Grenada. The CODM considers the Group has four 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 2020, the Group's operating and reportable segments were: (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 considered the Group had three 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 HK$'000	NEV and Logistics and finance leasing services HK$'000	Remittances and foreign currency exchange services and money lending HK$'000	Real estate development HK$'000	Total HK$'000
For the year ended 31 March 2021					
Segment revenue	**62,189**	**61,950**	**9,295**	**–**	**133,434**
Segment profit/(loss)	**(22,686)**	**(115,039)**	**7,961**	**–**	**(129,764)**
Unallocated other income					**80,017**
Unallocated expenses					**(105,227)**
Gain on derecognition of contingent consideration receivable					**13,451**
Finance costs					**(6,057)**
Loss before taxation					**(147,580)**
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 receivable					53,059
Finance costs					(20,966)
Loss before taxation					(237,534)

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

Segment profit/(loss) represents the profit/(loss) earned/(incurred) by each segment without allocation of certain administrative and other operating expenses, other income, fair value gain on contingent consideration receivable, gain on derecognition of contingent consideration receivable, finance costs, share of results of an associate, impairment loss on investment in an associate 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

	2021 **HK$'000**	2020 HK$'000
Concrete Placing	**–**	134,705
NEV and Logistics and finance leasing services	**288,462**	512,230
Remittances and foreign currency exchange services and money lending	**153,987**	7,645
Real estate development	**297,577**	–
Total segment assets	**740,026**	654,580
Unallocated property, plant and equipment	**468**	1,618
Unallocated right-of-use assets	**352**	5,983
Unallocated financial assets at fair value through profit or loss	**–**	23,520
Amount due from a non-controlling shareholder of a subsidiary	**25,524**	24,932
Other receivable from profit guarantee arrangement	**101,973**	–
Contingent consideration receivable	**–**	88,522
Unallocated other receivables, deposits and prepayments	**4,185**	71,271
Other unallocated assets	**297**	9,619
Unallocated cash and bank balances	**1,829**	36,063
Consolidated assets	**874,654**	916,108

Segment liabilities

	2021 **HK$'000**	2020 HK$'000
Concrete Placing	**–**	42,574
NEV and Logistics and finance leasing services	**50,056**	57,757
Remittances and foreign currency exchange services and money lending	**2,487**	1,007
Total segment liabilities	**52,543**	101,338
Unallocated other payables and accruals	**2,581**	4,634
Unallocated lease liabilities	**368**	5,270
Amount due to a director	**1**	1
Borrowings	**–**	126,370
Unallocated tax payable	**3,267**	–
Consolidated liabilities	**58,760**	237,613

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 and money lending HK$'000	Real estate development HK$'000	Segment total HK$'000	Unallocated HK$'000	Total HK$'000
For the year ended 31 March 2021							
Amounts included in the measurement of segment profit or loss or segment assets:							
Additions to non-current assets	–	8,105	–	–	8,105	31	8,136
Depreciation of property, plant and equipment	(3,408)	(2,541)	–	–	(5,949)	(5,816)	(11,765)
Gain/(loss) on disposal of property, plant and equipment	(3,120)	3,525	–	–	405	–	405
Impairment loss on goodwill	–	(119,459)	–	–	(119,459)	–	(119,459)
Impairment loss under expected credit loss model, net of reversal	–	(93,642)	–	–	(93,642)	–	(93,642)
Written off of prepayments and other receivables	–	(4,216)	–	–	(4,216)	–	(4,216)
Interest income	60	2,841	–	–	2,901	43,372	46,273
Interest expense	–	–	–	–	–	(6,057)	(6,057)
Amounts regularly provided to the CODM but not included in the measurement of segment profit or loss:							
Income tax (expense)/credit	1,411	3,088	(311)	–	4,188	(3,283)	905
For the year ended 31 March 2020							
Amounts included in the measurement of segment profit or loss or segment assets:							
Additions to non-current assets	715	46,730	–	–	47,445	94	47,539
Depreciation of property, plant and equipment	(9,600)	(11,406)	–	–	(21,006)	(3,827)	(24,833)
Gain on disposal of property, plant and equipment	3	18,163	–	–	18,166	–	18,166
Loss on written-off of property, plant and equipment	–	(587)	–	–	(587)	–	(587)
Impairment loss on goodwill	–	(254,565)	–	–	(254,565)	–	(254,565)
Impairment loss under expected credit loss model, net of reversal	–	(394)	–	–	(394)	–	(394)
Interest income	81	6,624	–	–	6,705	1,520	8,225
Interest expense	–	–	–	–	–	(20,966)	(20,966)
Amounts regularly provided to the CODM but not included in the measurement of segment profit or loss:							
Income tax expense	(2,173)	(5,961)	(264)	–	(8,398)	(22)	(8,420)

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

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information (Continued)

(iv) Geographical information

The Group's operations are located in Hong Kong, the People's Republic of China ("**PRC**"), the United Kingdom and Grenada.

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, excluding financial assets, is presented based on the geographical location of the assets.

Revenue from external customers

	2021 **HK\$'000**	2020 HK\$'000
United Kingdom	**4,161**	12,343
PRC	**61,950**	378,990
Hong Kong	**67,323**	127,298
	133,434	518,631

Non-current assets by geographical location

	2021 **HK\$'000**	2020 HK\$'000
United Kingdom	**168**	318
PRC	**41,477**	198,501
Hong Kong	**21,997**	23,770
Grenada	**183,049**	–
	246,691	222,589

(v) Information about major customers

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

	2021 **HK\$'000**	2020 HK\$'000
Customer A (Revenue generated from concrete placing segment)	**22,438**	–[1]
Customer B (Revenue generated from concrete placing segment)	**16,290**	–[1]

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

6 OTHER INCOME

	2021 HK$'000	2020 HK$'000
Bank interest income	18	269
Recovery of loan interest in arrears *(Note 24(i))*	43,775	4,499
Rental income	1,611	2,940
Interest income from life insurance policies	60	81
Finance lease interest income	2,420	3,376
Government grants *(Note)*	13,473	536
Insurance claims	2,659	3,383
Dividend income	549	–
Gain on disposal of property, plant and equipment	405	18,166
Gain on exchange difference	676	–
Fair value gains on financial assets at fair value through profit or loss	–	250
Gain on disposal of financial assets at fair value through profit or loss	12,522	26
Others	2,254	1,500
	80,422	35,026

Note: During the year ended 31 March 2021, the Group recognised government grants of approximately HK$9,250,000 in respect of COVID-19-related subsidies, of which approximately HK$8,481,000 relates to Employment Support Scheme provided by the Hong Kong government. The remaining government grant included government grants for the Group's NEV and logistics business from the PRC government. 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:

	2021 HK$'000	2020 HK$'000
Auditors' remuneration	2,327	1,931
Cost of inventories recognised as an expense	126,964	321,425
Depreciation of property, plant and equipment		
– included in cost of sales	5,902	20,937
– included in selling and distribution expenses	47	69
– included in administrative and other operating expenses	5,816	3,827
Depreciation of right-of-use assets		
– included in cost of sales	2,341	2,973
– included in administrative and other operating expenses	7,047	8,362
Impairment losses recognised on:		
– trade and other receivables	40,869	394
– finance lease receivables	52,773	–
	93,642	394
Staff costs (including directors' emoluments)	88,645	145,063

8 EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

	2021 **HK$'000**	2020 HK$'000
Salaries, allowances and other benefits	**88,055**	141,179
Retirement scheme contributions		
— defined contribution plan	**590**	3,884
	88,645	145,063

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 2021 and 2020 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 HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2021					
Executive directors					
Mr. Zhang Jinbing (Chairman), (ceased to act as Chief Executive Officer on 18 January 2021)	–	–	–	–	–
Mr. Ni Biao (resigned on 18 January 2021)	–	96	–	–	96
Mr. Yang Rui (resigned on 18 January 2021)	–	629	–	8	637
Mr. Ma Chao (Co-Chairman and Chief Executive Officer) (appointed on 18 January 2021)	–	25	–	2	27
Mr. Qiu Peiyuan (appointed on 1 February 2021)	–	20	–	–	20
Non-executive director					
Mr. Yan Haiting (has been re-designated from Non-Executive Director to Independent Non-Executive Director on 4 January 2021, and resigned on 18 June 2021)	90	–	–	–	90
Dr. Gao Gunter (appointed on 10 February 2021 and resigned on 8 June 2021)	–	–	–	–	–
Independent non-executive directors					
Mr. Tam Ping Kuen, Daniel	120	–	–	–	120
Dr. Zhu Zhengfu (resigned on 4 January 2021)	91	–	–	–	91
Dr. Li Yifei	120	–	–	–	120
Mr. Yan Haiting (has been re-designated from Non-Executive Director to Independent Non-Executive Director on 4 January 2021, and resigned on 18 June 2021)	30	–	–	–	30
	451	770	–	10	1,231
Year ended 31 March 2020					
Executive directors					
Mr. Zhang Jinbing (Chairman and Chief Executive Officer)	–	–	–	–	–
Mr. Ni Biao (resigned on 18 January 2021)	–	120	–	–	120
Mr. Yang Rui (resigned on 18 January 2021)	–	70	–	–	70
Non-executive director					
Mr. Yan Haiting (has been re-designated from Non-Executive Director to Independent Non-Executive Director on 4 January 2021, and resigned on 18 June 2021)	22	–	–	–	22
Independent non-executive directors					
Mr. Tam Ping Kuen, Daniel	120	–	–	–	120
Dr. Zhu Zhengfu (resigned on 4 January 2021)	120	–	–	–	120
Dr. Li Yifei	120	–	–	–	120
	382	190	–	–	572

9 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

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

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments and the non-executive director's emoluments shown above were for their services as directors of the Company.

During the year ended 31 March 2021, 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 (2020: Nil). Neither the chief executive nor any of the directors has waived or agreed to waive any emoluments during the year ended 31 March 2021 (2020: Nil).

(b) Five highest paid individuals

For the year ended 31 March 2021, the five individuals whose emoluments were the highest in the Group include Nil (2020: Nil) director, whose emoluments are disclosed above. The emoluments paid to the remaining five (2020: five) individuals for the year ended 31 March 2021 are as follows:

	2021	2020
	HK$'000	HK$'000
Salaries and allowances	**5,481**	7,428
Discretionary bonuses	**—**	112
Retirement scheme contributions	**72**	112
	5,553	7,652

The emoluments fell within the following bands:

	Number of individuals	
	2021	2020
Emolument bands (in HK$)		
HK$1 — HK$1,000,000	**3**	1
HK$1,000,001 — HK$1,500,000	**1**	3
HK$1,500,001 — HK$2,000,000	**—**	—
HK$2,000,001 — HK$2,500,000	**1**	1

During the year ended 31 March 2021, 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 (2020: Nil).

10 FINANCE COSTS

	2021 **HK$'000**	2020 HK$'000
Interest on lease liabilities	**967**	14,733
Interest on bank borrowings	**21**	–
Interest on loan from the former substantial shareholder	**5,069**	6,233
	6,057	20,966

11 INCOME TAX (CREDIT)/EXPENSE

	2021 **HK$'000**	2020 HK$'000
Hong Kong Profits Tax:		
– Current income tax	**3,392**	63
– Underprovision in prior years	**–**	3,500
PRC Enterprise Income Tax ("**EIT**"):		
– Current income tax	**90**	5,983
– Overprovision in prior years	**(3,162)**	–
United Kingdom Corporation Tax:		
– Current income tax	**282**	264
Deferred income tax (Note 33)	**(1,507)**	(1,390)
Income tax (credit)/expense	**(905)**	8,420

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

The directors of the Company considered the amount involved in the implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for both 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 estimated assessable profits for the year ended 31 March 2021 (2020: 19%).

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

11 INCOME TAX (CREDIT)/EXPENSE (CONTINUED)

Reconciliation between income tax (credit)/expenses and accounting loss at applicable tax rates:

	2021 **HK$'000**	2020 HK$'000
Loss before income tax	**(147,580)**	(237,534)
Notional tax calculated at the rates applicable to the profit in the tax jurisdictions concerned	**(34,780)**	(34,786)
Tax effect of non-taxable income	**(16,768)**	(2,713)
Tax effect of expenses not deductible for tax purposes	**51,196**	42,498
Tax concession	**(247)**	(20)
Utilisation of previously unrecognised tax losses	**(6,908)**	(1,840)
Tax effect of tax losses not recognised	**9,764**	1,781
(Over)/under provision in prior years	**(3,162)**	3,500
Income tax (credit)/expense	**(905)**	8,420

12 LOSS PER SHARE

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

	2021	2020
Loss attributable to equity shareholders of the Company (HK$'000)	**(136,062)**	(247,043)
Weighted average number of ordinary shares for the purpose of calculating basic loss per share (in thousand)	**1,012,331**	958,744
Basic loss per share (HK cents)	**(13.44)**	(25.77)

No diluted loss per share for both 2021 and 2020 were presented as there were no dilutive potential ordinary share in issue during the years ended 31 March 2021 and 2020.

13 DIVIDENDS

No dividend was proposed, declared or paid during the year ended 31 March 2021 (2020: Nil).

14 PROPERTY, PLANT AND EQUIPMENT

	Machinery and equipment HK$'000	**Leasehold improvements** HK$'000	**Furniture, fixtures and office equipment** HK$'000	**Motor vehicles** HK$'000	**Total** HK$'000
Cost					
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 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
Cost					
At 1 April 2020	**77,683**	**2,842**	**6,297**	**48,772**	**135,594**
Additions	**–**	**–**	**142**	**7,994**	**8,136**
Transfer from right-of-use assets	**–**	**–**	**–**	**2,288**	**2,288**
Disposals	**(20,838)**	**–**	**(574)**	**(31,416)**	**(52,828)**
Disposal of a subsidiary	**(56,845)**	**(220)**	**(961)**	**(6,113)**	**(64,139)**
Exchange adjustments	**–**	**49**	**358**	**2,772**	**3,179**
At 31 March 2021	**–**	**2,671**	**5,262**	**24,297**	**32,230**
Accumulated depreciation					
At 1 April 2020	**67,015**	**1,641**	**2,111**	**11,823**	**82,590**
Charge for the year	**3,408**	**1,019**	**800**	**6,538**	**11,765**
Transfer from right-of-use assets	**–**	**–**	**–**	**1,220**	**1,220**
Disposals	**(16,418)**	**–**	**(168)**	**(6,896)**	**(23,482)**
Disposal of a subsidiary	**(54,005)**	**(220)**	**(961)**	**(5,049)**	**(60,235)**
Exchange adjustments	**–**	**23**	**89**	**575**	**687**
At 31 March 2021	**–**	**2,463**	**1,871**	**8,211**	**12,545**
Net book value					
At 31 March 2021	**–**	**208**	**3,391**	**16,086**	**19,685**

Note:

Depreciation expense of approximately HK$5,902,000 (2020: HK$20,937,000) has been included in cost of sales.

15 PROPERTIES UNDER DEVELOPMENT

	2021 HK$'000	2020 HK$'000
Land cost	155,497	–
Development costs	27,523	–
Net carrying amount at the end of the financial year	183,020	–

Land cost represents cost of acquisition for a freehold land in Grenada.

Additions to properties under development during the year included development costs of approximately HK$27,523,000 that were incurred after the acquisition of the land and capitalised during the year. The properties under development are expected to be completed and available for sale after twelve months from the end of the reporting period.

16 RIGHT-OF-USE ASSETS

	Leased properties HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost			
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)
At 31 March 2020	**17,895**	**13,428**	**31,323**
Additions	**1,684**	**—**	**1,684**
Disposals	**(2,856)**	**(608)**	**(3,464)**
Disposal of subsidiaries	**(229)**	**—**	**(229)**
Transfer to property, plant and equipment	**—**	**(2,288)**	**(2,288)**
Effect of foreign currency exchange difference	**664**	**923**	**1,587**
At 31 March 2021	**17,158**	**11,455**	**28,613**
Accumulated depreciation			
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)
At 31 March 2020	**6,506**	**3,576**	**10,082**
Depreciation charge	**6,704**	**2,684**	**9,388**
Eliminated on disposal	**(2,017)**	**(318)**	**(2,335)**
Disposal of subsidiaries	**(22)**	**—**	**(22)**
Transfer to property, plant and equipment	**—**	**(1,220)**	**(1,220)**
Effect of foreign currency exchange difference	**174**	**300**	**474**
At 31 March 2021	**11,345**	**5,022**	**16,367**
Carrying Value			
At 31 March 2021	**5,813**	**6,433**	**12,246**
At 31 March 2020	11,389	9,852	21,241

	2021 HK$'000	2020 HK$'000
Expense relating to short-term leases	**3,568**	4,811
Total cash outflows for lease liabilities	**16,762**	16,229

Note: The Group leases various offices and motor vehicles under leases expiring from 2 to 3 years (2020: expiring from 3 to 4 years). Some leases include option to renew the lease when all terms are re-negotiated. None of the leases includes variable lease payments. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

17 GOODWILL

	HK$'000
Cost	
At 1 April 2019	525,162
Exchange adjustments	(33,991)
At 31 March 2020	491,171
Exchange adjustments	41,659
At 31 March 2021	**532,830**
Accumulated impairment losses	
At 1 April 2019	118,463
Impairment loss recognised for the year	254,565
Exchange adjustments	(14,382)
At 31 March 2020	358,646
Impairment loss recognised for the year	119,459
Exchange adjustments	34,613
At 31 March 2021	**512,718**
Carrying amount	
At 31 March 2021	**20,112**
At 31 March 2020	132,525

Impairment test

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

The goodwill arose from the acquisition of Stand East Group, which is 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)

Impairment test (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 pre-tax discount rate applied to the cash flow projection is 25% (2020: 32.8%). The CGU's cash flows beyond the 5-year period are extrapolated using a steady 3.0% (2020: 2.6%) 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 services and car leasing services.

The directors of the Company expected that the revenue from road freight services 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 basis of the number of new energy vehicles ("**NEV**") times the daily revenue earnable by each NEV. The number of NEV for providing road freight service is estimated by reference to the most updated operation data 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 2021 (2020: financial year 2020). The operational data was sourced from main operational units of the CGU in the PRC.

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 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**"), the recoverable amount of the CGU is approximately HK$49,907,000 (2020: HK$198,130,000), and an impairment loss of approximately HK$119,459,000 (2020: HK$254,565,000) was recognised for the year in respect of the goodwill included in the CGU.

The national and local government policies on the promotion of new energy vehicles in the PRC is also one of the key assumptions used in estimating the value-in-use which determines the recoverable amount for the CGU. The estimation of the value-in-use of the CGU as at 31 March 2020 took 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, which led management to believe that the potential demand for the new energy vehicles was expected to decrease significantly. Besides, the COVID-19 Outbreak has had and was 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 2021, under the impact of COVID-19 Outbreak and the change in government financial support policies of NEVs in the Mainland China, the NEV and Logistics business in the PRC is continuing to face downward pressure. The business is also affected by macroeconomic performance that is affecting the domestic economy by creating challenges such as structural adjustments and increases in costs. The directors of the Company therefore decided to downsize the Group's NEV and Logistics business. As a result, further impairment loss on goodwill was recognised for the year ended 31 March 2021.

18 CONTINGENT CONSIDERATION RECEIVABLE/OTHER RECEIVABLE FROM PROFIT GUARANTEE ARRANGEMENT

Contingent consideration receivable

	HK$'000
At fair value	
At 1 April 2019	35,463
Change in fair value	53,059
At 31 March 2020	88,522
Derecognition	(88,522)
At 31 March 2021	**–**

	2021 **HK$'000**	2020 HK$'000
Analysed as:		
Current	**–**	21,068
Non-current	**–**	67,454
	–	88,522

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

The arrangement of the profit guarantee compensation required the former owner of Stand East (the "**Former Owner**") to guarantee the Company that the total consolidated net profits after tax of the NEV and Logistics business operated 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 receivable represented the fair value of the profit guarantees in accordance with the share purchase agreement for the acquisition of Stand East Group, which was estimated by Vision Appraisal. As at 31 March 2020, the fair value of the contingent consideration receivable was estimated by applying income approach on the estimated profits of Zhong Jun for the years ending 31 December 2020 and 2021.

The NEV and Logistics business operated by Zhong Jun incurred loss for the financial year ended 31 December 2020. According to the aforesaid profit guaranteed arrangement, the Group was entitled to profit guarantee compensation from the Former Owner which is capped at the total consideration for acquisition of Stand East Group of HK$458,880,000. Therefore, during the current financial year ended 31 March 2021, the Group derecognised the contingent consideration receivable of carrying amount of approximately HK$88,522,000 and recognised an other receivable from profit guarantee arrangement at its fair value at initial recognition of approximately HK$101,973,000, which has been arrived at taking into account the capped amount of the profit guarantee compensation and adjusted for the credit risk from the Former Owner and the fair value of the collateral for the recovery represented by the Company's ordinary shares issued and payable to the Former Owner but held under the escrow account. The difference of HK$13,451,000 between the initial measurement amount of the other receivable and the carrying amount of the contingent consideration receivable being derecognised was recognised in profit or loss of the Group for the year ended 31 March 2021, and as at 31 March 2021, the carrying amount of other receivable from profit guarantee arrangement remained at approximately HK$101,973,000.

18 CONTINGENT CONSIDERATION RECEIVABLE/OTHER RECEIVABLE FROM PROFIT GUARANTEE ARRANGEMENT (CONTINUED)

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

The fair value of contingent consideration receivable as at 31 March 2020 was a level 3 recurring fair value measurement.

19 FINANCE LEASE RECEIVABLES

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

	2021	2020
	HK$'000	HK$'000
Analysed as:		
Current	**95,449**	78,688
Non-current	**29,935**	95,025
	125,384	173,713

	Minimum lease payments		**Present value of minimum lease payments**	
	2021	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000
Finance lease receivables comprise:				
Within one year	**152,332**	87,599	**132,754**	78,688
In more than one year but not more than two years	**31,970**	74,787	**31,258**	68,270
In more than two years but not more than three years	**14,395**	22,251	**14,131**	20,004
In more than three years but not more than four years	**1,751**	7,009	**1,867**	6,751
	200,448	191,646	**180,010**	173,713
Less: Allowance for credit loss	**(54,626)**	–	**(54,626)**	–
Less: Unearned finance income	**(20,438)**	(17,933)	**N/A**	N/A
Present value of minimum lease payment receivables	**125,384**	173,713	**125,384**	173,713

(b) Effective interest rates of the above finance leases were 4.75% (2020: 4.75%) per annum.

(c) Finance lease receivables are denominated in RMB.

20 INVESTMENT IN AN ASSOCIATE

	2021 **HK$'000**	2020 HK$'000
Unlisted investments:		
Share of net assets	**3,420**	2,928
Goodwill	**9,339**	9,080
Impairment loss recognised	**(1,131)**	—
	11,628	12,008

The following table shows information of associate that is 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 Pingchuang**")
Principal place of business/country of incorporation	The PRC
Principal activities	Assembling lithium-ion battery modules and parts, and distribution of relevant products

	2021	2020
% of ownership interests held by Group	**22%**	22%
	HK$'000	HK$'000
At 31 March:		
Non-current assets	**20,428**	7,939
Current assets	**191,649**	140,786
Current liabilities	**(196,531)**	(135,417)
Net assets	**15,546**	13,308
Group's share of net assets	**3,420**	2,928
Goodwill	**9,339**	9,080
Impairment loss recognised	**(1,131)**	—
Carrying amount of Group's interests	**11,628**	12,008
Year ended 31 March:		
Revenue	**17,162**	—
Loss before tax	**(1,000)**	—
Loss after tax	**(1,000)**	—
Other comprehensive loss	**—**	—
Total comprehensive loss	**(1,000)**	—
Dividends received from associates	**—**	—

20 INVESTMENT IN AN ASSOCIATE (CONTINUED)

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 36.

Impairment assessment

During the year ended 31 March 2021, as Henan Pingchuang has incurred loss, the directors of the Company have performed impairment assessment on the investment in Henan Pingchuang. The recoverable amount of Henan Pingchuang has been determined by Vision Appraisal based on fair value less costs of disposal ("**FVLCOD**"). The FVLCOD of Henan Pingchuang is estimated by market approach by reference to the price-to-book ratio of comparable companies which are engaged in the similar business. As a result of the impairment assessment, impairment loss of HK$1,131,000 (2020: Nil) has been recognised in respect of the investment in Henan Pingchuang. The key inputs for the FVLCOD calculation are the average price-to-book ratio of the comparable companies of 4.04 and marketability discount of 15.8%. The FVLCOD of the investment in Henan Pingchuang is classified as level 3 measurement.

21 OTHER DEPOSITS

	2021	2020
	HK$'000	HK$'000
Deposits and prepayments for life insurance policies	**–**	3,811

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

At inception of the Policies, the Group was required to make a total single upfront payments of US$435,120 (equivalent to approximately HK$3,394,000) which included fixed policy premium charges 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 would 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 were recognised in profit or loss over the expected life of the Policies and the deposits placed were 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 considered 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 remained unchanged since its initial recognition. The two life insurance policies were derecognised upon the disposal of the respective subsidiaries during the year ended 31 March 2021 as set out in note 36 to the consolidated financial statements.

22 INVENTORIES

	2021 HK$'000	2020 HK$'000
Electronic equipment parts	298	5,165
New energy vehicles held for sales	27,921	40,108
	28,219	45,273

23 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 HK$'000	2020 HK$'000
Financial assets mandatorily measured at FVTPL:		
Listed securities held for trading:		
– Equity securities listed in Hong Kong	3,166	23,520
Structured deposits *(Note)*	–	546
	3,166	24,066

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

24 LOAN AND INTEREST RECEIVABLES

	2021 HK$'000	2020 HK$'000
Loan receivables	120,000	66,138
Interest receivables	–	1,336
	120,000	67,474
Loans to independent third parties:		
Loan A *(Note (i))*	–	44,300
Loan B *(Note (ii))*	–	23,174
Loan C *(Note (iii))*	20,000	–
Loan D *(Note (iv))*	60,000	–
Loan E *(Note (v))*	40,000	–
	120,000	67,474

24 LOAN AND INTEREST RECEIVABLES (CONTINUED)

Notes:

(i) Pursuant to the loan agreement made on 12 February 2018 between the Group and the borrower, a loan receivable 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 to the borrower.

The Group 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 receivable. The Company has taken legal action against the borrower for recovering the outstanding loan receivable and obtained orders for sale at the High Court in Hong Kong over other assets of the borrowers. During the year ended 31 March 2021, the loan receivable has been fully settled from the orders.

(ii) Pursuant to the loan agreement made on 8 November 2019 between the Group 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 settled during the year ended 31 March 2020. A supplemental agreement was made to extend the repayment date of the remaining loan balance to 30 September 2020.

During the year ended 31 March 2021, the loan receivable has been fully settled.

(iii) Pursuant to the facility agreement made on 1 September 2020 between the Group and a borrower, the loan principal of HK$20 million bears interest at a rate of 12% per annum, is secured by a second legal charge on a property in Hong Kong and has a term of 7 months from the date of the said loan agreement.

(iv) Pursuant to the facility agreement made on 20 September 2020 between the Group and a borrower, the loan principal of HK$60 million bears interest at a rate of 12% per annum, is secured by a first legal charge on several industrial properties in Hong Kong and has a term of 18 months from the date of the said facility agreement.

(v) Pursuant to the facility agreement made on 11 March 2021 between the Group and the borrower, the loan principal of HK$40 million bears interest at a rate of 18% per annum, is secured with ordinary shares of a company listed on the Hong Kong Stock Exchange and has a term of 12 months from the date of the said facility agreement.

25 TRADE AND OTHER RECEIVABLES

	2021 **HK$'000**	2020 HK$'000
Trade receivables *(Note (a) and (b))*	**18,002**	18,721
Less: Allowance for credit loss	**(6,827)**	(243)
Trade receivables, net	**11,175**	18,478
Prepayments for purchases of motor vehicles and insurances	**22,986**	59,147
VAT recoverable	**22,409**	21,281
Other deposits and prepayments	**19,576**	10,265
	76,146	109,171

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 (2020: 0 to 30 days) from payment application date generally.

25 TRADE AND OTHER RECEIVABLES (CONTINUED)

Note: (continued)

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

	2021 **HK$'000**	2020 HK$'000
0–90 days	**8,493**	10,600
91–180 days	**1,168**	3,599
181–365 days	**1,514**	3,090
Over 1 year	**–**	1,189
	11,175	18,478

Details of impairment assessment are set out in note 39.

26 CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets

	2021 **HK$'000**	2020 HK$'000
Unbilled revenue	**–**	70,575
Retention receivables	**–**	41,293
	–	111,868

As at 1 April 2019, contract assets amounted to HK$147,583,000.

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditional 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 contracts.

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

The significant decrease in current year is the result of disposal of the respective subsidiaries during the year as disclosed in note 36.

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 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.

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

26 CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

Contract liabilities

	2021 HK$'000	2020 HK$'000
Sale of new energy vehicles	–	811

When the Group receives a deposit before delivering 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 make 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, the Group is immediately entitled to receive payment for work done to date.

Movements in contract liabilities

	2021 HK$'000	2020 HK$'000
At 1 April	811	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	(850)	(998)
Increase in contract liabilities as a result of billing in advance of sales of energy vehicles and provision for logistic related services	–	331
Effect of foreign currency exchange difference	39	(83)
At 31 March	–	811

Details of the impairment assessment of contract assets are set out in note 39.

27 CASH AND BANK BALANCES

	2021 HK$'000	2020 HK$'000
Cash at banks	147,055	45,818
Cash on hand	494	1,360
	147,549	47,178

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

At 31 March 2021, the Group's bank balances and cash denominated in RMB amounted to approximately RMB10,373,000 (2020: RMB6,473,000), equivalent to approximately HK$12,284,000 (2020: HK$7,066,000). 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 2021 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

	2021 HK$'000	2020 HK$'000
Trade payables	5,559	13,850
Accrued salaries	1,271	1,284
Other accruals	2,691	7,587
Other payables	19,706	17,335
Advances from Government *(Note)*	2,654	5,987
Other tax payables	14,000	9,620
	45,881	55,663

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

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

	2021 HK$'000	2020 HK$'000
0–90 days	1,061	6,237
91–180 days	–	2,917
181–365 days	10	3,779
Over 1 year	4,488	917
	5,559	13,850

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. The amount was derecognised upon the disposal of the respective subsidiaries during the year ended 31 March 2021 as set out on note 36 to the consolidated financial statements.

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

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

31 BORROWINGS

	2021 HK$'000	2020 HK$'000
Current		
Bank borrowings, unsecured *(Note (a), (b) and (c))*	66	–
Loan from former substantial shareholder *(Note (c) and (d))*	–	126,370
Total borrowings	66	126,370

Note:

(a) The bank borrowings contain a repayment on demand clause. According to the repayment schedule, the bank borrowings are repayable as follows:

	2021 HK$'000	2020 HK$'000
Within 1 year	66	–

(b) The carrying amounts of the bank borrowings are denominated in the following currency:

	2021 HK$'000	2020 HK$'000
RMB	66	–

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

	2021	2020
Bank borrowings	7%	N/A
Loan from former substantial shareholder	5%	5%

(d) The loan from former substantial shareholder, Pioneer Investment Limited, is unsecured, bears interest at a rate of 5% per annum and repayable on demand. The loan from former substantial shareholder was derecognised upon disposal of the respective subsidiaries during the year ended 31 March 2021 (note 36).

32 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the reporting period:

	2021 **HK$'000**	2020 HK$'000
Gross lease liabilities — minimum lease payments		
Within 1 year	**6,493**	17,848
Between 1 and 2 years	**2,794**	6,454
	9,287	24,302
Future finance charges on finance leases	**(337)**	(1,286)
Present value of finance lease liabilities	**8,950**	23,106

The present value of finance lease liabilities is as follows:

	2021 **HK$'000**	2020 HK$'000
Within 1 year	**6,261**	16,838
Between 1 and 2 years	**2,689**	6,178
	8,950	23,106

The incremental borrowing rate applied to the lease liabilities was 4.01% (2020: 4.01%).

33 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 2019	2,897
Credited to profit or loss *(Note 11)*	(1,390)
At 31 March 2020	1,507
Credited to profit or loss *(Note 11)*	**(1,507)**
At 31 March 2021	**—**

33 DEFERRED TAX LIABILITIES (CONTINUED)

As at 31 March 2021, the Group has unused tax losses of approximately HK$37,837,000 (2020: HK$18,869,000) 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 approximately HK$36,995,000 (2020: HK$10,418,000) that will expire 5 years after the year in which the tax losses were incurred. Other losses may be carried forward indefinitely.

34 SHARE CAPITAL

	Number of ordinary shares	Amount HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2019, 31 March 2020 and 31 March 2021	2,000,000,000	20,000
Issued and fully paid:		
At 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
Shares issued in share subscriptions arrangement *(Note ii)*	109,726,000	1,097
At 31 March 2021	1,087,486,000	10,875

Notes:

(i) On 26 July 2019, pursuant to a subscription agreement dated 15 April 2019 between the Company and Prestige Rich, 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) On 29 December 2020, 4 January 2021, 28 January 2021 and 1 February 2021, pursuant to subscription agreements dated 6 December 2020, 7 December 2020 and 29 December 2020 between the Company and independent subscribers, the Company issued shares amounting to an aggregate of 109,726,000 new ordinary shares of HK$0.01 each at a price of HK$2.30 per share to the independent subscribers. Details of the share subscription were contained in the Company's announcements dated 7 December 2020 and 1 February 2021.

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

35 SHARE OPTION SCHEME

The Company's share option scheme (the "**Scheme**") was adopted pursuant to a resolution passed on 27 September 2016 so 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 approved 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).

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 2021 and 2020.

36 DISPOSAL OF SUBSIDIARIES

a. During the year ended 31 March 2021

On 21 January 2021, the Group entered into a sale agreement with Pioneer Investment Limited (the "**Purchaser**"), a connected party to dispose of the entire equity interest in a subsidiary, Chong Kin Group Limited at a consideration of approximately HK$113,169,000. The consideration is satisfied by setting off the net payables owing by the Group to the Purchaser in the sum of HK$113,169,000. Chong Kin Group Limited and its subsidiaries (the "**Disposal Group**") carried out the Group's Concrete Placing operations in Hong Kong. The disposal was effected in order to streamline the concrete placing business of the Group as a cost-saving measure. The disposal was completed on 21 January 2021, on which date control of Chong Kin Group Limited passed to the Purchaser. For details, please refer to the Company's announcement dated 21 January 2021. The net assets of the Disposal Group at the date of disposal were as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	3,904
Right-of-use assets	207
Other deposits	3,871
Trade and other receivables	117,395
Contract assets	93,105
Cash and bank balances	5,827
Trade and other payables	(6,873)
Amount due to a former director	(40,127)
Borrowings	(131,439)
Lease liabilities	(208)
Income tax liabilities	(43)
Net assets disposed of	45,619
Gain on disposal of subsidiaries:	
Consideration	113,169
Net assets disposed of	(45,619)
Release of merger reserve	10
Gain on disposal	67,560
Net cash outflow arising on disposal:	
Cash consideration	–
Less: cash and bank balances disposed of	(5,827)
	(5,827)

36 DISPOSAL OF SUBSIDIARIES (CONTINUED)

b. During the year ended 31 March 2020

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	–
Less: cash and bank balances disposal of	(171)
Net cash outflow arising on disposal	(171)

37 LIST OF PRINCIPAL SUBSIDIARIES

The following is a list of the principal subsidiaries at 31 March 2021 and 2020:

Name	Place of incorporation/ establishment/ operation	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company 2021	2020	Principal activities
Directly held					
Chong Kin Group Limited ("**Chong Kin BVI**")	BVI	US$1	–	100%	Investment holding
Indirectly held					
Kam Fung Engineering Limited ("**Kam Fung**")	Hong Kong	HK$10,000	–	100%	Concrete placing and other ancillary services
Sang Fu Engineering Limited ("**Sang Fu**")	Hong Kong	HK$100	–	100%	Concrete placing and other ancillary services
Global Sunny Engineering Limited ("**Global Sunny**")	Hong Kong	HK$100	–	100%	Concrete placing and other ancillary services
Richway Mechanical Engineering Co., Limited ("**Richway Mechanical**")	Hong Kong	HK$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
Hartman Education Enterprise Ltd.	Grenada	US$100	100%	–	Real estate development

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.

38 CAPITAL RISK 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:

	2021	2020
	HK$'000	HK$'000
Debts *(i)*	**9,016**	149,386
Total equity	**815,894**	678,495
Gearing ratio	**1.1%**	22.0%

(i) Debts are defined as borrowings including borrowings and lease liabilities.

The Group is not subjected to any externally imposed capital requirements. The Group's overall strategy remains unchanged during the year ended 31 March 2021.

39 FINANCIAL INSTRUMENTS

(a) Financial instruments by category

	2021 HK$'000	2020 HK$'000
Financial assets		
Financial assets at fair value through profit or loss		
Contingent consideration receivables	–	88,522
Financial assets at fair value through profit or loss	3,166	24,066
Financial assets at amortised costs under HKFRS 9		
Other deposits	–	3,811
Trade and other receivables	15,048	73,804
Other receivable from profit guarantee arrangement	101,973	–
Finance lease receivables	125,384	173,713
Loan and interest receivables	120,000	67,474
Amount due from non-controlling shareholder of a subsidiary	25,524	24,932
Cash and bank balances	147,549	47,178
Total	538,644	503,500
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	45,881	55,663
Amount due to a former director	–	30,000
Amount due to a director	1	1
Borrowings	66	126,370
Lease liabilities	8,950	23,016
Total	54,898	235,050

(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 and finance lease receivables and loan receivables with fixed interest rates, 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. As at 31 March 2021 and 2020, borrowings were denominated in Hong Kong dollars and Renminbi, and interests are charged at fixed rates. The Group did not carry out any interest rate hedging policy.

39 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 receivable from profit guarantee arrangement, other receivables, amount due from a non-controlling shareholder of a subsidiary 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 and contract assets

The Group had certain concentration of credit risks as there were two (2020: two) customers who individually contributed over 10% of the Group's trade receivables and contract assets as at 31 March 2021. The aggregate amounts of trade receivables and contract assets from these customers amounted to 49% (2020: 35%) of the Group's total trade receivables and contract assets as at 31 March 2021. 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 approximately HK$6,340,000 (2020: HK$250,000) 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 and other receivables

Apart from the other receivables which have been past due for more than 90 days, the credit risk on deposits and other receivables is limited because of the nature of these balances, credit quality of the counterparties and the historical settlement record.

Amount due from a non-controlling shareholder of a subsidiary

The Group assessed the amount due from a non-controlling shareholder of a subsidiary on 12-month ECL basis. The management of the Group considers the risk of default by the counterparty is insignificant based on their understanding of the financial position of the debtor and forward-looking information. Thus, the ECL for the amount due from a non-controlling shareholder of a subsidiary was insignificant.

39 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(ii) Credit risk (continued)

Other receivable from profit guarantee arrangement

The credit risk of the Group on other receivable from profit guarantee arrangement is mitigated by the fair value of the collateral, which as at 31 March 2021 could fully cover the carrying amount of the other receivable from profit guarantee arrangement. The collateral is 101,973,334 listed shares of the Company issued and payable to the Former Owner but held under the escrow account. The fair value of the collateral is categorised into level 1 fair value measurements.

Loan and interest receivables and finance lease receivables

In respect of loan and interest receivables and finance lease receivables, in order to minimise credit risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its customers' financial position and condition is performed on each and every major customer periodically. 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 such as the latest fair value of collateral as well as pertaining to the economic environment in which the customer operates.

The loan and interest receivables are secured by legal charges on properties in Hong Kong or secured with ordinary shares of a company listed on the Hong Kong Stock Exchange. There is no deterioration in the fair values of the collaterals during the reporting period.

The finance lease receivables are secured over the plant and machinery or motor vehicles leased. The Group is permitted to sell the collateral in the event of default by the lessee. The ECL for finance lease receivables has taken into account for the latest re-sale price of the collateral.

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

2021	**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	147,549
Trade receivables	25	(note i)	Lifetime ECL	18,002
Finance lease receivables	19	(note i)	Lifetime ECL	180,010
Loan and interest receivable	24	(note iv)	12-month ECL	120,000
Other receivables	25	(note ii)	12-month ECL	18,571
		(note iii)	Lifetime ECL	35,263
Amount due from a non-controlling shareholder of a subsidiary	30	(note ii)	12-month ECL	25,524
Other receivable from profit guarantee arrangement	18	(note iv)	12-month ECL	101,973

39 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(ii) Credit risk (continued)

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

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 2021 and 2020, these balances are either not past due or doesn't have fixed repayment.

(iii) The directors of the Company consider credit risks have increased significantly and those past due more than 90 days are considered as credit-impaired.

(iv) No internal credit rating is assigned as these loans and receivables are fully secured by collaterals.

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 Nil as at 31 March 2021 (2020: HK$6,025,000) were assessed individually.

39 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(ii) Credit risk (continued)

Gross carrying amount	2021		2020	
	Average loss rate	Trade receivables	Average loss rate	Trade receivables
Current (not past due)	3.88%	7,814	0.36%	1,012
Within 90 days past due	8.50%	2,826	0.36%	5,234
91–180 days past due	6.97%	1,250	0.61%	1,967
181–365 days past due	6.97%	2,769	1.12%	3,125
Over 1 year past due	18.57%	3,343	13.18%	1,358
	37.92%	18,002	1.96%	12,696

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 2021, the Group provided approximately HK$6,340,000 (2020: HK$250,000) impairment allowance for trade receivables based on the provision matrix.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL HK$'000
At 1 April 2019	—
Impairment losses recognised	250
Exchange difference	(7)
At 31 March 2020	243
Impairment losses recognised	6,340
Exchange difference	244
At 31 March 2021	**6,827**

39 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(ii) Credit risk (continued)

Changes in the loss allowance for trade receivables are mainly due to:

	2021	2020
	HK$'000	HK$'000
Changes in average loss rate allowance	**6,340**	250
Exchange difference	**244**	(7)
	6,584	243

The following table shows the movement in lifetime ECL that has been recognised for finance lease receivables under the simplified approach.

	Lifetime ECL
	HK$'000
At 1 April 2019 and 31 March 2020	—
Impairment losses recognised	52,773
Exchange difference	1,853
At 31 March 2021	**54,626**

Changes in the loss allowance for finance lease receivables are mainly due to:

	2021	2020
	HK$'000	HK$'000
Changes in average loss rate allowance	**52,773**	—
Exchange difference	**1,853**	—
	54,626	—

39 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
At 1 April 2019	—
Impairment losses recognised	144
Exchange difference	(4)
At 31 March 2020	140
Impairment losses recognised	34,529
Exchange difference	1,224
At 31 March 2021	**35,893**

Changes in the loss allowance for other receivables are mainly due to:

	2021 HK$'000	2020 HK$'000
Changes in average loss rate allowance	**34,529**	144
Exchange difference	**1,224**	(4)
	35,753	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.

39 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 2021				
Trade and other payables	**45,881**	**–**	**45,881**	**45,881**
Amount due to a director	**1**	**–**	**1**	**1**
Lease liabilities	**6,493**	**2,794**	**9,287**	**8,950**
Borrowings	**66**	**–**	**66**	**66**
	52,441	**2,794**	**55,235**	**54,898**
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

(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 is the functional currency of the subsidiaries holding those monetary assets and liabilities.

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.

39 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
	31.3.2021 HK$'000	31.3.2020 HK$'000				
Contingent consideration receivables	**N/A**	Assets — HK$88,522	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% Probability-adjusted profits, with a range from HK$8,912,000 to HK$31,167,000	*Note 1* *Note 2*
Financial assets at fair value through profit or loss	**Assets — HK$3,166**	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 a 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.

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.

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.

40 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before income tax to net cash used in operations

	2021 HK$'000	2020 HK$'000
Loss before income tax	(147,580)	(237,534)
Adjustments for:		
Depreciation of property, plant and equipment	11,765	24,833
Depreciation of right-of-use assets	9,388	11,335
Interest income	(46,273)	(8,225)
Impairment loss on goodwill	119,459	254,565
Impairment loss on trade and other receivables	40,869	394
Written-off of prepayment and other receivables	4,216	—
Impairment loss on finance lease receivables	52,773	—
Gain on disposal of a subsidiary	(67,560)	(32)
Fair value gain on contingent consideration receivable	—	(53,059)
Gain on derecognition of contingent consideration receivable	(13,451)	—
Loss on derecognition of leases	262	22
Fair value loss/(gain) on financial assets of fair value through profit of loss	1,094	(250)
Share of results of an associate	220	—
Impairment loss on investment in an associate	1,131	—
Finance cost	6,057	20,966
Written-off of property, plant and equipment	—	587
Gain on disposal of financial assets at fair value through profit or loss	(12,522)	(26)
Gain on disposal of property, plant and equipment	(405)	(18,166)
Operating loss before working capital changes	(40,557)	(4,590)
Increase in properties under development	(27,448)	—
Decrease in inventories	19,950	109,073
(Increase)/decrease in trade and other receivables	(6,801)	145,119
Decrease/(increase) in finance lease receivables	11,371	(152,633)
Increase in loan and interest receivables	(52,120)	(7,523)
Decrease in contract assets	18,763	35,715
Decrease in trade and other payables	(6,553)	(70,674)
Decrease in contract liabilities	(811)	(689)
Cash (used in)/generated from operations	(84,206)	53,798

40 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(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$'000	Bank borrowings HK$'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 1 April 2019	42,437	238,434	132,637	30,000	3,150	22,071	1,150	469,879
Changes in cash flows	(16,229)	(229,042)	(12,500)	–	(3,150)	(22,070)	(1,150)	(284,141)
Non-cash changes								
– Interest expenses	14,733	–	6,233	–	–	–	–	20,966
– Leases modification	(16,483)	–	–	–	–	–	–	(16,483)
– Foreign exchange movement	(1,442)	(9,392)	–	–	–	–	–	(10,834)
At 31 March 2020 and 1 April 2020	**23,016**	**–**	**126,370**	**30,000**	**–**	**1**	**–**	**179,387**
Changes in cash flows	**(16,762)**	**43**	**–**	**10,127**	**–**	**–**	**–**	**(6,592)**
Non-cash changes								
– Interest expenses	**967**	**21**	**5,069**	**–**	**–**	**–**	**–**	**6,057**
– Leases modification	**817**	**–**	**–**	**–**	**–**	**–**	**–**	**817**
– Disposal of subsidiaries	**(208)**	**–**	**(131,439)**	**(40,127)**	**–**	**–**	**–**	**(171,774)**
– Foreign exchange movement	**1,120**	**2**	**–**	**–**	**–**	**–**	**–**	**1,122**
At 31 March 2021	**8,950**	**66**	**–**	**–**	**–**	**1**	**–**	**9,017**

41 COMMITMENTS

(a) Capital commitments

The Group did not have any significant capital commitment as at 31 March 2021 (2020: Nil).

(b) Operating lease commitments — Group as lessor

Undiscounted minimum lease payments receivable on leases are as follows:

	2021 HK$'000	2020 HK$'000
Within one year	**4,304**	3,948
In more than one year but not more than two years	**631**	–
In more than two years but not more than five years	**40**	–
	4,975	3,948

The Group is the lessor in respect of car leasing under operating leases. The leases typically run for an initial period of 3 months to 3 years, with an option to renew the leases when all terms are renegotiated.

42 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 had the following transactions with related parties during the year.

i) During the current year, rental income in the aggregate of approximately HK$1,470,000 (2020: HK$2,940,000) were received or receivable from a company controlled by a director of the Company based on terms as agreed by the relevant parties as set out in a tenancy agreement, and constitute connected transactions or continuing connected transactions as defined in Chanter 14A of the Listing Rules but are fully exempted and not subject to any of disclosure requirements thereunder.

ii) As stated in Note 36(a), during the year ended 31 March 2021, the Group disposed of the entire equity interest in a subsidiary, Chong Kin Group Limited, at a consideration of approximately HK$113,169,000 to a connected party, Pioneer Investment Limited, the former substantial shareholder of the Company. Details of this connected transaction is set out in the Company's announcement from dated 21 January 2021.

(b) The emoluments of the directors and senior executives (representing the key management personnel) during the year are disclosed in Note 9.

43 CONTINGENT LIABILITIES

(i) The Company received a statutory demand (the "**SD**") dated 4 May 2020 from the purported creditor, requiring Stand East, the wholly-owned subsidiary of the Company to pay alleged aggregate amount of HK$94,047,123 (the "**Alleged Debt**"). The alleged outstanding debt referred to in the SD is a loan of HK$60 million purportedly borrowed by Stand East under a loan agreement dated 1 December 2017 plus interest on the said principal sum allegedly. The Alleged Debt predated the acquisition of the entire issued share capital of Stand East from Prosperous East international Limited ("**Prosperous East**") on 12 June 2018.

In view of the circumstances of this matter, the Board has given instructions to the Company's legal adviser to contest the SD and to report this matter to the police in Hong Kong for investigation.

Based on the legal advice, the directors of the Company are of the opinion that it will be more probable for Stand East not to be liable for the Alleged Debt. Since the outcome of the case is uncertain, the directors of the Company would continue to exercise their due care in monitoring the progress of the case and would assess the financial impact to the Group as and when appropriate.

(ii) 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.

44 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	2021 HK$'000	2020 HK$'000
NON-CURRENT ASSETS		
Property, plant and equipment	468	1,450
Right-of-use assets	352	4,572
Investment in subsidiaries	92,082	305,120
Amounts due from subsidiaries	681,541	310,804
	774,443	621,946
CURRENT ASSETS		
Loan and interest receivables	–	67,474
Deposits, prepayments and other receivables	4,162	3,753
Cash and bank balances	1,289	30,917
	5,451	102,144
CURRENT LIABILITIES		
Trade and other payables	2,580	2,428
Amount due to a director	1	1
Amounts due to subsidiaries	1	155,673
Tax payable	3,267	–
Lease liabilities	368	4,307
	6,217	162,409
NET CURRENT LIABILITIES	(766)	(60,265)
NON-CURRENT LIABILITIES		
Lease liabilities	–	368
	–	368
NET ASSETS	773,677	561,313
CAPITAL AND RESERVES		
Share capital	10,875	9,778
Reserves	762,802	551,535
TOTAL EQUITY	773,677	561,313

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 30 June 2021 and are signed on its behalf by:

Mr. Zhang Jinbing
Director

Mr. Ma Chao
Director

44 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 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
Loss and total comprehensive expense for the year	—	—	(40,005)	(40,005)
Issue of shares	251,272	—	—	251,272
At 31 March 2021	1,103,569	93,580	(434,347)	762,802

45 EVENTS AFTER THE REPORTING PERIOD

(a) Subscription of new shares under general mandate

On 26 April 2021, the Company and ten subscribers entered into share subscription agreements, pursuant to which the subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 45,490,000 new Shares at the Subscription Price of HK$5.8 per share subject to the terms and conditions set out in the subscription agreements. For details, please refer to the Company's announcements dated 26 April 2021 and 30 April 2021.

(b) Decision of the Stock Exchange

The Company received a letter dated 4 June 2021 (the "**Letter**") from the Stock Exchange in respect of its decision on Rule 14.06B of the Listing Rules. As mentioned in the Letter, the Stock Exchange considers that although there is no change in control over 36 months the Company's principal business has been changed to the NEV and Logistics and Finance Leasing Business after the disposal of the Disposal Group by the Company to the former controlling shareholder of the Company in January 2021 (the "**Disposal**"), and the acquisition of NEV and Logistics and Finance Leasing Business and the Disposal all took place within 27 months. Further, the NEV and Logistics and Finance Leasing Business did not meet the new listing requirements under the Listing Rules. The Stock Exchange considers that the Disposal was part of a series of transactions and arrangements which constituted an attempt to achieve the listing of the NEV and Logistics and Finance Leasing Business and a means to circumvent the new listing requirements under the Listing Rules. Therefore, the Disposal, the acquisitions of the NEV and Logistics and Finance Leasing Business by the Company in October 2018 and April 2019 and the related acquisition of new energy vehicles in December 2018 should be treated as if they were one transaction and constitute a reverse takeover under the Listing Rules. Without going through the new listing procedures and complying with the relevant requirements, the Stock Exchange considers that the Company is no longer suitable for listing given the Disposal has already been completed. Therefore, trading in the Company's shares will be suspended under the Listing Rule (the "**Decision**").

45 EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

(b) Decision of the Stock Exchange (Continued)

On 15 June 2021, the Company submitted a written request for the Decision to be referred to the Listing Committee of the Stock Exchange for review (the "**Review**") pursuant to the Listing Rules. As at the reporting date, the outcome of the Review is uncertain.

For details, please refer to the Company's announcements date 7 June 2021 and 15 June 2021.

(c) Updates on the concrete placing and other business

In June 2021, the Company set up a new company, Chong Kin Construction Engineering Limited, which was incorporated in Hong Kong, to continue the concrete placing and other construction related business. At the same time, the Group has already recruited experienced management personnel who have relevant knowledge and experience in the concrete placing and other construction related business. Up to the date of authorisation for issuance of the consolidated financial statements, the Group has obtained certain concrete placing and other construction related service contracts.

	Year ended 31 March				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**133,434**	518,631	420,867	428,694	485,646
Cost of sales	**(141,440)**	(474,564)	(381,129)	(353,527)	(400,398)
Gross (loss)/profit	**(8,006)**	44,067	39,738	75,167	85,248
Other income	**80,422**	35,026	5,001	11,943	5,260
Fair value gain on contingent consideration receivables	**—**	53,059	34,240	—	—
Gain on derecognition of contingent consideration receivables	**13,451**	—	—	—	—
Impairment loss under expected credit loss model, net of reversal	**(93,642)**	(394)	—	—	—
Impairment loss on investment in an associate	**(1,131)**	—	—	—	—
Written off of prepayment and other receivables	**(4,216)**	—	—	—	—
Share result of an associate	**(220)**	—	—	—	—
Impairment loss on goodwill	**(119,459)**	(254,565)	(116,674)	—	—
Gain on disposal of a subsidiary	**67,560**	32	—	—	—
Selling and distribution expenses	**(2,300)**	(6,489)	(1,781)	—	—
Administrative and other operating expenses	**(73,982)**	(87,304)	(56,015)	(45,391)	(37,211)
Operating (loss)/profit	**(141,523)**	(216,568)	(95,491)	41,719	53,297
Finance costs	**(6,057)**	(20,966)	(10,706)	(1,795)	(1,275)
(Loss)/profit before income tax	**(147,580)**	(237,534)	(106,197)	39,924	52,022
Income tax expense	**905**	(8,420)	(998)	(7,898)	(7,597)
(Loss)/profit for the year	**(146,675)**	(245,954)	(107,195)	32,026	44,425
Attributable to:					
Equity shareholders of the Company	**(136,062)**	(247,043)	(106,092)	32,026	44,425
Non-controlling interests	**(10,613)**	1,089	(1,103)	—	—
(Loss)/profit for the year	**(146,675)**	(245,954)	(107,195)	32,026	44,425
Basic and diluted (loss)/earnings per share *(HK cents)*	**(13.44)**	(25.77)	(12.75)	4.19	6.32
ASSETS					
Non-current assets					
Property, plant and equipment	**19,685**	53,004	123,026	34,238	42,326
Properties under development	**183,020**	—	—	—	—
Right-of-use assets	**12,246**	21,241	—	—	—
Goodwill	**20,112**	132,525	406,699	—	—
Finance lease receivables	**29,935**	95,025	14,248	—	—
Contingent consideration receivables	**—**	67,454	—	—	—
Investment in an associate	**11,628**	12,008	—	—	—
Other deposits	**—**	3,811	3,730	3,650	3,572
	276,626	385,068	547,703	37,888	45,898

FINANCIAL SUMMARY

	As at 31 March				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Current assets					
Inventories	**28,219**	45,273	341,776	—	—
Financial assets of fair value through profit or loss	**3,166**	24,066	—	—	—
Finance lease receivables	**95,449**	78,688	9,080	—	—
Trade and other receivables	**76,146**	109,171	273,808	69,693	61,844
Loan and interest receivables	**120,000**	67,474	55,452	213,479	—
Amounts due from a non-controlling shareholder of a subsidiary	**25,524**	24,932	24,932	—	—
Other receivable from profit guarantee arrangement	**101,973**	—	—	—	—
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
Current income tax recoverable	**2**	1,322	8,880	2,145	—
Cash and bank balances	**147,549**	47,178	45,454	21,828	105,740
	598,028	531,040	942,428	432,474	272,515
Total assets	**874,654**	916,108	1,490,131	470,362	318,413
EQUITY					
Capital and reserves					
Share capital	**10,875**	9,778	9,178	7,648	7,648
Reserves	**790,499**	645,912	720,885	222,937	190,911
Equity attributable to equity shareholders of the Company	**801,374**	655,690	730,063	230,585	198,559
Non-controlling interests	**14,520**	22,805	23,472	—	—
Total equity	**815,894**	678,495	753,535	230,585	198,559
LIABILITIES					
Non-current liabilities					
Lease liabilities	**2,689**	6,178	—	—	—
Borrowings	**—**	—	15,784	126,387	797
Deferred tax liabilities	**—**	1,507	2,897	4,622	4,672
	2,689	7,685	18,681	131,009	5,469
Current liabilities					
Trade and other payables	**45,881**	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**	1	22,071	—	—
Amounts due to a related party	**—**	—	1,150	—	—
Lease liabilities	**6,261**	16,838	—	—	—
Borrowings	**66**	126,370	381,424	797	21,957
Current income tax liabilities	**3,862**	245	2,176	—	119
	56,071	229,928	717,915	108,768	114,385
Total liabilities	**58,760**	237,613	736,596	239,777	119,854
Total equity and liabilities	**874,654**	916,108	1,490,131	470,362	318,413
Net current assets	**541,957**	301,112	224,513	323,706	158,130
Total assets less current liabilities	**818,583**	686,180	772,216	361,594	204,028