



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
INTERIM
REPORT

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Jinbing (*Chairman*)

Mr. Ma Chao

(*Co-Chairman and Chief Executive Officer*)
(resigned on 29 November 2021)

Mr. Qiu Peiyuan

Mr. Leung Chi Kwong, Joe

Independent Non-Executive Directors

Mr. Tam Ping Kuen, Daniel

Dr. Li Yifei

Ms. Chen Weijie

AUDIT COMMITTEE

Mr. Tam Ping Kuen, Daniel (*Chairman*)

Dr. Li Yifei

Ms. Chen Weijie

REMUNERATION COMMITTEE

Mr. Tam Ping Kuen, Daniel (*Chairman*)

Dr. Li Yifei

Ms. Chen Weijie

NOMINATION COMMITTEE

Mr. Zhang Jinbing (*Chairman*)

Mr. Tam Ping Kuen, Daniel

Dr. Li Yifei

RISK MANAGEMENT COMMITTEE

Mr. Zhang Jinbing (*Chairman*)

Mr. Tam Ping Kuen, Daniel

Ms. Chen Weijie

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., Limited

Hang Seng Bank Limited

The Hong Kong and Shanghai Banking
Corporation Limited

STOCK CODE

01609

WEBSITE

www.chongkin.com.hk



Management Discussion and Analysis

BUSINESS REVIEW

During the six months ended 30 September 2021 (the “1H2021”, “Reporting Period”), Chong Kin Group Holdings Limited (the “Company”, together with its subsidiaries, the “Group”, “we”, “us”) is principally engaged in operating segments as follows: (i) provision of concrete placing and other ancillary services (the “Concrete Placing”) as a subcontractor for both public and private sector projects, including building and infrastructure related projects (“Concrete Placing Business”); (ii) provision of remittances and foreign currency exchange services in the United Kingdom and provision of loan finance business in Hong Kong; and (iii) 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. During 1H2021, the Group implemented 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.

During 1H2021, it is considered that it would be more cost effective for Concrete Placing Business 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. As at 30 September 2021, Chong Kin Construction Engineering Limited, a direct wholly-owned subsidiary of the Company, has signed up eight construction projects (which include four projects in the public sector) and has been awarded additional two construction projects, with a total contract sum of approximately HK\$353.4 million. Eight projects have already commenced work and generated revenue for the Group during 1H2021. After the end of the Reporting Period and up to the date of this report, the Company has further signed two construction projects and have been awarded additional two construction projects, with aggregate contract sum of HK\$128.2 million and it is expected that those projects will start generating revenue for the Group in the second half of the financial year ending 31 March 2022.

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

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The revenue of the Group from continuing operations for the Reporting Period increased by 22.6% to approximately HK\$67.3 million, compared to approximately HK\$54.9 million for the six months period 30 September 2020 (the “**Previous Period**”). The increase in revenue was mainly attributable from increase in revenue from Concrete Placing services segment.

The revenue from the Concrete Placing service segment was approximately HK\$63.3 million for the Reporting Period, compared to that of approximately HK\$49.4 million for the Previous Period, representing an increase of 28.1%. The increase in revenue was due to the increase in project amount and the number of projects on hand.

Gross Profit and Gross Profit Margin

The overall gross profit from continuing operations of the Group for the Reporting Period was approximately HK\$10.8 million compared to that of approximately gross profit of HK\$0.4 million for the Previous Period. The gross profit margin for the Reporting Period was approximately 16.1%, as compared to gross profit margin of 0.7% for the Previous Period.

Other Income

Other income mainly comprises government grants, loan interest income and insurance claims. During the Reporting Period, other income amounted to approximately HK\$0.5 million as compared to approximately HK\$8.5 million for the Previous Period. The decrease in other income was mainly attributable to (i) decrease in insurance claims; and (ii) decrease in loan interest income from independent third parties.

Administrative and Other Operating Expenses

The administrative and other operating expenses of the Group for the Reporting Period increased slightly by 5.5% to approximately HK\$23.1 million compared to that of approximately HK\$21.9 million for the Previous Period. The administrative and other operating expenses comprised mainly employee related costs, including the salaries of directors and staffs, employer’s contributions for social insurance and pension funds and employment related expenditure; rental, office expenses, depreciations of property, plant and equipment.



Management Discussion and Analysis

Impairment Losses under Expected Credit Loss Expenses, Net of Reversal

The impairment losses under ECL model for trade and other receivables are approximately HK\$19.9 million (Previous Period: HK\$27.7 million) for the Reporting Period. The impairment loss on trade and other receivables was mainly attributed from the remittances and foreign currency exchange services and money lending segment. 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 Reporting Period.

Finance Costs

Finance costs of the Group for the Reporting Period decreased by 94.0% to approximately HK\$0.2 million compared to that of approximately HK\$3.3 million for the Previous Period. The finance costs mainly comprised of interest on lease liabilities and interest charges on a loan from the former substantial shareholder. 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 in the financial year ended 31 March 2021.

Income Tax Expense

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

Income tax expense of the Group for the Reporting Period amounting to approximately HK\$1.2 million compared to that of income tax expenses approximately HK\$0.9 million for the Previous Period.

Loss for the period from continuing operations

As a combined result of the factors discussed above, the Group's net loss for the Reporting Period was approximately HK\$33.0 million as compared to a net loss of approximately HK\$44.8 million for the Previous Period.

Management Discussion and Analysis

Interim Dividend

The Board was resolved not to declare an interim dividend for the six months ended 30 September 2021 (Previous Period: Nil).

PROSPECTS

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.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity, Financial Resources and Capital Structure

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

As at 30 September 2021, the Group had cash and cash equivalents amounted to approximately HK\$171.9 million (31 March 2021: HK\$147.5 million).

As at 30 September 2021, the Group had loan and interest receivables amounting to approximately HK\$83.6 million (31 March 2021: HK\$120 million).

The Group had no borrowings as at 30 September 2021 (31 March 2021: HK\$0.07 million).

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

Gearing Ratio

Gearing ratio is calculated by dividing all interest-bearing debts by total equity at the period end date and expressed as a percentage, interest-bearing debts are defined to include borrowings and payables not incurred in the ordinary course of business. The gearing ratio of the Group as at 30 September 2021 was 1.2% (31 March 2021: 1.1%).



Management Discussion and Analysis

Pledge of Assets

As at 30 September 2021 and 31 March 2021, the Group had no pledge assets.

Capital Expenditure

The Group's capital expenditures principally consist of expenditures on properties under development.

During the Reporting Period, the Group incurred capital expenditures of approximately HK\$15.5 million.

Capital Commitments

The Group had no other capital commitments as at 30 September 2021 and 31 March 2021.

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 and British Pound. 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.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2021, the Group had 698 employees including discontinued operations (31 March 2021: 75) situated mainly in Mainland China and Hong Kong. The related staff costs including directors' emoluments for the Reporting Period amounted to approximately HK\$61.8 million (Previous Period: HK\$49.7 million).

Management Discussion and Analysis

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

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

LEGAL PROCEEDINGS

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

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

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 the past 36 months, the Company's principal business has been changed to the 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 in the Mainland China ("**NEV and Logistics and Finance Leasing Business**") after the disposal of Chong Kin Group Limited by the Company to the former controlling shareholder of the Company in January 2021 (the "**CK Disposal**"), and the acquisition of NEV and Logistics and Finance Leasing Business and the CK 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 CK 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 CK 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



Management Discussion and Analysis

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 CK 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 pursuant to the Listing Rules. On 3 September 2021, the Listing Committee issued a decision (the "**LC Decision**") to the Company informing the Company that it upheld the Decision.

On 13 September 2021, the Company submitted a request for the LC Decision to be referred to the Listing Review Committee for review (the "**Review**") pursuant to Rule 2B.06(2) of the Listing Rules. As at the date of this report, the outcome of the Review is uncertain.

For details, please refer to the Company's announcements date 7 June 2021, 15 June 2021, 5 September 2021 and 13 September 2021.

MATERIAL ACQUISITIONS AND DISPOSALS

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

SIGNIFICANT INVESTMENTS

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

CONTINGENT LIABILITIES

Save as disclosed in the section headed "Legal Proceedings", the Group had no material contingent liabilities as at 30 September 2021 (31 March 2021: Nil).

Management Discussion and Analysis

USE OF NET PROCEEDS FROM THE SUBSCRIPTION OF NEW SHARES

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

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

Management Discussion and Analysis

The use of proceeds of Subscription I and Subscription II have been consistent with the disclosure in the announcements issued on 11 May 2021 and 26 April 2021 respectively. The total Net Proceeds received were applied by the Group during the period from the completion date up to 30 September 2021 are as follows:

Use of Net Proceeds	Planned use of proceeds HK\$'000	Actual use of proceeds from the completion date to 30 September 2021 HK\$'000	Unused amount HK\$'000	Expected timeline for utilising the remaining net proceeds (Note)
Subscription I				
The land project in Grenada	179,076	91,818	87,258	End of year 2022
Concrete Placing Business	47,922	–	47,922	End of year 2022
General working capital	25,222	25,222	–	
	<u>252,220</u>	<u>117,040</u>	<u>135,180</u>	
Subscription II				
Potential acquisition or investment opportunities	41,249	–	41,249	End of year 2022
General working capital	4,583	4,583	–	
	<u>45,832</u>	<u>4,583</u>	<u>41,249</u>	
Total	<u><u>298,052</u></u>	<u><u>121,623</u></u>	<u><u>176,429</u></u>	

Note: 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.

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.

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 September 2021

		Six months ended	
		30 September	
	Notes	2021	2020
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
			(Restated)
Continuing operations			
Revenue	6	67,341	54,941
Cost of sales		(56,521)	(54,529)
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Gross profit		10,820	412
Other income	7	548	8,490
Administrative and other operating expenses		(23,127)	(21,897)
Impairment losses under expected credit loss model, net of reversal		(19,901)	(27,686)
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Operating loss		(31,660)	(40,681)
Finance costs	8	(161)	(3,276)
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Loss before income tax	9	(31,821)	(43,957)
Income tax expense	10	(1,198)	(888)
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Loss for the period from continuing operations		(33,019)	(44,845)
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Discontinued operations			
Loss for the period from discontinued operations	13	(11,934)	(19,344)
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Loss for the period		(44,953)	(64,189)
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Attributable to:			
Equity shareholders of the Company		(43,967)	(62,323)
Non-controlling interests		(986)	(1,866)
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		(44,953)	(64,189)
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Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 September 2021

		Six months ended 30 September	
	<i>Notes</i>	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited) (Restated)
Loss per share for loss for the period:			
Basic loss per share	11	HK cents (4.02)	HK cents (6.37)
Diluted loss per share		N/A	N/A
Loss per share for loss from continuing operations:			
Basic loss per share	11	HK cents (3.02)	HK cents (4.59)
Diluted loss per share		N/A	N/A

Details of dividends are disclosed in Note 12 to the condensed consolidated financial statements.

Condensed Consolidated Statement of Other Comprehensive Income

For the six months ended 30 September 2021

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period	(44,953)	(64,189)
Other comprehensive income for the period		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	4,263	10,489
Total comprehensive expense for the period	(40,690)	(53,700)
Total comprehensive expense attributable to:		
Equity shareholders of the Company	(40,017)	(52,971)
Non-controlling interests	(673)	(729)
	(40,690)	(53,700)

Condensed Consolidated Interim Statement of Financial Position

As at 30 September 2021

		As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	14	2,213	19,685
Properties under development		198,463	183,020
Right-of-use assets		9,980	12,246
Goodwill		–	20,112
Finance lease receivables		–	29,935
Investment in an associate		–	11,628
		210,656	276,626
CURRENT ASSETS			
Inventories		–	28,219
Financial assets at fair value through profit or loss		2,338	3,166
Finance lease receivables		–	95,449
Loan and interest receivables		83,600	120,000
Trade and other receivables	15	37,093	76,146
Amount due from a non-controlling shareholder of a subsidiary		–	25,524
Other receivable from profit guarantee arrangement		101,973	101,973
Contract assets		23,069	–
Current income tax recoverable		–	2
Cash and bank balances		171,933	147,549
		420,006	598,028
Assets classified as held for sale	19	259,279	–
		679,285	598,028

Condensed Consolidated Interim Statement of Financial Position

As at 30 September 2021

	Notes	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
CURRENT LIABILITIES			
Trade and other payables	16	22,495	45,881
Amount due to a related party		859	–
Amount due to a director		–	1
Contract liabilities		119	–
Borrowings	17	–	66
Lease liabilities		4,460	6,261
Current income tax liabilities		5,061	3,862
		32,994	56,071
Liabilities associated with assets classified as held for sale	19	30,272	–
		63,266	56,071
NET CURRENT ASSETS		616,019	541,957
NON-CURRENT LIABILITY			
Lease liabilities		5,639	2,689
NET ASSETS		821,036	815,894
Capital and reserves			
Share capital	18	10,954	10,875
Reserves		796,235	790,499
Equity attributable to equity shareholders of the Company		807,189	801,374
Non-controlling interests		13,847	14,520
TOTAL EQUITY		821,036	815,894

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 September 2021

	Attributable to Owners of the Company						Non-controlling interests	Total equity	
	Share capital	Share premium	Translation reserve	Merger reserve	Other reserve	Accumulated losses			
	HK\$'000 (Unaudited) (Note 18)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited) (Note)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	
Balance at 1 April 2021	10,875	1,103,569	15,187	-	(338)	(327,919)	801,374	14,520	815,894
Loss for the period	-	-	-	-	-	(43,967)	(43,967)	(986)	(44,953)
Other comprehensive income for the period	-	-	3,950	-	-	-	3,950	313	4,263
Total comprehensive income/ (expense) for the period	-	-	3,950	-	-	(43,967)	(40,017)	(673)	(40,690)
Issue of new shares	79	45,753	-	-	-	-	45,832	-	45,832
Balance at 30 September 2021	10,954	1,149,322	19,137	-	(338)	(371,886)	807,189	13,847	821,036
Balance at 1 April 2020	9,778	852,297	(14,538)	10	-	(191,857)	655,690	22,805	678,495
Loss for the period	-	-	-	-	-	(62,323)	(62,323)	(1,866)	(64,189)
Other comprehensive income for the period	-	-	9,352	-	-	-	9,352	1,137	10,489
Total comprehensive income/ (expense) for the period	-	-	9,352	-	-	(62,323)	(52,971)	(729)	(53,700)
Balance at 30 September 2020	9,778	852,297	(5,186)	10	-	(254,180)	602,719	22,076	624,795

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

Condensed Consolidated Interim Statement of Cash Flows

For the six months ended 30 September 2021

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Net cash used in operating activities	(14,918)	(31,048)
Net cash (used in) generated from investing activities	(16,126)	19,480
Net cash generated from (used in) financing activities	51,478	(7,623)
Net increase (decrease) in cash and cash equivalents	20,434	(19,191)
Effect of foreign exchange rate changes, net	3,950	9,352
Cash and cash equivalents at beginning of period	147,549	47,178
Cash and cash equivalents at end of period, represented by cash and bank balances	171,933	37,339



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2021

1 GENERAL INFORMATION

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

The Company is an investment holding company. The Group is principally engaged in provision of concrete placing services and other ancillary services in Hong Kong, provision of remittances and foreign currency exchange services in the United Kingdom and provision of loan finance business 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, Mr. Zhang Jinbing is the owner and sole director of Prestige Rich. As at 30 September 2021, the directors consider the ultimate controlling shareholder of the Company to be Mr. Zhang Jinbing.

2 BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 September 2021 have been prepared in accordance with the Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**").

This condensed consolidated financial information has been prepared on the historical cost basis except for certain financial instruments, which are stated at fair value.

The condensed consolidated interim financial statements are presented in Hong Kong dollars ("**HK\$**"), unless otherwise stated. These condensed consolidated interim financial statements have been approved for issue by the Board of Directors on 30 November 2021.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2021

3 SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied to prepare this unaudited condensed consolidated interim financial statements for the six months ended 30 September 2021 are consistent with the Group's annual financial statements for the year ended 31 March 2021.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2021 for the preparation of the Group's condensed consolidated interim financial statements:

Amendment to HKFRS 16	COVID-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated interim financial statements.

Restatements due to discontinued operations

During the six months ended 30 September 2021, the Group intended to dispose the entire interest in Stand East Investment Limited ("**Stand East**") (together with its subsidiaries as "**Stand East Group**"), and the entire interest in Blossom Field Trading Develop Limited and 93.34% of the equity interest in 華耀實業(深圳)有限公司 (together with their subsidiaries as "**Hua Yao Group**") (both Stand East Group and Hua Yao Group as "**Disposal Group**"). On 22 October 2021, the Company entered into a share purchase agreement ("**Share Purchase Agreement**") with an independent third party (the "**Purchaser**") under which the Group agreed to sell and the Purchaser agreed to purchase the interests in the Disposal Group and the amount due from Stand East Group to the Company and amounts due from the Hua Yao Group to China Golden Holdings Limited ("**China Golden**"), a directly wholly-owned subsidiary of the Company at a consideration of HK\$180,000,000 (the "**Disposal**"). On 4 November 2021, the Disposal was completed.



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2021

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restatements due to discontinued operations (Continued)

As such, during the six months ended 30 September 2021, the operation of the Disposal Group, which is engaging in provision of new energy vehicle and logistics related (the “**NEV and Logistics**”) services including new energy vehicle (“**NEV**”) sales and leasing, road freight transportation and the provision of finance leasing services in the Mainland China (“**NEV and Logistics Business**”), is regarded as discontinued operations.

The presentation of comparative information in respect of the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2020 has been restated in order to disclose the discontinued operations separately from continuing operations pursuant to the Disposal. As the restatements do not affect the condensed consolidated interim statement of financial position, it is not necessary to disclose comparative information as at 31 March 2021.

4 FINANCIAL RISK MANAGEMENT

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

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 March 2021.

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

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2021.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2021

6 REVENUE AND SEGMENT INFORMATION

Revenue

(i) Analysis of revenue

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited) (Restated)
Total revenue recognised during the period:		
Concrete placing services and other ancillary services	63,296	49,418
Loan interest income	4,000	–
Remittances and foreign currency exchange services	45	5,523
	67,341	54,941

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2021

6 REVENUE AND SEGMENT INFORMATION (Continued)

Revenue (Continued)

(i) Analysis of revenue (Continued)

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited) (Restated)
Revenue from contracts with customers within the scope of HKFRS 15		
Concrete placing services and other ancillary services	63,296	49,418
Remittances and foreign currency exchange services	45	5,523
	63,341	54,941
Timing of revenue recognition		
At a point in time	45	5,523
Over time	63,296	49,418
	63,341	54,941
Revenue from other sources		
Loan interest income	4,000	–
	4,000	–

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2021

6 REVENUE AND SEGMENT INFORMATION (Continued)

Segment information

Information reported to the chief executive of the Company, being the chief operating decision maker (“**CODM**”), for the purposes of resource allocation and assessment of segment performance focuses on 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 six months ended 30 September 2021, the Group’s operating and reportable segments under continuing operations currently are: (i) Concrete Placing in Hong Kong; (ii) Remittances and foreign currency exchange services in the United Kingdom and provision of loan finance in Hong Kong; and (iii) Real estate development in Grenada. The CODM considers the Group has three operating and reportable segments under continuing operations which are based on the internal organisation and reporting structure. This is the basis upon which the Group is organised.

During the six months ended 30 September 2021, the operating segment (NEV and Logistics and finance leasing services) was discontinued. The segment information reported does not include any amounts for this discontinued operation, which are described in more details in Note 13.

For the six months ended 30 September 2020, the Group’s operating and reportable segments under continuing operations were: (i) Concrete Placing in Hong Kong; and (ii) Remittances and foreign currency exchange services in the United Kingdom and provision of loan finance in Hong Kong. The CODM considers the Group had two operating and reportable segments under continuing operations which were based on the internal organisation and reporting structure. This was the basis upon which the Group was organised.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2021

6 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:

	Continuing operations			Discontinued operations		
	Concrete Placing services HK\$'000	Remittances and foreign currency exchange services and money lending HK\$'000	Real estate development HK\$'000	Subtotal HK\$'000	NEV and Logistics and finance leasing services HK\$'000	Total HK\$'000
For the period ended 30 September 2021 (unaudited)						
Segment revenue	63,296	4,045	-	67,341	11,631	78,972
Segment profit/(loss)	5,508	(13,568)	(645)	(8,705)	(5,150)	(13,855)
Unallocated other income				548	6,719	7,267
Unallocated expenses				(23,503)	(13,248)	(36,751)
Share of results of an associate				-	(73)	(73)
Finance costs				(161)	(182)	(343)
Loss before income tax				(31,821)	(11,934)	(43,755)
For the period ended 30 September 2020 (unaudited) (restated)						
Segment revenue	49,418	5,523	-	54,941	28,623	83,564
Segment (loss)/profit	(32,386)	5,111	-	(27,275)	(8,387)	(35,662)
Unallocated other income				8,490	8,032	16,522
Unallocated expenses				(21,896)	(18,429)	(40,325)
Finance costs				(3,276)	(518)	(3,794)
Loss before income tax				(43,957)	(19,302)	(63,259)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2021

6 REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

(i) Segment revenue and results (Continued)

Segment revenue represents the revenue derived by each segment from external customers. There is 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 finance costs, other income and corporate expenses. This is the measure reported to CODM for the purpose of resource allocation and performance assessment.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2021

6 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

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Concrete Placing services	51,629	–
NEV and Logistics and finance leasing services	–	288,462
Remittances and foreign currency exchange services and money lending	92,801	153,987
Real estate development	358,121	297,577
Total segment assets	502,551	740,026
Unallocated property, plant and equipment	404	468
Unallocated right-of-use assets	9,132	352
Amount due from a non-controlling shareholder of a subsidiary	–	25,524
Other receivable from profit guarantee arrangement	101,973	101,973
Other unallocated assets	12,687	4,482
Unallocated cash and bank balances	3,915	1,829
Assets classified as held for sale	259,279	–
Consolidated assets	889,941	874,654

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2021

6 REVENUE AND SEGMENT INFORMATION (Continued)

Segment information (Continued)

(ii) Segment assets and liabilities (Continued)

Segment liabilities

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Concrete Placing services	12,580	–
NEV and Logistics and finance leasing services	–	50,056
Remittances and foreign currency exchange services and money lending	7,026	2,487
Real estate development	2,338	–
Total segment liabilities	21,944	52,543
Unallocated other payables and accruals	4,183	2,581
Unallocated lease liabilities	9,239	368
Amount due to a director	–	1
Unallocated tax payable	3,267	3,267
Liabilities associated with assets classified as held for sale	30,272	–
Consolidated liabilities	68,905	58,760

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2021

7 OTHER INCOME

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited) (Restated)
Rental income	–	1,470
Interest income from life insurance policies	–	41
Loan interest income	–	849
Government grants (Note)	542	2,854
Insurance claims	–	2,282
Others	6	994
	548	8,490

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

8 FINANCE COSTS

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited) (Restated)
Interest on:		
– Loan from the former substantial shareholder	–	3,170
– Lease liabilities	161	106
	161	3,276

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2021

9 LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging:

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited) (Restated)
Cost of inventories recognised as an expense	3,854	5,419
Depreciation of property, plant and equipment	480	878
Depreciation of right-of-use assets	1,416	2,761
Operating lease rental on premises	2,071	338
Staff costs, including directors' emoluments	55,804	43,146

10 INCOME TAX EXPENSE

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualified group entity in Hong Kong are taxed at 8.25%, and profits above HK\$2 million are taxed at 16.5%. The profits of the other group entities in Hong Kong has been provided at the rate of 16.5% on the estimated assessable profits arising in or derived from Hong Kong for both periods.

Under the law of the PRC on Enterprise Income Tax (the "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.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2021

10 INCOME TAX EXPENSE (Continued)

The Group's subsidiary in the United Kingdom is subject to Corporation Tax in the United Kingdom ("**Corporation Tax**") which is calculated at 19% of the estimated assessable profits for both periods.

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited) (Restated)
Hong Kong Profits Tax:		
Current income tax	1,198	64
PRC EIT:		
Current income tax	–	15
United Kingdom Corporation Tax:		
Current income tax	–	809
Income tax expense	1,198	888

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2021

11 LOSS PER SHARE

For the six months ended 30 September 2020 and 2021, the calculation of the basic loss per share attributable to equity shareholders of the Company was based on: (i) the loss attributable to equity shareholders of the Company; and (ii) the weighted average number of 1,094,271,000 shares (30 September 2020: 977,760,000 shares) in issue during the period.

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited) (Restated)
Loss attributable to equity shareholders of the Company		
– Continuing operations	(33,019)	(44,845)
– Discontinued operations	(10,948)	(17,478)
	(43,967)	(62,323)

No diluted loss per share for the six months ended 30 September 2020 and 30 September 2021 as there were no dilutive potential ordinary shares in issue during the respective periods.

12 DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 September 2021 (30 September 2020: Nil).

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2021

13 DISCONTINUED OPERATIONS

As detailed in Note 6, the results of NEV and Logistics and finance leasing services are accounted for as discontinued operations in the condensed consolidated statement of profit or loss for the six months ended 30 September 2021.

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue	11,631	28,623
Cost of sales	(9,066)	(27,541)
Gross profit	2,565	1,082
Other income	6,630	8,032
Selling and distribution expenses	(1,389)	(871)
Administrative and other operating expenses	(13,928)	(18,428)
Impairment losses under expected credit loss model, net of reversal	(5,557)	(8,599)
Share of results of an associate	(73)	–
Operating loss	(11,752)	(18,784)
Finance costs	(182)	(518)
Loss before income tax	(11,934)	(19,302)
Income tax expense	–	(42)
Loss for the period from discontinued operations	(11,934)	(19,344)

14 PROPERTY, PLANT AND EQUIPMENT

During the reporting period, the Group did not acquire and dispose any property, plant and equipment (30 September 2020: HK\$1,568,000 and HK\$22,487,000 respectively).

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2021

15 TRADE AND OTHER RECEIVABLES

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Trade receivables, net of loss allowance	21,735	11,175
Other receivables, deposits and prepayments	15,358	64,971
	37,093	76,146

Notes:

- (a) Credit terms granted to customers vary from contract to contract. The credit period granted to customers is 0 to 30 days from payment application date generally.
- (b) The ageing analysis of trade receivables based on the date of payment certificates issued by customers is as follows:

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
0–90 days	21,735	8,493
91–180 days	–	1,168
181–365 days	–	1,514
	21,735	11,175

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2021

16 TRADE AND OTHER PAYABLES

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Trade payables	2,114	5,559
Accruals and other payables	20,381	40,322
	22,495	45,881

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

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
0-90 days	2,114	1,061
91-180 days	-	-
181-365 days	-	10
Over 1 year	-	4,488
	2,114	5,559

17 BORROWINGS

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Current		
Bank borrowings	-	66
Total borrowings	-	66

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2021

18 SHARE CAPITAL

	Number of ordinary shares	Nominal amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2020, 1 April 2021 and 30 September 2021	2,000,000,000	20,000
Issued and fully paid:		
At 1 April 2020 (Audited)	977,760,000	9,778
Shares issued in share subscriptions arrangement (Note ii)	109,726,000	1,097
At 1 April 2021 (Audited)	1,087,486,000	10,875
Shares issued in share subscriptions arrangement (Note iii)	7,902,000	79
At 30 September 2021 (Unaudited)	1,095,388,000	10,954

Notes:

- (i) All the shares issued ranked *pari passu* in all respects with the then existing shares in issue.
- (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) On 9 June 2021 and 17 June 2021, pursuant to subscription agreements dated 26 April 2021 between the Company and independent subscribers, the Company issued shares amounting to an aggregate of 7,902,000 new ordinary shares of HK\$0.01 each at a price of HK\$5.8 per share to the independent subscribers. Details of the share subscription were contained in the Company's announcements dated 26 April 2021 and 30 April 2021.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2021

19 ASSETS AND LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

During the six months ended 30 September 2021, the directors of the Company resolved to dispose of the NEV and Logistics Business. The assets and liabilities attributable to the NEV and Logistics Business, which are expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the condensed consolidated interim statement of financial position.

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

	30 September 2021 HK\$'000 (Unaudited)
Property, plant and equipment	23,456
Right-of-use assets	4,341
Goodwill	20,112
Finance lease receivables – non-current	114,022
Investment in an associate	11,742
Inventories	19,740
Trade and other receivables	31,622
Amount due from a non-controlling shareholder of a subsidiary	25,534
Cash and bank balances	8,710
	259,279
Total assets classified as held for sale	259,279
	25,709
Trade and other payables	25,709
Lease liabilities	4,563
	30,272
Total liabilities classified as held for sale	30,272

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2021

20 RELATED PARTY TRANSACTIONS

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

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

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries, allowances and other benefits	543	330

21 CONTINGENT LIABILITIES

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



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 September 2021

22 EVENTS AFTER THE REPORTING PERIOD

(i) Disposal of NEV and Logistics and Finance Leasing Business

On 22 October 2021, the Company entered into the Share Purchase Agreement with the Purchaser under which (i) the Company agreed to sell and the Purchaser agreed to purchase the entire issued share capital of Stand East, a directly wholly-owned subsidiary of the Company, and the amounts due from Stand East and its subsidiaries to the Company; and that (ii) the Company agreed to procure China Golden to sell and the Purchaser agreed to purchase the entire issued share capital of Blossom Field Trading Develop Limited and 93.34% of the equity interest in 華耀實業(深圳)有限公司 and amounts due from the Hua Yao Group to China Golden at a consideration of HK\$180,000,000. On 4 November 2021, the Disposal was completed.

(ii) Termination of the sale and purchase agreement of land in Grenada

On 26 November 2021 (Hong Kong time), the Group (the “**Purchaser**”) entered into an agreement (“**Termination Agreement**”) with the government of Grenada (the “**Vendor**”), in relation to the termination of a sale and purchase agreement (“**Sale and Purchase Agreement**”) dated 14 January 2021 in relation to the acquisition of a parcel of land in the State of Grenada (the “**Land**”) at a consideration of US\$20,000,000 (equivalent to approximately HK\$156,000,000) (“**Consideration**”) by the Group. Pursuant to the Termination Agreement, the Vendor shall return the consideration paid by the Purchaser under the Sale and Purchase Agreement in full, upon which the Sale and Purchase Agreement shall cease to have any effects and neither the Vendor nor the Group shall have any obligations and liabilities toward each other thereunder. The Company intends to use the refund of the Consideration for developing the concrete business and as general working capital of the Group.

Corporate Governance and Other Information

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

DIRECTOR'S INTERESTS IN COMPETING BUSINESS

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

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 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 (the "SFO"), Chapter 571 of the Laws of Hong Kong) 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

Corporate Governance and Other Information

the SFO, have been entered in the register referred to therein, or have been, pursuant to the Model Code as set out in Appendix 10 to the Listing Rules, notified 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 ("Mr. Zhang")	Interests in controlled corporation (Note 1)	609,100,000	55.61%
	Beneficial owner	24,500,000	2.24%
Total:		<u>633,600,000</u>	<u>57.85%</u>
Mr. Ma Chao ("Mr. Ma") (resigned on 29 November 2021)	Interests in controlled corporation (Note 2)	21,860,781	2.00%
Mr. Qiu Peiyuan ("Mr. Qiu")	Interests in controlled corporation (Note 3)	38,300,000	3.50%
Dr. Li Yifei ("Dr. Li")	Beneficial owner (Note 4)	2,052,000	0.19%

Notes:

- (1) The 609,100,000 Shares are held by Prestige Rich Holdings Limited ("Prestige Rich"). Mr. Zhang beneficially owns the entire issued share capital of Prestige Rich, which in turn beneficially owns 56% of the shareholding in the Company. Mr. Zhang is the Chairman and executive Director of the Company and the chairman of the Nomination Committee and the Risk Management Committee. Mr. Zhang 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. 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 has control. Mr. Qiu is an executive Director of the Company.
- (4) Dr. Li Yifei is an independent non-executive Director of the Company.

Corporate Governance and Other Information

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

As at 30 September 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	55.61%
Prosperous East Holdings Limited	Beneficial owner	99,424,000	9.08%

Share option scheme

The Company has adopted a share option scheme (the “Share Option Scheme”) since 27 September 2016. The main purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or any other service providers of the Group and to promote the success of the businesses of the Group. No share option has been granted under the Share Option Scheme since its adoption.



Corporate Governance and Other Information

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

AUDIT COMMITTEE

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

REVIEW OF THE INTERIM FINANCIAL RESULTS

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

By order of the Board
Chong Kin Group Holdings Limited
ZHANG Jinbing
Chairman and Executive Director

Hong Kong, 30 November 2021